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The Impact of Strategic Management Practices on the Performance of UAE Banks

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Declaration of Original Work

I, Fatmah Mohamed Al Suwaidi, the undersigned, a graduate student at the United Arab Emirates University (UAEU), and the author of this dissertation entitled "*The Impact of Strategic Management Practices on the Performance of UAE Banks*", hereby, solemnly declare that this dissertation is my own original research work that has been done and prepared by me under the supervision of Dr. James Thomas, in the College of Business and Economics at UAEU. This work has not previously been presented or published, or formed the basis for the award of any academic degree, diploma or a similar title at this or any other university. Any materials borrowed from other sources (whether published or unpublished) and relied upon or included in my dissertation have been properly cited and acknowledged in accordance with appropriate academic conventions. I further declare that there is no potential conflict of interest with respect to the research, data collection, authorship, presentation and/or publication of this dissertation.

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Abstract

The aim of this study is to assess the impact of strategic planning and management practices (SPM practices) on the performance of banks in the United Arab Emirates and the challenges they face in developing and implementing their strategic plans. Although banks in the UAE were able to recover smoothly after the 2008 financial crisis, they still face challenges due to globalization, low oil prices, and political instability in the region. The situation calls for efficient strategic planning and management by the authorities of the banks. This study, therefore, aims to contribute to improving the effectiveness of SPM practices within the banking sector in the UAE.

The study critically examines the UAE's banking industry in the context of strategic planning and management practices with a focus on five key dimensions: 1) institutionalizing the planning process, 2) establishing the strategic foundation, 3) conducting strategic situational diagnosis, 4) developing a strategic plan and 5) managing the strategic plan implementation. Further, based on a critical review of the available empirical evidence, a conceptual model is developed to consider the five key dimensions, six financial ratios and one non-financial factor (customer satisfaction) and test the existing relationships between SPM practices and performance levels of banks in the country.

The research covered a population of 51 conventional and Islamic banks registered on the financial markets within the UAE. A sample of 17 banks provided information for the study and data were sourced from top, middle and lower level executives of these banks. The investigation used quantitative research methods and statistical techniques such as factor analysis, analysis of variance, among others, to process data and arrive at findings. The study findings reveal that Islamic banks performed better than conventional banks in terms of most areas of strategic planning and management practices. Detailed analyses and findings indicate that specific pattern variations and relationship structures are observable in terms of the five SPM components and their impact on the performance levels of both Islamic and conventional banks. Most importantly, the quantitative findings and qualitative inferences from the study lead to the conclusion that management in the banking industry has the responsibility of putting in place the strategies, frameworks and policies that respond proactively to the prevention, detection and mitigation of shocks on banks, particularly from their external business environment. To accomplish this, the senior management authorities in each of the banks should frequently review all areas of their SPM practices (institutionalizing the planning process, establishing the strategic foundation, conducting strategic situational diagnosis, developing a strategic plan and managing strategic plan implementation) and implement adequate revisions in each component to manage their organizations more efficiently and effectively.

Keywords: Strategic Planning Management (SPM), Conventional Banks, Islamic Banks, Strategic Situational Diagnosis.

Title and Abstract (in Arabic)

تأثير ممارسات الإدارة الإستراتيجية على أداء المصارف الإماراتية

الملخص

الهدف من هذه الدراسة هو فهم تأثير التخطيط الاستراتيجي والممارسات الإدارية (ممارسات ادارة التخطيط الاستراتيجي) على أداء المصارف في دولة الامارات العربية المتحدة والتحديات التي يواجهونها في تطوير وتنفيذ مخططاتهم الاستراتيجية. وعلى الرغم من ان المصارف في دولة الامارات العربية المتحدة استطاعت ان تتعافى بسلاسة بعد الازمة المالية في 2008، الا انهم مازالوا يواجهون بعض التحديات بسبب العولمة، وانخفاض أسعار النفط، والاضطرابات السياسية ويدعو هذا الموقف السلطات المصرفية الى القيام بالتخطيط الاستراتيجي والإدارة الفعالة، ومن ثم فأن هذه الدراسة تهدف الى الاسهام في تحسين فعالية ممارسات ادارة التخطيط الاستراتيجي في القطاع المصرفي في دولة الامارات العربية المتحدة.

تقوم هذه الدراسة بشكل نقدي بدراسة الصناعة المصرفية في دولة الامارات العربية المتحدة في سياق التخطيط الاستراتيجي والممارسات الادارية مع التركيز على خمسة أبعاد رئيسية: 1) إضفاء الطابع المؤسسي على عملية التخطيط، 2) بناء الاساس الاستراتيجي، 3) إجراء تشخيص للحالة الاستراتيجية، 4) تطوير الخطة الاستراتيجية 5) إدارة تنفيذ الخطة الاستراتيجية. وعلاوة على ذلك، واستنادا إلى المراجعة النقدية للأدلة التجريبية المتاحة، يقوم الباحث بتطوير نموذج تخيلي يأخذ في عين الاعتبار الأبعاد الرئيسية الخمسة والنسب المالية الستة وعامل غير مالي واحد (رضى العملاء) وذلك لاختبار العلاقات القائمة بين ممارسات ادارة التخطيط الاستراتيجي ومستويات أداء المصارف في الدولة.

وقد شمل البحث 51 مصرفا تقليدي وإسلامي مسجل في الأسواق المالية داخل دولة الإمارات العربية المتحدة .وقدمت عينة من 17 مصرفا معلومات للدراسة، وتم الحصول على البيانات من التنفيذيين العاملين في المستويات الكبيرة والوسطى والدنيا في هذه البنوك .واستخدم البحث أساليب البحث الكمية والتقنيات الإحصائية مثل تحليل العوامل، وتحليل الاختلاف، من بين أساليب أخرى وذلك لمعالجة البيانات والتوصل إلى النتائج .وتشير نتائج الدراسة إلى أن المصارف الإسلامية حققت أداء أفضل من البنوك التقليدية من حيث معظم مجالات التخطيط الاستراتيجي والممارسات الإدارية .وتشير التحاليل التفصيلية والنتائج إلى أن هناك اختلافات

ملحوظة في نمط معين وبنية العلاقة من حيث الخمسة مكونات الخاصة بادارة التخطيط الاستراتيجي وتأثيرها على مستويات أداء كل من البنوك الإسلامية والبنوك التقليدية.

الأهم من ذلك، فإن النتائج الكمية والاستنتاجات النوعية من الدراسة تؤدي إلى استنتاج أن الإدارة في الصناعة المصرفية مسؤولة عن وضع الاستراتيجيات والأطر والسياسات والتي تستجيب بشكل استباقي الى منع واكتشاف والتخفيف من الصدمات والتي تؤثر بشكل دوري على المصارف، خصوصا من بيئة الاعمال الخارجية للمصارف ولتحقيق ذلك، يتعين على سلطات الادارة العليا في كل من المصارف الى القيام بالمراجعة بشكل دوري لجميع نواحي ممارسات ادارة التخطيط الاستراتيجي(إضفاء الطابع المؤسسي على عملية التخطيط وبناء الاسس الاستراتيجية وإجراء تشخيص للحالة الاستراتيجية وتطوير الخطة الاستراتيجية وإدارة تنفيذ الخطة الاستراتيجية)، وإجراء مراجعات كافية لكل مكون بغرض إدارة منظماتهم على نحو أكثر كفاءة وفعالية.

مفاهيم البحث الرئيسية: إدارة التخطيط الاستراتيجي، المصارف العادية، المصارف الاسلامية، تشخيص الحالة الاستراتيجية.

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Dedication

The dissertation is lovingly dedicated to my beloved mother, Masyada Shoaib Mobarak for her great support, passion for education and unmeasurable love. To my late father, Mohamed Obaid AlGhawy, who was a great source of perseverance and inspiration. To my husband, khalfan Barman Al Zahmi and to our four children, whom I cannot stop loving. Finally to my sisters and brothers for believing in me and giving me strength and hope throughout this study.

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List of Abbreviations

AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
GDP	Gross Domestic Product
IFSB	Islamic Financial Services Board
IMF	International Monitory Fund
NIM	Net Interest Margin
RMSEA	Root Mean Square Approximation
ROA	Return on Asset
ROE	Return on Equity
SF	Strategic Foundation
SME	Small Medium Enterprises
SPM	Strategic Planning Management
SSD	Strategic Situational Diagnostics
TLI	Tucker Lewis Index
UAE	United Arab Emirates
WTO	World Trade Organization

Chapter 1: Introduction

1.1 Overview

Strategic planning is defined as the rationale for determining the direction in which an organization should head; it delivers the specifications against which the organization may best decide what to do, how to do it and when to do it by creating a better future for the organization in measurable terms and selecting the best means to achieve the desired results. Strategic management, for its part, entails drafting and evaluating cross functional decisions that enable an organization to achieve its long-term objectives by specifying its mission, vision and objectives and allocating resources to achieve these objectives (Kaufman et al., 2003; Mohamed et al., 2010).

Strategic management plays an indispensable role in the success or failure of firms worldwide (Rumelt, Schendel, & Teece, 1994). Firms continue to compete for customers, factor inputs and profits that cover their costs. Consequently, if they are to survive in today’s industrial society, strategic planning and management practices for creating wealth need to be at their peak. Meanwhile, Mintzberg, Ahlstrand & Lampel (2009) considers strategic management to be the alignment of internal capabilities with external demands in the form of plans, patterns, positions, perspectives, and plots.

Several scholars have looked at strategic planning in relation to the performance of the financial sector, including banks and small to medium-sized enterprises (SMEs). For instance, Moutinho et al. (2002) analyzed the perception of 58 bank branch managers in 14 branches belonging to two major Scottish banks, to assess the contribution of several planning practices to the banks’ competitiveness and overall performance. Their findings reveal that the performance of the bank branches was influenced by the effectiveness of management practices employed, including long-term thinking and innovation. They focused their argument on a model consisting of 7 constructs; i) innovation, ii) planning and budgeting, iii) programming long-term orientation, iv) competitiveness, v) strategic planning effectiveness, vi) marketing planning effectiveness, and vii) performance.

The present study assesses the impact of strategic planning and management (SPM) practices on the performance of both conventional and Islamic banks in the United Arab Emirates. The banking and financial services sector is one of the pillars of the United Arab Emirates' initiatives for economic growth and diversification. Unfortunately, the sector continues to face several challenges, ranging from low oil prices globally to market volatilities in the region. Therefore, UAE banks and other financial institutions need to revise their approach to challenges by focusing on their strategic planning and management practices as well as customer management strategies (KPMG, 2016).

This chapter introduces the major theme of the study, Strategic Planning and Management (SPM), in relation to such constituent variables as institutionalizing the planning process, establishing the strategic foundation, conducting strategic situational diagnosis, developing strategic plans and managing strategic plan implementation. It also considers the implications of these variables for the financial and non-financial performance of organizations. Further, the chapter presents the research problem, outlines the research objectives and outlines the justifications of the study. Finally, the chapter traces the structure of the dissertation, summarizing the areas of focus in each chapter with respect to the study area. The contents discussed in this chapter are summarized in Figure 1 below.

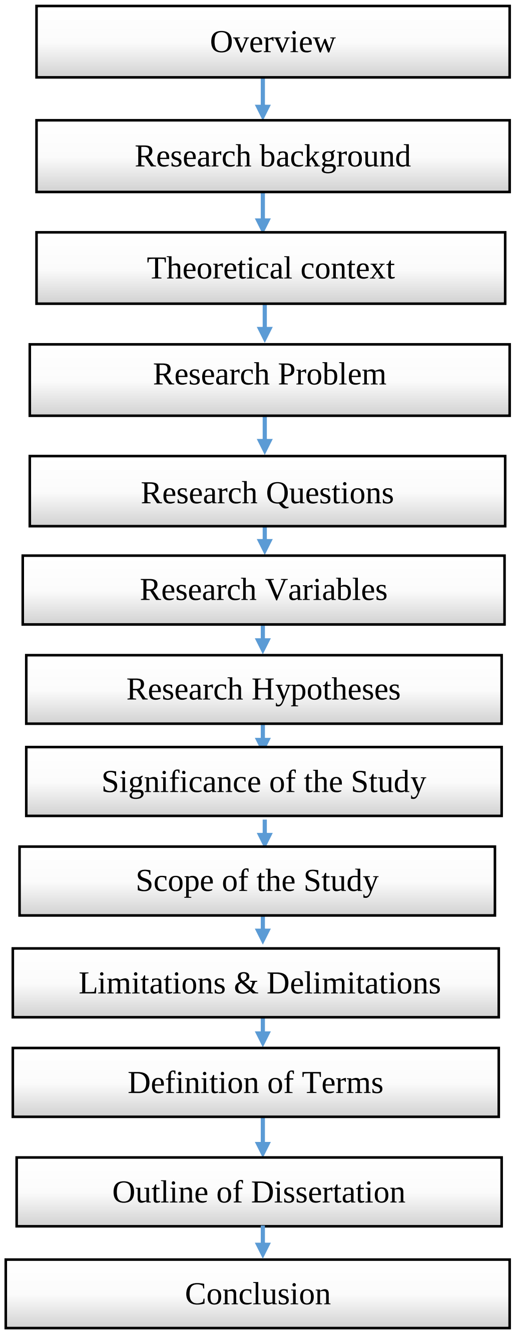

Figure 1: Design of Chapter 1

1.2 Research Background

Strategic management as cited by several scholars, policy makers and top managers has become a very important topic for many organizations, due to its impact on performance, organizational adaptability and legitimacy (Johnsen, 2015).

Mintzberg, Ahlstrand & Lampel (2009) sees it as the alignment of internal capabilities and external demands in the form of plans, patterns, positions, perspectives, and plots. David (2005) describes it instead as the art and science of formulating, implementing and evaluating cross-functional decisions that enable organizations to achieve their objectives. However, in recent times strategy theorists observe that strategic management practices need to be followed closely by involving the workforce and stakeholders to secure organizational objectives.

The use of resources, innovation, and excellence is described in detail by Bryson et al. (2010), who contend that strategic planning and management should be understood as partially routinized strategic thinking, acting and learning behaviors that involve complex assemblies of human and non-human actors held together by ordering and making principles maintained over time through the way that they are performed.

Regarding strategic management practices, Coulter and Coulter (2013) identified four processes required to achieve organizational goals: 1) environmental analysis, 2) strategy formulation, 3) strategy implementation, and 4) strategy evaluation. Similar practices are applied through strategic planning as stressed by Glaister and Falshaw (1999), who highlighted the importance of strategic planning and confirmed its strength in organizational setup. Meanwhile, Wolf and Floyd (2013) defined the concept as a more or less formalized process that provides a structured way to formulate, implement and evaluate strategy. According to these authors, strategic planning influences a firm's strategic direction for a certain time besides coordinating and integrating policy decisions. Vinzant and Vinzant (1996) argued that, while strategic planning is the main component of strategic management, the latter is a more comprehensive approach to managing firms and implementation of organization-wide strategy. They conclude that, although ideas on strategic management may vary, most models contain similar elements.

Research on strategy reveals that strategic planning and management practices have an impact on the performance of organizations. Numerous studies have been conducted to test the relationship between strategic planning and institutional performance (Leidecker & Baker, 2001). One of the first attempts was made by Thune et al. (1970), who found that a positive association exists between regular planning and performance. On the contrary, Kudla (1980) did not report any benefits, while other studies have concluded that any benefits are negative (Fulmer & Rue, 1973). The fact that research on the topic is voluminous inspired the present researcher to explore more in this area and examine the conclusions concerning strategic planning and its relationship with organizational performance. For instance Armstrong (1982) reviewed several studies and found that there was a positive correlation, while others indicated null or negative benefits. In the 1990s, three meta-analyses were carried out, by Schwenk and Shrader (1993), Greenley (1994), and Miller and Cardinal (1994). The first two analyses found a positive relationship, and the analysis by Miller and Cardinal confirmed that strategic planning practices are positively related to strategic planning effectiveness.

Due to rapid changes, increased competition and the growing volume of business, strategic planning today is a phenomenon growing in Western firms as well as in other regions, including the Arabian Gulf (Rajasekar & Al Raee, 2014). However, other than Salameh (1987), very few studies have been conducted on strategic management practices in developing country settings such as the United Arab Emirates (UAE), the geographic focus of the present study. Although the UAE is the financial and banking hub of the region, there is no documented evidence available to reveal the underlying relationship between strategic planning and performance among the UAE banks. Most studies so far have been undertaken in developed countries such as Canada, the USA, Australia, Japan and the United Kingdom, with only very few attempts in developing countries such as Saudi Arabia, Bahrain, Jordan and the UAE ((Aldehayyat, Al Khattab, & Anchor, 2011; Elbanna, 2010; Ghamdi, 2005; Rajasekar & Al Raee, 2014; Yusuf & Saffu, 2009). Therefore, a study is required on strategic planning and management in the UAE banking sector that would add to the current literature and fill some knowledge gaps in the area of strategic planning and management (SPM) practices and their impact on the performance of banks in the in the region.

1.3 Research Problem

The United Arab Emirates is considered one of the wealthiest countries in the world and the commercial hub for the Middle East, which links Eastern and Western markets. Since its formation in 1971, the UAE has been able to build a competitive economic system and world-class infrastructure through regional stability, strong international relations and the fast growth of its economy. This steady growth has been due in part to the significant role played by the banking industry, which provides financial support to individuals and businesses as well as creating jobs. According to the UAE Bank Federation, the financial services sector contributes approximately 10% of GDP and 12% of non-oil sector domestic products to the tune of AED 130 billion, representing a growth rate of 3% (UAEBF, 2017). Nevertheless, UAE banks were not immune to the 2008 world financial crisis in the region; this made an enormous impact on the country's economic growth and financial stability. The banks had a significant number of non-performing loans, and a drop in profits to unexpected figures. For instance, the Emirate of Dubai had an estimated debt of $70 billion, which was almost equivalent to the emirate’s GDP of $82 billion in 2008 (Chronicle.fanack, 2015).

Further, the recent drop in global oil prices has affected major banks and other micro-financial institutions in the UAE which put pressure on the government to provide financial support for SMEs together with tighter liquidity. This situation called for the adoption of proper strategic planning and management practices by all the major players in the financial sector, so as to cope with unexpected issues and plan future coping strategies. Over the past few years, a growing amount has been written on strategic management practices worldwide and their impact on organizational effectiveness as well as financial performance, with a few empirical studies focusing on banking and financial systems. It is therefore not surprising that strategic planning and management, as a relatively new phenomenon in the Arab world, still needs thorough investigation, as envisaged by several scholars (Al-Shaikh, 2001; Elbanna, 2013; Khan & Ali-Buarki, 1992; Rajasekar & Al Raee, 2014; Salameh, 1987).

Furthermore, research has observed that customer satisfaction, which is an important non-financial measure, was found lacking, even though it is one of the major determinants of a bank’s financial performance and hence its success. For instance Abdullah et al. (2009), claims that survival in the private sector depends on a firm’s ability to satisfy its customers and find strategies to increase customer satisfaction. Other researchers argue that non-financial measures such as customer satisfaction are at the core of defining strategy and developing the performance measures that precisely determine business strategy for organizational success (Kaplan and Norton, 1992).

Hence, the level of customer satisfaction of the banks under study is also studied as a major variable of this study.

1.4 Purpose of the Study

Having reviewed some of the existing empirical studies on strategic planning and management, the researcher is of the view that extensive research on the topic would be useful. It should focus mainly on the UAE local banks and have a multidimensional approach. The present study has been designed with a two-fold approach: 1) assessing the extent of strategic planning and management (SPM) practices followed by conventional and Islamic banks in the country; and 2) measuring the impact of these practices on the financial and non-financial performance of the banks. The outcomes of the study should help the banking institutions in the country to initiate strategy-driven change management programs that can augment and improve their organizational effectiveness and contribute to the overall growth of the country's economy.

1.5 Research Questions

This research investigates the relevance of strategic planning and management to the performance of UAE's conventional and Islamic banks and tests any relationships that may exist between SPM practices and their performance, measured in terms of financial and nonfinancial parameters. Based on insights derived from a critical review of the literature on the above variables, the study was designed around the following major research questions:

1. To what extent do banks in the UAE engage in strategic planning and management practices that are identified in terms of such SPM

components as institutionalizing the planning process, establishing the strategic foundation, conducting the strategic situational diagnosis, developing strategic plans and managing their implementation?

2. What is the impact of the above SPM practices on the performance of banks in relation to important financial and non-financial parameters?

1.6 Research Objectives

In order to answer the above research questions, the research investigation was divided into four specific research objectives, as follows:

i. Study the *extent* of strategic planning and strategic management practices in the UAE’s conventional and Islamic banks.

ii. Study the *relationship* between SPM and the financial performance of banks in the UAE.

iii. Examine the *relationship* between SPM and customer satisfaction in the UAE’s banks.

iv. Provide a set of recommendations to the UAE’s banks for improving the process of strategic planning and management practices.

Achieving these research objectives would provide substantial insights into and understanding of the status of strategic planning and management practices currently followed by the banks in the UAE and reveal how the banks formulate and implement their strategies for superior performance.

1.7 Research Hypotheses

Research hypotheses provide logical suppositions or judgments, which explain a problem or phenomenon under investigation (Leedy & Ormrod, 2010; Mauch &

Birch, 1993). In other words, they are suppositions or proposed explanations made on the basis of the available evidence as a starting point for further investigation. Accordingly, the present study is based on the insights derived from the literature pertaining to the variables considered; the following research hypotheses were tested in the context of the UAE banking industry:

H_1: Strategic Planning and Management has a positive impact on Return on Assets.

H_2: Strategic Planning and Management have a positive impact on Return on Equity.

H_3: Strategic Planning and Management has a positive impact on Net Interest Margin

H_4: Strategic Planning and Management have a positive impact on Loans/Deposits

H_5: Strategic Planning and Management have a positive impact on Asset utilization

H_6: Strategic Planning and Management have a positive impact on Equity utilization

H_7: Strategic Planning and Management have a positive impact on Customer Satisfaction

1.8 Structure of the Dissertation

This dissertation has been arranged in five major chapters as summarized below;

Chapter 1 Introduction

The chapter introduces the thesis, its background and its research problem which highlights the importance of the study. The statement of the problem, research objectives, research questions, and limitations of the study are also included in this chapter.

Chapter 2 Literature Review

The chapter provides a comprehensive review of strategic management practices, previous studies of strategic planning and management, various theories of strategic management, and other findings on strategic planning and organizational performance. Research on the strategic foundation, situational diagnosis, strategy formulation and implementation are also reviewed against the financial and non-financial performance of firms. The chapter also reviews the research gaps that help to build a theoretical basis for the conceptual model that is to be constructed in the study.

Chapter 3 Research Methodology

This chapter presents the research philosophy and the research design. It describes research strategies (inductive, deductive, retroductive and abductive) and the reasons for choosing an inductive approach. It also describes the pilot study, the two questionnaires that were used, and the participants. Finally, the chapter addresses the process related to data collection and the steps in constructing the analytical model.

Chapter 4 Data Analysis and Results

This chapter presents the results of the research conducted to test the relationship between strategic planning and performance. The researcher uses regression to analyze the data through SPSS. It describes the respondents' characteristics, survey variables, and the descriptive and inferential statistics. It ends by reviewing the reliability and validity of the questionnaire.

Chapter 5 Discussion, Conclusions and Study Implications

The chapter provides a summary of the research, presents the overall study contribution, and highlights the implications. Finally, it mentions some limitations makes recommendations for future studies and provides a summary of the entire work.

1.9 Definition of Terms of Interest

i. Strategic Planning and Management

Strategic planning and management refers to a set of managerial decisions and comprehensive plans that engages the workforce in carrying out a firm's strategies, gaining competitive advantage and maximum performance. It involves five stages, namely, institutionalizing the planning process, establishing the strategic foundation, conducting the strategic situational diagnosis, developing a strategic plan and managing the plans implementation.

ii. Institutionalizing the Planning Process

Institutionalization is a "process by which the institution/organization acquires value and stability, through a series of investments that various actors undertake over time, leading to the increased formalization of some practices, and increased structure, all of which increase internal capabilities" (Palanza, Scartascini, & Tommasi, 2016).

iii. Establishing the Strategic Foundation

Establishing the strategic foundation is the process of selecting the corporate mission, vision, goals and values (Hill & Jones, 2007).

iv. Conducting the Strategic Situational Diagnosis

Situational diagnosis is the process by which a firm acquires and uses information about events, trends, and relationships in a secure outside environment, the knowledge of which would help management in planning the company's future actions (Aguilar, 1967; Chun Wei Choo & Auster, 1993).

v. Developing Strategic Plans

Strategic plan development is the task of analyzing the firm's external and internal environments and then choosing the proper strategies (Hill & Jones, 2007)

vi. Strategy implementation

Strategy implementation is a process that translates strategic plans into actions and guarantees that assignments are accomplished in a way that satisfies the proposed strategic objectives (Kotler, 1984).

vii. Customer satisfaction

Customer satisfaction is defined as customers' favorable judgment and feelings after they have used a service or product (Jamal & Naser, 2003).

viii. Performance measurement

Performance measurement is "the process of quantifying the efficiency and effectiveness of actions" (Neely, Gregory, & Platts, 1995).

ix. Return on Assets (ROA):

ROA represents one of the core measures for the success of a business. It is the return achieved by a business for its funders, such as stockholders and creditors, and is considered efficient if it can generate adequate profit with minimum use of assets. It is calculated by dividing net profit by total assets (Bragg, 2012).

x. Return on Equity (Naor, Linderman, & Schroeder)

Return on Equity is the ratio which concerns the amount of performance an investor expects from capital investment in a firm. It is calculated by dividing the net income by total equity (Bragg, 2012).

xi. Net Interest Margin (NIM):

Net interest margins are defined as the difference between a bank's interest earnings and expenses, as a percentage of average interest-earning assets. It is used to test how good bank's financial decisions are, compared to its debt position.

xii. Loans/Deposits

Loans/deposits measures a bank's liquidity. It is calculated by dividing total loans by total deposits. If the ratio is high, it means that banks may not have adequate liquidity to cover their loans, whereas, if the ratio is very low, banks may not be generating enough profit (Sukmana & Kholid, 2013).

xiii. Asset Utilization:

This ratio "measures a bank's ability to generate per dollar of assets. It is calculated by dividing revenue over total assets" (Sinkey, 1983).

xiv. Equity Utilization:

This ratio measures "the rate of turnover of the owner's investment" (Troy, 1990). It is calculated by dividing revenues by equity.

1.10 Conclusion

The research subject was justified when gaps in the literature and practice were analyzed in consultation with ten subject matter experts and two academic professors, who confirmed that the UAE's banking industry needed them to be filled. Consequently, the research questions were addressed and the main contributions highlighted. As a result, the research objectives could be used to build up the model and prepare two questionnaires for data collection. In the next chapter, the researcher presents a critical review of the literature on the study.

Chapter 2: Literature Review

2.1 Introduction

The previous chapter introduced the research problem, which centered on strategic planning and management. Some of the implications of SPM practices for the financial and non-financial performance of UAE banks were identified, together with some of the key challenges facing these institutions. Here, a review of the important literature related to strategic planning and management practices and the impact of these on institutional performance is presented. The first part of the chapter reviews strategic management concepts, strategic planning history, and various management theories related to strategy. The review also includes planning definitions, planning practices, strategic planning models and the current strategic posture of the UAE's banking industry. Finally, the chapter discusses studies on strategic planning and performance and presents the research gap which prompted the building of the conceptual model used in the research investigation. The flow of the chapter is as illustrated in Figure 2 below:

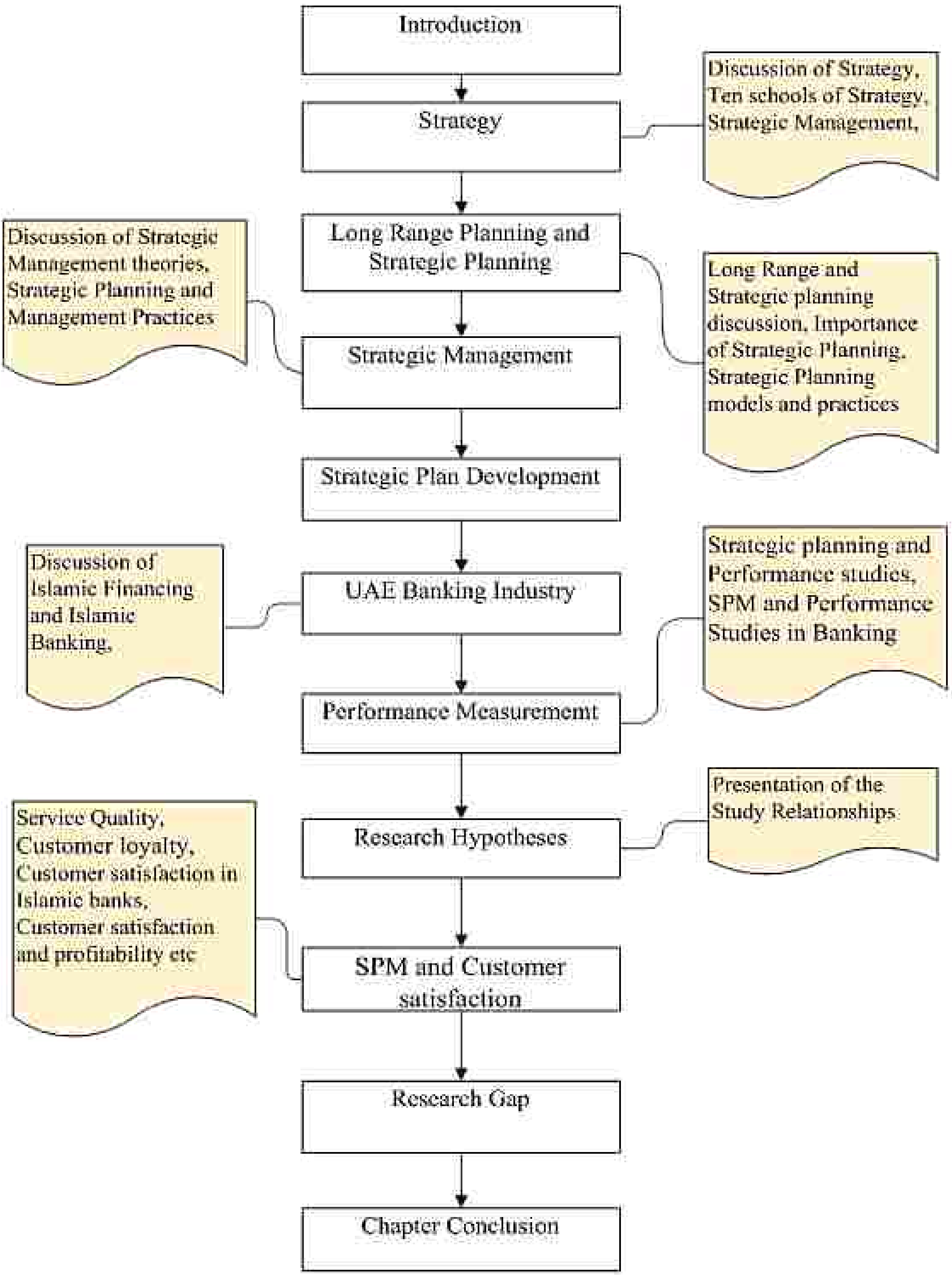

Figure 2: Flow of Chapter 2

2.2 Strategy

Strategy is a concept derived from the Greek word stratego which means planning in order to conquer enemies (Keller, 1983). Von Neumann and Morgenstern (2007) were the first authors to translate the term from military to business matters and since they wrote many authors have suggested different meanings for the word ‘strategy’ but do not often agree on a single definition. For instance Boyne and Walker (2011) look at it in two distinct aspects: in the private sector it is perceived as an approach to defeating competitors, while in the public sector it is regarded simply as a way to improve performance.

In the public sector, management tries to keep performance stable and provide excellent customer services. Mintzberg, Ahlstrand & Lampel (1998) proposed ten different schools as a way of summarizing the development of strategy and showing its complexity. The schools were categorized as prescriptive or descriptive (see Table 1, below):

Table 1: Ten Schools of Strategy

School	Description
Design School	Sees strategy formation as achieving the essential fit between internal strengths and weakness and external threats and opportunities. Senior management formulates clear, simple and unique strategies in a deliberate process of conscious thought so that everyone can implement the strategies.
Planning school	Grew in parallel with the design school and continued to be an important element of the strategy formulation process. The main difference from the design school is that it is more formal in the case of objectives, budgets, programs and operating plans.
Positioning school	This was the dominant view of strategy formation in the 1980s. In this view, strategy reduces to generic positions selected through formalized analyses of industry situations.
Entrepreneurial school	Like the design school, the entrepreneurial school centered the process on the chief executives. In this view, the leader maintains such close control over implementing his or her formulated vision that the distinction central to the three prescriptive schools breaks down.
Cognitive School	In the 1980s and continuing today, research has grown steadily on the cognitive biases in strategy making and cognition as information processing, knowledge structure mapping, and concept attainment.
Learning School	Of all the descriptive schools, the learning school achieved adominantposition and challenged the prescriptive schools. In this view, strategies are emergent; strategists can be found throughout the organization, and so-called formulation and implementation intertwine.
Power school	Quite a different stream in the literature has focused on strategy making rooted in power. Micropower sees the development of strategies for the organization as political. In contrast, Macro power viewsthe organization as an entity that uses its power over others and among its partners in alliances, joint ventures and other networks to negotiate strategies of interest.
Cultural School	The reverse image of the power school, it focuses on common interests and integration. Strategy formation becomes a social process rooted in culture, especially after the impact of Japanese management was realized in the 1980s.
Environment school	Contingency theory, population ecology, and institutional theory are regarded in this strategy. It follows the contingency theory with regard to responses to different environmental conditions. Institutional theory is concerned with the institutional pressures faced by organizations in their environment from other agencies.
Configuration School	Perceives organization as configuration and integrates the claims of the other schools.

Source: Mintzberg, Ahlstrand & Lampel (1998)

In the same way, Campbell, Stonehouse, and Houston (2002) proposed four ways of examining and selecting a strategy: feasibility criteria, suitability criteria, competitive criteria and acceptability criteria. Similarly Hambrick & Fredrickson (2001) claim that if an organization must have a strategy, then the strategy should have five parts. These five parts are intended to answer the following questions:

- Arenas: where will we be active?
- Vehicles: how will we get there?
- Differentiators: how will we win in the marketplace?
- Staging: what will be our speed and sequence of moves?
- Economic logic: how will we obtain our returns?

Today, strategic management is one of the most intensively researched academic areas, and strategic planning and management are applied in most organizations, businesses, and banks with the aim of achieving competitive advantage. Below is a brief synopsis, from the beginning of strategic management research early as the 1960s, which includes the notable contributions of several scholars. For instance, Ansoff (1965) contributed a series of rigorous processes and checklists designed to assist managers in decision making about activities, while Hindle (2008) shifted his approach to finding better methods with high flexibility in the planning process. The author claimed that significant management direction is impossible to generalize and so firms should make their own strategic decision which he divides into strategic, administrative and operation phases.

Furthermore, Hindle (2008) encouraged companies to deploy strategic planning from the center while allowing individual business units to pursue their daily business. Another significant contributor to the field is Peter Drucker, whose book *Practice of Management* discusses social innovation in management in the 20th

century. He pioneered the idea of the corporation as a social institution. In his book *The Concept of the Corporation*, he insisted on the value of decentralized decision-making when large firms such as General Motors were focusing power in their headquarters (Hindle, 2008). Nevertheless, he came up with the theory of Management by Objectives (MOB) and intellectual capital.

Mintzberg (1994) modified this view, suggest that strategic planning needs to be dropped and replaced by strategic thinking, in the belief that planning is about analysis whereas thinking involves high intuition and creativity. The above most influential authors were mainly concerned with studying business cases and strategies that could help managers to improve their businesses. Furrer et al. (2008), however, shifted to a new research orientation by applying a process approach and factoring in the relationship between strategy and performance.

2.2.1 Strategic Management

Strategic management entails the management of an organization’s resources to achieve its objectives through analyzing the competition, establishment and implementation of strategies and ensuring top management commitment to the firm’s strategies. Spanos et al. (2004) look at strategic planning as an attitude and a process concerned with the future consequences of current decisions. The authors claim that strategic planning provides a keen insight into ways of surmounting the barriers and biases associated with planning failures.

Mintzberg (1987) argues that “the field of strategic management cannot afford to rely on a single definition of strategy. Indeed the word has long been used implicitly in different ways even if it has traditionally been defined formally in only one. Explicit recognition of multiple definitions can help practitioners and researchers alike to maneuver through this difficult field". It seems that there are many perspectives on the subject and hence no consensus on a single definition.

Ketchen, Boyd, and Bergh (2008) point out that despite the vast literature and a significant amount of work on strategic management, it still lacks a coherent identity. Further, Hambrick and Fredrickson (2001) believe that strategic management represents a case of an academic field whose consensual meaning might be expected to be fragile, even lacking. Meanwhile, Kong (2008) describes strategic management as a set of managerial decisions and actions by an organization that can be used to facilitate competitive advantage and long-run superior performance over other agencies. He bases his definition on attempts made by Powell (2001) and Wheelen and Hunger (2004).

Nag et al. (2007) argue that strategic management deals with the major intended and emergent initiatives involving the use of resources taken by general managers on behalf of owners, to enhance the performance of firms in their external environment.

Jasper and Crossan (2012), however, argue that multiple theories result in confused terminological use, when different authors and managers use the same terms to mean different things. This is further compounded by the tension between theoretical definitions and 'common sense' ones, as business and organizational parlance becomes the norm in large organizations. Furrer et al. (2008) conclude that research in strategic management developed from simple strategic ideas that help managers using explanatory powers to make extensive searches from a positivist standpoint for an intellectual basis.

A recent description by Coulter and Coulter (2013) is consistent with earlier descriptions that are based on an analysis of the environment, developing strategies and implementing and evaluating them. In the same way, Vinzant and Vinzant (1996) argue that strategic management is a process handled by the higher administration in companies which provide advice, instruction, and guidance for all phases of operational management. It is essential for the institutions because it impacts on organizational adaptability, performance, and legitimacy (Johnsen, 2015). Strategic planning, unlike strategic management, is more concerned with strategy than operations, which makes it the supporting part of strategic management (Vinzant & Vinzant, 1996).

Other researchers have argued that strategic management and planning is more complex and sophisticated than is perceived. According to them: “strategic planning or management should be understood as partially routinized strategic thinking, acting, and learning behaviors that involve typically complex assemblies of human and nonhuman actors held together by ordering and sense-making principles that are maintained and changed over time through the way they are performed” (Bryson, Crosby, & Bryson, 2009; Giddens, 1984; Latour, 1992).

The above description brings out the importance of strategic planning as an integral part of strategic management and assumes that many participants engage in the process (Larsen, Tonge, & Ito, 2000). This may include CEOs, managers, executives, and consultants who use the existing company resources to achieve the required performance and results. While ‘strategic management’ is more popular in academia, ‘strategic planning’ is commonly used in business (Elbanna, 2013). Strategic management therefore is a broad concept since it covers strategic planning development, implementation, and evaluation (Theodore & Streib, 2005). Both concepts may use the same practices although strategic management studies may include more participation and both concepts aim at sustaining competitive advantage and performance. Consequently, based on the above arguments, the researcher defines strategic planning and management as an ongoing process that supports a team-based structure involved in the institutionalization, strategic foundation, diagnosis, formulation, implementation, and evaluation of a firm’s long-term goals and objectives.

2.3 Long Range Planning, Strategic Planning, and Management

Much has been written in the field of strategy, starting from long range planning, strategic planning and, most recently, strategic management. However, disagreements between academics on both definitions still exist, and this is evident from the many accepted definitions in the literature (Cox, Daspit, McLaughlin, & Jones III, 2012).

Figure 3 below presents a timeframe which highlights the different stages of conceptualizing strategic planning development.

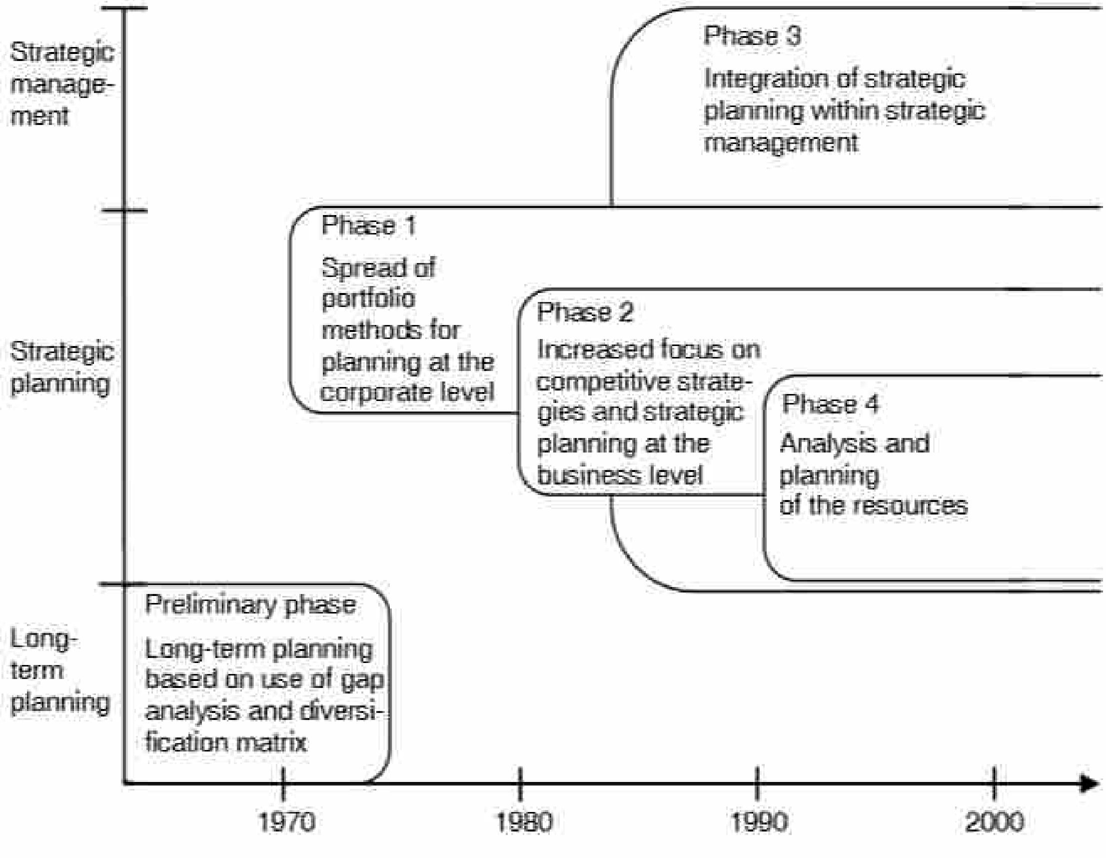

Figure 3: Strategic Planning Development
Source: adapted from (Kuhn, 1996)

2.3.1 Long Range Planning

Drucker (1959) defines long range planning as the continuous process of making present entrepreneurial decisions by systematically organizing the efforts needed to carry out these decisions and measuring their results against expectations through organized, systematic feedback. The author summarizes three common misconceptions about long range planning. First, long range planning is not forecasting, because human beings cannot predict or control the future. Second, long range planning does not deal with future decisions, but rather with the futurity of present decisions. Third, long-range planning cannot eliminate risk because a successful plan entails greater risk, which is the only way to enhance entrepreneurial performance.

Drucker (1959) further posits three main reasons why businesses and organizations should adopt long-range planning. He says that the time span of corporate and managerial decisions is lengthened without the need for systematic consideration of the uncertainty and risks involved. Furthermore, there is the speed and innovations risk, which means that, to cope with uncertainty, more expenditure needs to be assigned to industrial research and greater technological changes. Finally, the firms, economies and societies that survive are increasingly more complex, . In other words, decisions should no longer be in the hands of top management alone but should derive from a consensus of highly specialized responsible professionals. For instance, the current practice by successful worldwide organizations that build highly cooperative teams is to delegate complex tasks and let employees participate at all levels. This study agrees with the above conclusions and believes that if UAE banks adopt long range planning practices with the inclusive participation of professionals at different levels it will boost their performance. An essential implication of the long range planning concept is its ability to help corporations and governments to use the appropriate tools, strategic practices, and analytical approaches.

2.3.2 Strategic Planning

In the 1960s, the concept of strategic planning emerged, and became more popular than long range planning, although the two were related in terms of philosophy. The significance of strategic planning and its fast adoption by both private and public organization can be noted through the emergence of strategic planning units, the growth of policy planners and the wide spread of strategic management consulting (Leidecker & Baker, 2001). Strategic planning as defined by Pearce (1987) is the process of determining the mission, major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve the organization's aims.

Historically, the concept of strategic planning was mainly emphasized in 1943 by John Vieg, a political activist of the time (Bryson, 2010). At the end of the Great Depression and start of World War II, Vieg thought, the US had had enough of negative planning and it was time to move to positive planning (Bryson, 2010). He insisted that municipal planning was adopted by all functions of city governments, not merely some of the physical functions. So we can say that strategic planning started in the 1940s and was popular in the 1960s and 1970s (Lisiński & Šaruckij, 2006).

By the year 1965 frameworks for strategy were becoming popular, and by the 1980s many studies had been written on the impact of strategic planning on a firm's performance and its role in strategic decisions (Grant, 2003). At this stage the concept was used as a panacea for all the problems faced by business organizations (Lisiński & Šaruckij, 2006). It is believed that strategic planning is mainly intended to improve a firm's ability to adjust to a turbulent environment, respond to threats and opportunities and provide a system for reducing environmental uncertainties (Handoff, 1979).

On the same lines, Ologunde & Akinlolu (2012) assume that the role of strategic planning is to set the stage for all other planning in the organization by defining a clear organizational mission and purpose at the corporate level, setting detailed supporting company objectives that guide the whole company and designing the sound portfolio of businesses and products that is best for the company.

Similarly Ketokivi and Castaner (2004) looked at it as a process for conducting an annual assessment of goals and budgets and a translation of priorities about the use of resources into results. Wolf and Floyd (2013), however, summarize their definition as a formalized periodic process which gives organizations a way to formulate, implement and control strategy. Grant (2003), too, concluded that strategic planning processes have become more decentralized, less staff driven, and more informal, while strategic plans themselves have emerged as more short-term, more goal focused and less specific about actions and resource allocations.

2.3.3 Importance of Strategic Planning

Strategic planning has been gaining importance in the past few decades owing especially to its ability to put business objectives and goals into practice (Bryson, 2010; Costa, 1995; Glaister & Falshaw, 1999). Some of the major benefits for adopting strategic plans include but are not limited to the following;

i. Enhanced decision making
ii. Management of environmental turbulence
iii. Promotion of strategic thinking and learning
iv. Improvement of organizational legitimacy
v. Improvement of company performance by achieving objectives and strategies.
vi. Directing benefits for the people involved, for instance, building human capital, improved competency, improved job performance, and improved managerial performance throughout the organization.

2.3.4 Strategic Planning Models

A vast numver strategic planning models are cited in the literature which n not only monitor processes but support organizational clarity and focus attention on the main planning strategies and pracitices (Trainer, 2004). Therefore, managers and strategic planners within organizations should adopt the most applicable models to meet their organization's needs and objectives. The most popular strategic planning models include the following:

a) Harvard Policy Model

This model was developed at Harvard University to enable organizations to find a fit between their mission and the environment, with the objective of staying competitive when business conditions change (Mintzberg, 1994). The uniqueness of this model is that it helps businesses to analyze their strengths, weaknesses, opportunities and threats for proper strategic development.

b) Steiner’s Model

This model is mainly found in the private sector. It is introduced in three significant stages: 1) Plan premises; 2) Plan formulation; and 3) Implement and review. The model starts with pre-planning, a preliminary step that includes environmental scanning. It next goes on to develop a mission and objectives and then a plan and its implementation.

c) Bryson’s Model

Bryson (1995) examined profit and nonprofit organizations, after which he strongly recommended embedding stakeholders’ concerns in the planning process. His model comprises ten steps: 1) initiate and agree on a strategic planning process; 2) clarify the organizational mandate; 3) identify and understand stakeholders and develop and refine the Mission and Values; 4) assess the environment to identify strengths, weaknesses; opportunities, and challenges; 5) identify and frame strategic issues; 6) formulate strategies to manage the issues; 7) review and adopt the strategic plan; 8) establish an effective organizational vision; 9) develop an effective implementation process; 10) Reassess strategies and the strategic planning process.

d) Ansoff and McDonnell' s Model

According to Ansoff and Mc Donnell (1990), strategic planning starts by identifying threats, opportunities, and events followed by analysis of the competition. This suggests what improvements in strategies are needed and highlights the attractive business areas. It is followed by strategic portfolio analysis, and the development of goals. The premise here is that goal setting is an essential step in strategy development, implementation and evaluation (Liedtka, 2000).

e) Grant's Model

Planning guidelines are the first step to take in setting up a strategic planning process in an organization. These guidelines consist of an external investigation and suggestions for planning priorities and expectations. Unlike other planning models, Grant's model starts at the bottom; there, individual businesses draw up their plans and attract feedback, which permeates to higher management.

f) The Generative Model

The exciting thing about this model is that understands strategic change by connecting to strategic planning processes (Liedtka, 2000). The model divides the strategic planning process into elements at the cognitive and behavioral level. Strategic thinking is employed in the planning process to design a future scenario, while at the behavioral level it is programmed into the improvement of routines and capabilities.

The goal here is to achieve the type of outcome that brings about a firm's future vision. The generative model applies the learning process to reach its future goals.

2.3.5 Strategic Planning Practices

Studying the strategic planning system with a uni-dimensional approach cannot add value or contribute to the research on strategic management (Phillips & Moutinho, 2000; Ramanujam & Venkatraman, 1987; Veliyath & Shortell, 1993). Scholars and strategists have suggested a multidimensional approach that combines planning techniques, formalization, sophistication, participation, internal and external orientation, etc. (Aldehayyat, 2006; Boyd & Reuning-Elliott, 1998; Larsen, Tonge, & Ito, 1998; Phillips & Moutinho, 2000; Ramanujam & Venkatraman, 1987; Veliyath & Shortell, 1993; Venkatraman & Ramanujam, 1986; Yasai, 1997).

Fleming's framework (2014) was developed from an analysis of the role of planning in the use of organizational strategy by evaluating strategic planning models developed over 50 years. He found that theoretical models cannot have an impact on the functionality of an organization unless proper planning is considered. Further, his findings show that strategic planning has a positive impact on organizational effectiveness although it needs to consider alternative scenarios, both positive and negative.

Ramanujam and Venkatraman (1987) used correlation analysis to study the relationship between six planning dimensions and three conceptualizations of planning effectiveness. They found that the organizational context of planning was the main influence on the effectiveness of the planning. Table 2 below summarizes the six critical dimensions of the planning system.

Table 2: Six Significant Dimensions of Strategic Planning Systems

Dimensions	Description	Key Supporting Literature
Use of planning techniques	The degree of emphasis given to the use of planning techniques to structure the unstructured content of ill-defined, messy strategic problems	Grant and King (1979, 1982) Hofer and Schendel (1987) Hax and Majluf (1984)
Attention to internal elements	The degree of attention to internal (i.e. organizational) factors, past performance, and the analysis of strengths and weaknesses	Camillus and Venkataraman (1984) Grant and King (1982) King and Cleland (1978) Lorange and Vencil (1977), Stevenson (1976)
Attention to external elements	The level of emphasis given to monitoring environmental trends	Aguilar (1965) Fahey and King (1977) Keegan (1974), Kefalas et al. (1973)
Functional coverage and integration	The extent of coverage given to different functional areas to (or intending to) integrate different functional requirements into general management perspectives	Hitt, Ireland and Palia (1982) Hitt, Ireland and Stadter (1982) Lorange (1980) Snow and Hrebinik (1980)
Resources provided to the planning function	The degree of organizational commitment to planning as expressed in the number of planners, and the level of involvement of top management in planning, etc.	King and Cleland (1978) Steiner (1979)
Resistance to planning	The level of organizational resistance to planning	Lenz and Lyles (1981) Lyles and Lenz (1982) Steiner (1979); Steiner and Scholl hammer (1975) Schultz and Slevin (1976)

Source: Ramanujam and Venkatraman (1987)

Veliyath and Shortell (1993) examined the differences in strategic planning systems characterizing two strategic archetypes, Prospector and Defender. The study was conducted in US hospitals, and concluded that Prospectors had higher market research competence with strategic planning system than Defenders had. Table 3, below, shows the planning characteristics used for the research.

Table 3: Characteristics of Strategic Planning Systems

Characteristics	Description	Key Supporting Literature
Planning implementation	Efficiently implementing strategic planning through formalizing, discipline, and greater managerial involvement	Chakravarthy (1987), Lorange (1982); Reid (1989); Sinha (1990)
Market research	Ability to do market research	Andrews (1971); McDaniel and Kolari (1987); Ramanujam et al. (1986); Snow and Hrebiniak (1980)
Key personnel Involvement	Physician and board involvement in the planning process	Govindrajan (1986); Mowday et al. (1982) Steers (1977); Swieringa and Moncur (1974)
Staff planning assistance	Assistance provided to the planning process by corporate and regional staff	
Innovativeness of strategies	Innovativeness of the strategies produced by SPS	King (1983), Miles and Snow (1987), Segev (1989)

Source : Veliyath and Shortell (1993)

Table 4 below highlights the strategic planning parameters recommended by researchers and the supporting literature. They are divided into formalization, participation, sophistication, and thoroughness.

Table 4: Strategic Planning Design Parameters

Strategic Planning Design Parameters	Description	Supporting Literature
Formalization	Use explicit, systematic procedures, so as to gain the commitment of all those involved	Wood and Laforge (1981), Shrader, Taylor and Dalton (1984), Pearce, Freeman and Robinson (1987)
Participation	Improve communication, build a multi-functional perspective, and develop a shared vision for the direction of the firm	McDonald (1982), Gerbing, Hamilton, and Freeman (1994), Piercy and Morgan (1994)
Sophistication	Use a wide range of managerial techniques	Bracker and Pearson (1986); Robinson and Pearce (1988); Odom and Boxx (1988)
Thoroughness	Use experience from some of the firm's managerial levels	Stasch and Lanktree (1980); Piercy and Morgan (1994)

Source: Philips and Moutinho (2000)

Similarly, a study on strategic planning characteristic was conducted by Larsen et al. (2000) with the aim of examining the strategic planning process in two business groups (fast-growing medium-sized firms and general business firms) and decide if it differed in the two. Leadership, Planning Horizons, Purpose, Benefits, and Components of the Strategic Planning Process were the headings under which the relationships were examined.

Meanwhile, Kargar and Parnell (1996) examined two aspects of executive satisfaction with strategic planning in 69 US commercial banks in North Carolina. Seven strategic planning characteristics were studied, namely: 1) internal orientation; 2) external orientation; 3) functional coverage; 4) involvement of key personnel; 5) use of planning techniques; 6) creativity of planning; and 7) focus on control. A relationship was found between the strategic planning characteristics and planning satisfaction in the small firms. Table 5 below gives a brief description of these elements.

Table 5: Characteristics of Strategic Planning Systems

Characteristic	Description	Supporting Literature
Internal Orientation	The amount of attention devoted to an organization's recent history and current situation, past performance, and analysis of strengths and weaknesses	Camillus & Venkatraman (1984); Grant & King (1982); King & Cleveland (1978); Lorange and Vancil (1977); Steiner (1979); Stevenson (1976)
External Orientation	The ability to obtain reliable and timely research information about the external environmental opportunities and threats	Andrews (1971); McDaniel & Kolari (1987); Ramanujam et al. *(*1986); Snow & Hrebiniak (1980); Veliyath & Shortell (1993)
Functional Integration	The extent of coverage given to different functional areas to (or intending to) integrate different functional requirements in a general management perspective.	Hitt, Ireland, & Palia (1982); Hitt, Ireland, & Stadler (1982); Lorange (1980); Snow & Hrebiniak (1980); Ramanujam et al. *(*1986); Ramanujam & Venkatraman (1987)
Key Personnel Involvement	The degree of involvement of top management, board members, line and staff managers in the planning process.	Govindrajan (1986); Mowday et al. (1982); Ramanujam & Venkatraman (1987); Steers (1977); Veliyath & Shortell (1993)
Use of Analytical Techniques	The extent of reliance on appropriate planning techniques for solving ill-structured strategic problems.	Fredrickson (1984); Grant & King (1982); Hax & Majluf (1984); Ramanujam & Venkatraman (1987)
Creativity in Planning	The degree to which planning efforts emphasize new modes of thinking.	Cartwright (1987); Greenley (1986); Ramanujam et al. (1986); Roach & Allen (1983); Shank, Niblock & Sandal (1973)
Focus on Control	The degree of emphasis placed on planning as a means of organizational control.	Andrews (1971); Camillius (1975); King & Cleland (1978); Langley (1988)

Source: Karger and Parnell (1996)

Boyd & Reuning-Elliott (1998) developed multiple indicators as measures of strategic planning. The indicators consisted of the following components: 1) Mission statement; 2) Trend analysis; 3) Competitor Analysis; 4) Long-term goals; 5) Annual goals; 6) Short-term action plans; and 7) Ongoing evaluation. Table 6 lists the accounts of these measures in the literature.

Table 6: Accounts in the Literature of Planning Indicators

Item	**Normative examples**	**Planning measurement examples**
Mission statement	David (1989); Pearce (1982); Pearce and David(1987); Wall street Journal (1994)	Ginter et al. (1985); Pearce, Robbins and Robinson (1987)
Trend Analysis	Boyd and Fulk (1996); Fahey and Narayanan (1986); Jain (1984) Preble et al. (1988)	Bracker and Pearson (1986) Ginter et al. (1985); Kukalis (1991); Ramanujam et al. (1986)
Competitor analysis	Fahey and Narayanan (1986) Lenz and Engledow (1986), Prescott and Smith (1989)	Bracker and Pearson (1986); Powell (1992a)
Long-term goals	Goold and Quinn (1990) Richards (1986)	Bracker and Pearson (1986) Kukalis (1991) Lindsay and Rue (1980) Odom and Boxx (1988) Powell (1992a)
Annual goals	Drucker (1974) Goold and Quinn (1990) Richards (1986)	Kukalis (1991); Odom and Boxx (1988); Pearce, Robbins and Robinson (1987); Powell (1992 a)
Short-term action plans	Camilus (1986) Lorange (1979) Richards (1986)	Kukalis (1991); Lindsay and Rue (1980); Odom and Boxx (1988); Powell (1992a)
Ongoing evaluation	Bungay and Goold (1991) Goold and Quinn (1990) Lorange et al. (1986)	Bracker and Pearson (1986); Kukalis (1991); Ginter et al. (1985)

Source: Boyd and Reuning-Elliott (1998)

Pearce and Robinson (2007) comprehensively listed the elements of the strategic planning process. They suggested nine: 1) formulation of the mission statement; 2) analysis of the internal capabilities; 3) assessment of the internal environment; 4) assessment of the external environment; 5) analysis of the use of its resources according to the external environment; 6) identification of best choices for the purposes of the mission statement; 7) selection of the goals and strategies; 8) development of yearly strategies and objectives; 9) implementation of the strategies; and 10) assessment of the strategic process success.

The above survey of the literature was helpful in deciding on the strategic planning and management dimensions to be included in the present study for answering the research questions. In the next section, attention moves to the five strategic planning elements, which were found to be very useful and interesting to the study; they include institutionalization, the strategic foundation, environmental diagnosis, strategic development and implementation. The above variables were chosen for their importance and frequent use in the SPM literature. They are also well established in the performance measurement literature and are appropriate whenever the relationship between SPM and the financial and non-financial performance of banks is evaluated.

2.4 Strategic Management Theories and Models

The field of strategic management has advanced both theoretically and empirically. Hitt et al. (2004), and Jasper and Crossan (2012) discussed the general perception of the field and provided the following summary on strategic management;

i. It is a process that involves the whole workforce under the leadership of higher management
ii. It facilitates the fit between the firm and its external environment
iii. It raises anticipation, innovation and excellence, promising a better response in the future
iv. It achieves the desired performance and strategic goals through change management and organizational development
v. It continuously communicates decision making.

Further, Raduan et al. (2009) found in this field a blend of strategy formulation, implementation, and evaluation. However, they did not refer to participation, despite its significance for strategic management. The researcher believes that, in the fast-paced world of globalization and technological advancement, employee engagement in strategic decisions is no less important than strategic planning and management. It is often crucial for an organization to involve the entire workforce in policy development initiatives and decisions that lead to the correct strategic sequence for meeting the proposed organizational objectives and goals. Bracker (1980), however, believed that strategic management allows for an internal and external environment analysis and the use of a firm's resources to meet strategic objectives. In addition, this analysis forms a basis for firms to cope with change and respond to an uncertain future.

2.4.1 Strategic Management Theories

The Industrial-Organization (I/O) theory and Resource-Based Theory are the two main theories that explain a firm's primary objective in achieving competitive advantage and optimum performance. Both theories are discussed further in this section, with a short description of other related strategic management theories, as shown in Table 8.

a) Industrial Organization Theory

Industrial Organization Theory is a deterministic theory that explains why firms need to take care of the external environment before constructing their strategy. It explains that an industry in which a firm chooses to compete has a stronger influence on its performance than do the choices themselves that managers make for the organization. The theory assumes that the external environment creates pressure and constraints on a firm that is working on its strategy. It also assumes that firms competing within a particular industry have similar resources under their control. Therefore, firms in the same industry are more or less equal. Further, it assumes that the resources under the firm's control are highly mobile. According to Flemming (2014), organizations that chooses a strategic fit within the industry's forces will be able to prosper, since they determine their strategic plans according to the needs of the industry and are then able to anticipate market fluctuations and build flexibility into their resource allocation. The major drawbacks of this method include the difficulty for firms of defining the industrial boundaries of their organizations; the focus on existing firms only, ignoring possible newcomers; and the separation of formulation from implementation (Sadudin, 2014). It is from such discussions that the researcher envisions a study which can evaluate the strategic fit of the UAEs' commercial and Islamic banks in the country's financial sector and the impact of their strategy on their performance.

The two authors with a major contribution to the IO Theory were Mason (1939), who formalized the SCP approach, and Bain (1951), who applied the paradigm to a significant sample of studies (Cox et al., 2012). According to Porter (1981), an industrial organization can provide an excellent analysis of strategic choices for other industrial organizations. It can also offer new methodological approaches to consider in strategic management research, especially in the policy field. As a result, exposure to business policies will positively affect industrial organization research and microeconomic theory. In examining the contribution of industrial organizations to competitive strategy formulation in individual industries, Porter concluded that IO research had begun to motivate scholars and economists in the field (Auster and Choo 1993) to study diversification strategy and strategy implementation. The theory considers industry structure as the main element for competition and the notion of competitive advantage (Cox et al., 2012).

The most popular perspective in industrial organization analysis is that industrial performance is explained by a firm's conduct, which is determined by variables in the market structure (Wirth & Bloch, 1995). The most important variables in defining structure include the number of sellers and buyers, product differentiation, entry barriers to an industry facing new firms and the level of the barriers hindering a firm's exit firm an industry. Variables associated with conduct include pricing, advertising strategies, innovation, investment in production facilities and legal tactics (Ferguson & Ferguson, 1994; Scherer & Ross, 1990). The main variables are performance and hence profitability and production efficiency, the main concerns of all businesses (Wirth & Bloch, 1995).

In an interesting study (Boyd et al., 2012), examined the development of contingency thinking in strategic management by providing a summary of the top 10 theoretical perspectives in the field. Table 7 below shows that the IO and SCP models were popular in the 1980s followed by IO economics in the 1990s and then the resource-based view in this century.

Table 7: Most Popular Theoretical Perspectives

Ranking	1980s	1990s	2000s
1	Industrial organization (IO)	IO economics	Resource-based
2	Contingency	Resource-based	Agency
3	Structure conduct performance	Agency	Knowledge
4	Organizational theory	Contingency	Networks
5	Upper echelons	Transaction cost	Transition cost
6	Agency	Upper echelons	Contingency
7	Multinationals	Strategic choice	Upper echelons
8	Grand strategy	Population	IO economics
9	Strategic choice	Resource	Social capital
10	Behavioral theory	Diversification	Signaling

Source: (Boyd et al., 2012)

However, the SCP paradigm has received criticism from industrial organization economists. According to them, the structure is not endogenous because performance and conduct affect the market structure. There is also some difficulty in defining and measuring market performance as the dependent variable in a multiple regression analysis, since it is a multidimensional concept. The third criticism is of the SCP approach. Moreover, strategy implementation is mainly about working through others, encouraging, motivating, culture-building and creating a fit between strategy and the ways in which firms organize things (Arasa & K'Obonyo, 2012).

2.4.2 Resource-Based Theory

This is one of the most widely used strategic management theories. It suggests that, to survive, a firm needs to contribute an added value that is unique and hard to imitate (Powell, 2001), entailing a competence based corporate strategy. Wernerfelt (1984) was the first to publish the resource-based view with the primary intention of directing strategy scholars to resources as vital elements of a firm's performance. This is because a firm's strategic resources constitute the sources of sustainable competitive advantage in consequence, an attempt wade to draw up a theory, later named the resource-based view, of competitive advantage to complement Porter's theory (1980). At the same time, Rumlet (1884) developed a strategic theory that was very similar to the resource-based theory, in which he described the firm as a bundle of productive resources. Competitive and productive resources assist firms to develop appropriate strategic plans and assist in strategic decision making. In this way, the resource based theory provides strong support to SPM studies.

A little later, Barney (1986) suggested that a theory of persistently superior performance of firms could be developed on the basis of the attributes of the resources controlled by the firm. He introduced the idea of strategic factor markets where firms acquire or develop the resources they need to implement their product market strategies. This means that if strategic factor markets are competitive, the acquisition of resources in these markets will predict the performance that those resources will provide when they are used to create the market strategies for a product.

Wernerfelt (1984) and Barney (1991) simply re-named assets 'resources' without any attempt to categorize them. Other authors argued that competencies are not the same as capabilities. Authors such as Grant (1996) and Liebeskin (1996) went on to propose that knowledge is a precious resource to be controlled by a firm and hence developed a ‘knowledge-based’ theory of sustainable superior firm performance (Barney & Clark, 2007).

While many attempts were made to characterize a firm’s attributes, they all have the same theoretical structure. All these firm attributes are critical and independent variables that specify the conditions in which the firm will generate superior performance and are empirically testable assertions (Barney & Clark, 2007).

2.4.3 Other Strategic Management Theories

Raduan et al. (2009) described five other related strategic management theories, namely, profit-maximizing and competition based theory; survival-based theory; human resource-based theory; agency theory; and contingency theory. The profit-maximizing and competition-based theory relies on the assumption that a firm’s primary objective is to gain profits and competitive advantage against its competitors. The basis for this theory is the Industrial Organization (I/O), which considers external market positioning as the main condition for achieving and maintaining competitive advantage. The second theory, survival-based theory, suggests that for a firm to be able to survive in business, it should be able to adapt to the competitive environment. Agency theory notes the importance for firm success of the relationship between shareholders and managers. Finally, contingency theory assumes that there is no specific way to lead or manage firms. Instead, management style is dependent on circumstances as seen in Figure 4 below.

Figure 4 : Strategic Management Theories
Adapted from David (2005); Mohd Khairuding Hashim (2005)

In light of the above discussions and the strategic management theories also presented in Figure 4 above, the resource-based theory formulates the theoretical foundation for the variables investigated in the present study. This is because it brings out the importance of internal resources as the source of a firm's competitive advantage. According to Barney (1991), assets, firm processes, knowledge, information, attributes, and capabilities which lead to the improved implementation and effectiveness of strategy are called resources. The author proposes four resources that indicate the achievement of competitive advantage, namely, value, rareness, non-substitutability, and inimitability (Raduan et al., 2009). This clarifies our reason for adopting the resource-based theory in the present study.

2.4.4 Strategic Planning and Management (SPM) Practices

The starting point for this section provides a comprehensive view of strategic planning and management and explores how the proper application of strategic planning and management helps organizations to achieve strategic objectives. Empirical evidence suggests that strategic planning and management practices exert considerable influence effect on a firm's performance. For instance, Armstrong (1982) reviewed 15 different studies to investigate the benefits of formal strategic planning. His study was based on firms' use of the five strategic planning processes: 1) developing objectives, 2) creating strategies, 3) evaluating strategies, 4) controlling the process, 5) commitment to the processes. The research found that ten of the studies were in support of formal strategic planning.

Boyd & Reuning-Elliott (1998) developed a strategic planning model that has seven indicators: mission statement, trend analysis, competitor analysis, long-term goals, annual goals, short-term action plans, and evaluation. These researchers argued that using a measure with multiple indicators remedies the shortcomings of the single indicator measure that was used in earlier studies. Multiple indicators are highly appropriate when applying a broad latent construct such as strategic planning. Thus, it is highly recommended to apply Boyd and Reuning-Elliot's planning model to other areas of strategic management.

Meanwhile, (Wood and Laforge, 1981) suggested an ordinal planning scale with consistent intervals, which they claimed would lead to accurate results. Their study was based on the degree of formal planning used in the commercial banking industry in 1969, 1972, 1975, and 1978. They concluded that the Guttman scale method can be applied to develop a corporate planning scale. More recently, Moutinho and Phillips (2002) have suggested a strategic planning index to let firms measure their planning effectiveness against that of other competitors. The researchers found that six factors were crucial for effective planning, namely, planning implementation; future performance; past performance; functional coverage; reliance on analytical techniques; and staff planning assistance.

Bearing in mind the above discussion, it may be argued that having a strategic planning and management index helps managers to apply SPM practices to measure their firm's performance. The dimensions in this process are institutionalization, strategic foundation, environmental diagnosis, strategy development and implementation. The chapter considers the above elements in more detail below.

a) Institutionalizing the Strategic Plan

Palanza et al. (2016) defined institutionalization as a process by which institutions/organizations acquire value and stability, through a series of investments that different actors undertake over time, leading to increased formalization of some practices, and increased structure, all of which increase internal capabilities.

Tolbert and Zucker (1999) highlight two subsequent processes which form part of the institution's formation and spread. The first is habitualization, which is about problem-solving attitudes and the link of these attitudes – or behaviors – to particular stimuli. In this case, problem solving is called objectification, which is critical for the transplantation of actions away from their point of initiation.

The authors further describe habitualization as a process comprising arrangements for institutional problems and the formalization of these activities in the institution's policies. They define objectification as a process which supports the development of social agreement among decision makers regarding the worth and value of the structure. The concept may seem new to some parties with an interest in strategic planning and management studies. However, institutional theory emphasizes the value for firms and organizations of having a formal strategic plan because it assures its stakeholders of legitimacy (Scott, 2001).

However, banks that follow specific rules and regulation need to make people aware of these policies, the firm's norms and its typical processes. Doing so builds up coherence and trust between the institution's members and develops an experienced and vigorous team which is ready to respond to all environmental changes. Steiner (1979) proposes that pre-planning acts as a guide in organizational planning and that organizations should develop a clear picture of their deliberate planning before applying it.

It can be argued that if the organization and institution which adopts SPM does not make it clear to its staff that it intends to adopt new strategies and involves them in the new plans, clarifying the new policies and transformations that the organization will undergo, its has little chance of success. Institutionalizing the planning practices makes the process clear to the employees of the organization. It should also make managers, strategists and policymakers more aware of the significance of institutionalization, a concept that may be somewhat new to some of them. The two authors pinpoint an important concept, staff awareness, which depends on the clarity of the firm's norms, behaviors, attitudes, policies, and procedures.

b) Establishing the strategic Foundation

Different researchers have different definitions of 'mission statement', but most of them emphasize that these statements must include the firm's intention to survive, its purpose and its future vision (Davies & Glaister, 1997). Caruana et al. (2011) defined them as "formal, short, written statement[s] of the purpose of an organization that should guide its actions, spell out its overall goal, provide a sense of direction and guide the decision making of those who lead it."

It has been defined as "a resolute commitment to creating a significant value or outcome in the service of a worthy cause that the members of the organization admire and are willing to exert their attention and energy for" (David and David (2003). It should encourage belief in it as an "enduring statement of purpose that distinguishes one organization from another similar enterprise."

According to Bart and Baetz (1998), a good mission statement should ensure unanimity of purpose, arouse positive feelings about the firm and provide direction. It should also provide a basis for objectives, serve as a focal point and resolve divergent views among managers. Other authors such as David and David (2003) suggest the following components for inclusion in a mission statement if it is to be considered as inspiring, enduring, specific and efficient.

i. customers (the target market)
ii. products/services (offerings and value provided to clients)
iii. geographic markets (where the firm seeks customers)
iv. technology (the technology used to produce and market products)
v. concern for survival/growth/profits (the company's concern for financial soundness)
vi. philosophy (the company's values, ethics, beliefs)
vii. public image (contributions that the firm makes and communicates)
viii. employees (the importance of managers and staff)
ix. distinctive competence (how the firm is different from or better than competitors)

Caruana et al. (2011) argued that mission statements can be helpful in direction setting, marketing the organization's activities to stakeholders and supporting the distinctiveness of the firm. The most commonly cited benefits of having a mission statement include:

- **Helping the organization to recognize its direction and sense of existence** (Desmid, Prinzie, & Decramer, 2011). This is the first stage of any strategic initiative and works as a guide in the creation of realistic and specific goals.
- **Choosing between different strategies** (Bart, Bontis, & Taggar, 2001; Kemp & Dwyer, 2003)
- **Helping the organization to allocate its resources** (Desmidt, Prinzie, & Decramer, 2011). A mission statement functions like a strategic framework which facilitates the decision-making process (Bartkus, Glassman, & McAfee, 2000).
- **Communicating with internal and external stakeholders** (Desmid et al., 2011). Good communication will encourage the stakeholders to maximize their effort to achieve the organization's goals and objectives.
- **Disseminating the value of the organization to encourage and inspire the staff** (Desmid et al., 2011).

Most researchers and academicians suggest that a mission statement is convincing when it is around 100-200 words in length and excludes monetary amounts, numbers, percentages and calculations (David & David, 2003; Davies & Glaister, 1997; Kemp & Dwyer, 2003). A recent study by Babnik, Breznik, Dermol, and Trunk Širca (2014) looked at two streams of literature that addressed the mission statement and organizational culture. The first stream interpreted the mission statement and organizational culture as strategic tools and essential items in strategic management.

The other stream connects the concept of the OC and strategic management with the firm's processes of identity creation and articulation (Ledoux, 2005). This produces exciting suggestions, for instance, that all the employees should be included in the formulation of the mission statement, and it should be communicated to them as a core purpose of their work. These writers have suggested that HRM practices should incorporate the desired behavior as expressed in the mission statement.

The relationship between a mission statement and a firm's performance is somewhat controversial, and there has not been enough empirical research to demonstrate what the relationship is (Sidhu, 2003). While some researchers have found significant links in this relationship, others have not been able to identify any relationship at all (Desmid et al., 2011). In their meta-analysis of 20 years of research, Desmid et al. (2011) concluded that a small positive relationship does exist between mission statement and performance (Desmid et al., 2011). Similarly, in their study of 128 Japanese firms, Hirota, Kubo, Miyajima, Hong, and Park (2010) recognized empirical evidence of this positive relationship. Likewise, Bart et al. (2001) confirmed that there is enough literature to assess the association of the mission statement with an organization's financial performance.

They also noted some positive relationship between the mission statement and a firm's overall performance. Similarly, Bart and Baetz (1998) concluded that there is a positive correlation between the purpose of an organization as found in its mission statements and firm performance (returns on sale and employee behavior). Weiss and Piderit (1999) also claimed that mission statements may stimulate financial results.

c) Conducting the strategic situational diagnosis

An increasing environmental complexity and consequent higher need for external information have resulted in a need for practical environmental scanning (Pawar & Sharda, 1997). Scanning which is considered the first step in the strategic planning process, allows firms to adapt to the environment and respond to external events that may affect their growth and success. It includes both looking for information and being exposed to information that may affect the organization (Auster & Choo, 1994). Technological changes and information processing capabilities require prompt action from firms and management (Fombrun, 1992). According to Aguilar (1967), there are four modes of scanning which help managers look at information about the external environment, namely:

i. **Undirected viewing:** This does not focus on any specific type of information from individuals. Though an enormous amount of information is scanned, most of it is not used by individuals, either. However, undirected viewing sometimes alerts individuals to changes that have taken place and to valuable information.
ii. **Conditioned viewing:** this occurs when there is specific information to be searched for, and more scanning is required. The information once gathered is usually assessed and evaluated according to its value and significance.
iii. **Informal search:** the individual looks for information to add to knowledge about a specific topic. However, it is described as informal because the effort of searching is limited and unstructured.
iv. **Formal search:** efforts to gather accurate information about an issue are planned. It is described as formal because it is structured and follows an agreed procedure. The aim is to obtain information relevant to a unique event so as to

make a decision or take action. Information is usually collected from trusted sources, which are accurate and of high quality. Fahey and King (1977) developed a scanning framework and proposed three models, which they named Irregular, Regular, and Continuous and classified according to their formality and sophistication.

1) *Irregular model*: This is ad hoc and is driven by a short-term response to a crisis.
2) *Regular model*: This searches for information in an advanced and systematic way. Information is reviewed as frequently as its importance suggests.
3) *Continuous model*: This model is used in strategic planning systems because it can formally control environmental issues.

The above models are summarized in Table 8 below;

Table 8 Scanning Models

	Irregular	Regular	Continuous
Media of scanning activity	Ad hoc studies	Periodically updated studies	Structured data collection and processing systems
Scope of scanning	Specific events	Selected events	Broad range of environmental systems
Motivation for an activity	Crisis initiated	Decisions and issue-oriented	Planning process oriented
Temporal nature of activity	Reactive	Proactive	Proactive
Timeframe for decisions	Current and imminent	Short-term	Long-term
Organizational makeup	Various staff agencies	Various staff agencies	Environmental scanning

Source: Fahey and King (1977)

Choo (2002) also suggests that information management can be viewed from three perspectives:

- *Information needs*: Scanning is used in organizations to search for market-related aspects of the environments.
- *Information seeking*: private sources are preferred to a vast amount of information gathered from multiple sources.
- *Information use:* information from all scanned sources is used in strategic planning and organizational learning.

Environmental scanning is defined as a process which helps firms to acquire information about events and relationships that helps them in the planning process (Auster & Choo, 1993). According to Choo (1999), the term denotes the acquisition and use of information about events in a firm's external environment as well as knowledge which helps management to plan a firm’s actions. Meanwhile, Costa (1995) has argued that scanning is essential to the improvement of a company’s ability to respond to the rapidly changing environment in different ways; for instance, scanning

- helps an organization capitalize early on opportunities;
- provides an early signal of impending problems;
- sensitizes an organization to the changing needs and wishes of its customers;
- provides a base of objective qualitative information about the environment;
- provides intellectual stimulation to strategists in their decision making;
- Improves the image of the organization among its public by showing that it is sensitive and responsive to its environment.

The internal and external analysis is considered a critical stage in the process of strategy development. Without a proper investigation of the challenges to an organization's internal situation and external environment, the development of goals, objectives, and plans will be difficult or impossible. Planners and decision-makers need to be aware of the firm’s strategic position, resources, capabilities, and plans.

The information can be accessed from within the firm or outside it (Fadzli-Ahmad & Ahmad, 2013; El Sawy, 1985). According to Babatunde and Adebisi (2012), environmental scanning will help the organization to identify the external and internal factors that will determine its future success. Daft, Sormunen, & Parks (1988) divided the external business environment into six sectors:

Customer sector: refers to the final customers, the companies which buy the firm’s products, and businesses that buy them for resale.

Competition sectors; includes companies that benchmark current products, competing firms and products that compete with the current firm’s product.

Technological sector: everything about the advancement of production methods, innovative products, and the responding firm’s scientific research.

Regulatory sector: includes federal rules and legislation, city policies and governmental issues.

Economic sector refers to the stock market, inflation, interest rates, unemployment and other economic factors.

Sociocultural sector: including social issues such as work ethics, and promoting women’s position in society and the workforce.

These factors seem significant because investigating them provides great insights for managers and businesses on ways of developing accurate analyses in relation to each sector. It also helps firms and organizations to keep an eye on each of the sectors mentioned above and respond to any immediate changes strategically and professionally. Kazmi (2008) argued that analysis is one of the three processes in the management of strategy; according to him, environmental scanning is the "monitoring, evaluating and disseminating of information from the external and internal environment to the main people within the corporation." Other researchers argue that external and internal analysis assists the development of the fit between firm and environment and enhances decision-making (Greenley, 1986; Miller & Cardinal, 1994; Porter, 2008).

In addition, Olsen, Murthy, & Teare (1994) suggested the following actions for effective environmental scanning:

- Linking scanning measures to the strategic planning process
- Selecting individuals who will handle the scanning responsibilities throughout the organization
- Defining the scanning domain.
- Setting criteria and rules to differentiate between events and trends, sometimes with the help of consultants.
- Seeking assistance from many internal and external sources to receive the greatest amount of scanning information.

The question is which strategic tools should be used by management in the development of its strategic plans. The research of Lisiński & Šaruckij (2006) concludes that there are 28 strategic methods of planning for use in strategy development. Companies use these methods to increase their competitive advantage and retain their position in the market. Elbanna (2008) concluded that strategic planning tools work as an indicator of the organization's sophistication and the formalization of its plan, but little research has examined their use and worth.

2.5 Developing Strategic Plans

Development is an essential stage in the development of the strategic plan and is usually given more attention and time than other phases of the process. The reason for this is the frequent environmental changes in organizations, which can in fact be challenging and quite sophisticated (Hadighi, Sahebjamnia, Mahdavi, & Shirazi, 2013). Many attempts have been made to identify the strategic archetypes that are classified in the strategy formation process. Mintzberg (1973) differentiated between entrepreneurial, planning and strategy archetypes. Hart (1992) developed a framework consisting of five types of strategy: command, symbolic, rational, transactive, and generative. The framework treats the strategy as an organizational phenomenon and accommodates the roles played in strategy formation by members of higher management and employees. Hart rightly argues that all the members of an organization should be encouraged to participate in the strategy making process rather than letting it be restricted it to chief executives and top management.

Other researchers were in favor of the two foremost models of strategy development debated in the management literature, rational planning and logical incrementalism (Boyne & Gould-Williams, 2003; Elbanna, 2006). The first model uses a comprehensive and systematic process, emphasizing analysis, goal setting, strategy formulation and control (Bryson, 1995; Nutt & Backoff, 1992). The logical incrementalism model is used by organizations that strategize and negotiate decisions in the course of their response to internal and environmental changes. However, some organizations will use both approaches, developing plans alongside logical incremental decision-making (Poister, Pitts, & Hamilton Edwards, 2010).

Andersen (2004) argued that effective strategy formation is dependent on decentralized decision making and planning. He concluded that effective firms get involved in complex strategy formation practices, which complement the decentralized post-bureaucratic form with mechanisms of rational analysis and operational combination. He provided empirical evidence that confirms that the distribution of strategic decision authority is associated with better performance in a dynamic environment.

Strategic management is regarded as the domain of senior managers, due to their active participation, and also as an area where managers are rewarded for the challenges, influence, and affection they bring (Raffoni, 2003). It consists of performing a situational analysis, self-evaluation, and competitor analysis both inside and outside the organization while setting the objectives that correspond to the assessment.

This stage involves the development of a firm's extended plans after a comprehensive analysis of the environment using the SWOT grid (strengths, weaknesses, opportunities, and threats). Ghamdi (2005) defined SWOT as "an analytic tool that assists a planner in determining the highest resource priorities [in order] to capitalize on opportunities, thwart competitors' initiatives, identify and exploit advantages and shore up weaknesses." Another definition, by Rajasekar & Al Raee (2014), is that SWOT is a strategic planning method of examining an organization's strengths, limitations, opportunities, and threats. This involves the analysis of internal features (strengths and weaknesses) and external (opportunities and threats) (Abdalkrim & Gaafar Mohamed, 2013). Planning the corporate mission, with smart objectives, strategy and policy guidelines are the main parts of the process (Wheelen & Hunger, 2011), as defined below;

i. Objectives

Objectives are the results that are expected from the plan and are usually stated in the form of action words, which define what the expectation is. Some of the areas that are used by firms to define their objectives are profitability, growth, contribution to employees and stakeholders and market leadership.

ii. Strategy

The firm's strategy is the master plan that lays down how the mission and objectives will be achieved. Competitive advantage is taken into consideration when forming strategies. Corporations use three types of strategy: corporate, business and functional.

Corporate strategy reveals the overall picture of the company regarding its attitude to the development of business and product lines.

Business strategy, the second type, is often invoked at the business or product level. It encourages the improvement of products and services in the industry.

Functional strategy is used by functional areas to achieve their objectives and strategies through maximizing resource productivity.

iii. Policy

A policy is a guideline for making decisions that link the formulation with the implementation of the strategy. It helps employees to understand the firm's mission, objectives, and strategies before taking any actions or decisions. Recognizing the importance of strategy formulation in the strategy literature, Acur & Englyst (2006) proposed criteria for evaluating the success of the strategy formulation procedure. They summarized the process as four precepts:

- Create awareness, integrate learning from experience and encourage decision-making through an adaptive procedure.
- Define goals, attain agreement and build confidence that the business will be successful on the basis of the stated plans.
- Allocate responsibilities, clarify the strategic objectives and significances at all levels and coordinate the flow of measures, objectives, and activities from a high level to a low.
- Assert open communication, include staff in decision-making, avoid conflicted progress and trade off strategic options to enhance business performance.

The present research assumes that a bank's consideration of the above criteria is vital when developing strategies. Therefore, developing a sound strategy requires a bank's management to integrate the previously highlighted steps through the consistent communication of its ideas. Yuliansyah, Rammal, and Rose (2016) explored whether a joint strategy position delivers incremental performance benefit for Indonesian financial institutions. Their results revealed that these institutions apply a joint strategy, but only a differential strategy improves performance directly and indirectly through strategy alignment.

2.5.1 Strategy Implementation

A crucial phase in the strategic management process is implementation, but it is not given the proper attention by managers, strategy makers and planners in organizations. This may be because managers are coached more in strategy making than in strategy execution (Hrebiniak, 2006). Actually, this stage of SPM calls for unique, creative talent including leadership, attention to detail and open communication throughout the organization. Researchers have argued that skills are very important in the strategy formulation and effective execution phases, because they are a major source of sustainable competitive advantage (Cocks, 2010; Egelhoff, 1993). Effective leaders in this case are people who speak the strategy as well as the language of processes. They are the managers and executives who manage upwards and interpret strategy in a clear and understandable way to teams and the whole workforce (Cocks, 2010)

Similar conclusions were reached by Nutt (1987), who claimed that if managers have little involvement in the strategy execution, they will be impaired. According to Miller, Wilson, and Hickson (2004), managers need to ensure that decisions are prioritized, the process is communicated to stakeholders and organizational structures are not altered except when necessary. Cândido and Morris (2001) synthesized two distinct models, described in the strategy implementation literature as the static and dynamic models. The first is a representation of the firm and the second corresponds to the processes for implementing change. Both models are used to examine implementation issues from different standpoints. The empirical research did not support the models, but the authors suggested that they might be used by managers for solving the implementation problem. Implementation is defined as "the process by which strategies and policies are put into action through the development of programs, budgets, and procedures" (Wheelen & Hunger 2011).

While the formulation of strategy is challenging and tough, implementing it in the organization is still more difficult (Hrebiniak, 2006). According to Pearce et al. (1987) if planning is poorly structured and implemented, it will reduce the firm's efficiency, which will hamper financial performance. Most of the executives and critical people in a business concentrate on creating the strategy, but when it comes to executing it, the job is handed over to assistants who may be middle managers or departmental heads in the organization. This may result from the fact that their knowledge, intended to create objectives and strategies, is focused on strategic thinking, but not on ways of implementing it. Unfortunately, not many studies have been made of the impact of implementation on the performance of organizations (Stone, Bigelow, & Crittenden, 1999). This relationship is less explored in the empirical research (Andrews, Boyne, Law, & Walker, 2011) and success is most often defined as having a strategy rather than good performance (Nutt, 1989)

According to Hrebiniak (2006), obstacles to improving the implementation of strategy may be attributed to the following reasons:

- **Inability to manage change**

Any change in an organization will face resistance from some members of its staff who will think that the changes may affect their position in the firm. It is better when people are briefed in advance about changes to the company and creative ideas for their successful implementation are requested.

- **Bad strategy**

If people do not appreciate the new strategy, then its execution will not be smooth. Flawed strategy restricts implementation, which results in reduced outcomes.

- **Lack of a model to guide implementation**

Some managers would prefer guidelines to follow when implementing new strategies. Without proper guidance, managers can do unexpected things, and this will result in conflicting actions. Therefore, providing a roadmap saves time and effort and avoid frustrating failures of implementation.

- **Poor information sharing and communication**

One of the most common obstacles in strategy implementation is the poor coordination and lack of communication exhibited by business units. This inadequate sharing of information and knowledge transfer makes the tasks more complicated. Therefore, clear roles and responsibilities need to be assigned to managers to clarify the way in which the strategy is to be executed.

- **Working against the power structure**

Not all the organization's staff will support the execution of strategy, since some of them think that it is against their interests. They reach the point where they try to sabotage the strategy in order to maintain their position and power in the company.

Beer and Eisenstat (2000) described similar obstacles as the silent killers of strategy implementation. They suggested that top-down management style should turn into engaged leadership. Moreover, unclear strategy should be re-routed to a compelling business direction, senior management should work as a single efficient team and vertical communication should be changed to open fact-based discussion. Close coordination within every team and strong leadership is always preferred in an organization. Beer and Eisenstat (2000) suggested six conditions for the successful implementation of a strategy, namely:

1. Leaders embracing the paradox of top-down direction and upward influence
2. Clear strategy and opportunities
3. Strong top teams with good orientation
4. Open vertical communication
5. Close coordination
6. Down-the-line leadership

Similar ideas are recommended by Hrebiniak (2008) emphasizing change management and incentive development that will motivate the staff to carry out the required strategies and meet the objectives. In an attempt to direct top management and leaders for a successful strategy execution and performance, Higgins (2005) developed a model called the 8 ‘s”. By integrating structure, system and processing, strategy and purpose, shared value, style, and resources with staff, managers can secure superior performance. The model works as a guide for management, suggesting that different strategies require a good match and alignment between the factors mentioned above. Similarly, some interesting conclusions on practical strategic plan implementation were offered by Cocks (2010), as follows:

- Integration of strategy formulation and implementation
- Effective execution as a hallmark of a successful firm
- Leadership of the proper people

- Frequent communication using effective management systems
- Using project management practices to implement the strategic plan

Undeniably, one of the key factors for the successful implementation of strategic plans is communication. Being aware of the firm's strategic direction builds confidence and motivation in staff who work closely together to achieve the firm's objectives and goals. This inference was supported by Andersen (2004), who provided empirical evidence on the association of strategic decisions, power distribution and higher performance in manufacturing firms. He asserted that successful firms complement the decentralized post-bureaucratic form with rational investigation and operational incorporation. Goromonzi (2016) investigated the impact of culture and strategy implementation on the performance of commercial banks in Zimbabwe. A strong positive correlation was found between strategy implementation and ROA.

Having reviewed the SPM dimension, which contribute to the organization's effectivness and growth, the chapter goes on to examine the peformance variable used in the study, starting with the performance measurement strategies.

2.6 Performance Measurement

A performance measurement system is recognized as a way for firms to achieve competitive advantage and respond to external changes (Behery, Jabeen, & Parakandi, 2014). A major issue in empirical strategy research is that scholars struggle to find interrelationships between variables and incline rather to hypothesizing and measuring individual constructs (Boyd & Reuning-Elliott, 1998). After so many years of research, scholars are still debating how to operationalize a critical strategy construct, such as performance and organizational environment. Table 9 shows the theoretical perspectives on firm performance.

Table 9: Theoretical Perspectives on Firm Performance

Theoretical Perspective	**Primary Influence on Firm Performance**	**How perspective is applied to the Case Analysis**
Industrial organization (IO) theory	Structure of the industry	Industry analysis as a part of the external environment
Resource-based theory	Firm's unique combination of strategic resources	Analysis of internal strengths and weaknesses
Contingence theory	Fit between the firm and its external environment	SWOT (strengths, weaknesses, opportunities, and threats) analysis and SWOT matrix

The literature maintains that most performance measures are based on financial ones, such as sales, profitability, return on capital ratio, and stock price. For instance, in the study by Carton and Hofer (2006) of articles published in the Strategic Management Journal between 1980 and 2004, the authors reported that financial performance was used in 82% of cases, with profitability being the most popular accounting measure. However, Kaplan and Norton (1992) argue that non-financial measures formulate the basis for developing and communicating a business strategy.

Ittner and Larcker (2003) disagree that relying on non-financial measures alone is adequate; it should instead be linked to a firm’s goals and objectives. After considerable research in the USA, they found that companies were measuring customer satisfaction, employee satisfaction and other non-financial measures that might affect their profitability. However, these companies were not successful in linking these measures to their business objectives. The authors further recommend steps that firms should follow to realize the potential of non-financial performance measures, namely:

i. Develop a causal model

Most companies develop strategic plans that are closer to vision statements than road maps. Strategic clarity will help managers to know which performance measures are crucial to their success and encourage agreement about the causal model. The model is then considered a broad based agreement about strategy.

ii. Pulling the data together

Most companies track large numbers of nonfinancial measures in their daily operations. Managers should refine their data and use whatever advances their company's strategy and improves corporate financial performance.

iii. Turn data into information

The causal model may be tested using different statistical methods, such as correlation analysis and multiple regression. A good example was used by Sears, who developed a causal model and scorecard focused on employee relations, customer satisfaction and results for shareholders. Qualitative analyses such as those from focus groups and interviews can be another good test of the causal model.

iv. Continually refine the model

Reassessment of the results must be ongoing and consistent. This will help the firm to understand a new competitive environment and unexpected economic changes.

v. Base actions on findings

Conclusions from data analyses should be used in decision making if nonfinancial measures are to enhance financial performance. For example, if customer satisfaction were found to be a fundamental driver of performance, then the firm should allocate the capital according to the relative importance of each driver.

vi. Assess outcomes

The final step in the performance measurement procedure is to decide whether the action plans and the investment that support them have achieved the required results. Even if the model produced negative financial results, it would have the positive effect of recommending revisions to the causal model.

Abdel-Kader and Luther (2006) investigated the management accounting practices in the British food industry and concluded that while most companies appreciated the importance of non-financial measures such as customer satisfaction, 40% of these businesses reported never using them. Tangen (2002) suggested the following criteria for developing effective performance measures:

- The measures should originate from strategic objectives to guide employees with corporate goals.
- The measure should provide feedback that is relevant and accurate from the long-term and short-term viewpoint.
- Measurement should be formulated in a way that is easily understood by those whose performance is being assessed
- A limited number of financial and non-financial measures is recommended.

According to Newbert (2008), there are three types of performance measure which appear mostly in the strategy literature. These measures are objective financial performance, subjective non-financial performance, and subjective financial results.

Other researchers, such as O'Shannassy (2008), have found two aspects of performance namely, strategic which includes sales growth, customer satisfaction, and quality; and financial, concerned with financial objectives, such as return on assets, return on equity and return on sales. Though it is hard to measure qualitative objectives, Chakravarthy (1987) insisted that they should be included in the assessment of performance. Gardner & Mills (1994) argued that performance analysis should consider more than a profitability ratio. For instance, it could also reckon with the liquidity ratio, assessment management ratios, debt management ratios and market value ratios (Brigham & Ehrhardt, 2013)

As a result, a non-financial performance measure, in this case customer satisfaction, is incorporated in the present study. In an effort to provide a more comprehensive view of banks' financial positions, six measures will are used in the present research (Hopkins and Hopkins 1997; Salameh, 1987). These measures are as follows:

i. Return on assets
ii. Return on equity
iii. Net interest margin
iv. Loan/Deposit
v. Asset utilization
vi. Equity utilization

Atkinson, Waterhouse, and Wells (1997) highlighted the three following challenges that are faced by banks when developing and revising their performance measures:

i. The business environment and world economic, goals and objectives are continually changing. As a result, the performance measures need to adapt and respond to these changes, and this requires close attention from management.
ii. The emphasis on performance measurements, especially non-financial ones, requires considerable attention and budget. Since non-financial measures are based on openness and transparency, a great deal of management information is needed.
iii. Competent, focused and creative financial managers are required when changing performance measures and management information challenge the firm. This is because performance management development and maintenance are demanding and human skills and competence are essential to the success of the system.

The above writers concluded that management's adoption of performance measurement improved the performance of all stakeholders. The importance of so doing stems from the fact that it allows managers to measure output, efficiency, productivity, service quality, cost and customer satisfaction Activity-based cost, shareholder value and the new measurement frame of Kaplan and Cooper (1997) are the latest developments in performance management research (Marr & Schiuma, 2003).

The balanced scorecard (BSC) and excellence models have in the past few years contributed tremendously to the measurement of firms' performance (Marr and Schiuma, 2003). The primary use of Activity Based Cost is to analyze the indirect costs of a business and find which activities incur these costs (Tangen, 2002). The most popular method of measuring a bank's performance is to use ratios and compare them to past ratios for explanation (Oberholzer & van derWesthuizen, 2004). Ratios, which are mostly used in the banking literature, have been very popular in interpreting performance (Mehta, 2012). However, Kaplan and Norton (1992) argued that the balanced scorecard puts strategy and vision at the center of organizations and forms the goals that people are supposed to adopt to achieve these aims. However, though BSC seems to be the most prominent concept in the field, its theoretical basis is still unknown (Marr and Schiuman, 2003).

According to Andrews, Boyne, and Walker (2006), prior studies have a high tendency to support objective measures rather than subjective ones. These writers also concluded that because objective and subjective measures illuminate different aspects of performance, they are naturally not correlated. The present research gauges the impact of strategic planning and management on non-financial performance, which in this case is revealed by customer satisfaction.

2.6.1 Strategic Planning and Organizational Performance

The prescriptive literature has suggested that there is a positive relationship between the strategic planning and performance of organizations. However, the empirical support is equivocal and not all studies have demonstrated a positive association (Greenley, 1994). The first empirical research on the relationship of strategic planning with performance was conducted by Thune and House in 1970. They studied 35 companies from six industries and concluded that, according to five economic measures, planners had 44% higher earnings than non-planners (Boyd, 1991).

However, the strategic planning domain suffers from a lack of theory (Wolf & Floyd, 2013). This was evidenced by Miller and Cardinal (1994), who commented that after two decades of research, contingency models for planning-performance were inconsistent. Table 10 provides a summary of some popular synthesis papers with their conclusions.

Table 10: Review of Earlier Literature on Strategic Planning

Author(s)	Number of studies reviewed	Main conclusions
Armstrong (1982)	12	These studies supported the usefulness of formal planning, but "serious research problems were found in these studies, so few conclusions could be drawn about how to plan and when to plan" (p. 209)
Pearce *et al.* (1987)	18	Empirical support for the effect of formal planning "has been inconsistent and contradictory" (p. 671) and only a "tenuous link" between formal strategic planning and financial performance had been identified
Shrader *et al.* (1984)	18	There is no clear relationship between formal, long range planning and organizational performance
Boyd (1991)	Meta-analysis of 29 studies	The overall effect of planning on performance is very weak
Greenley (1994)	29	On balance the evidence supports an association between strategic planning and company performance, but there are many methodological weaknesses which challenge this conclusion

Source: Glaister, Dincer, Tatoglu, Demirbag, & Zaim (2008)

In 1982, Armstrong compared the number of papers that had different results and concluded that strategic planning research was significant but had not solved all its problems. Another study, by Pearce (1987) revealed that although the impact of strategic planning on firms' effectiveness was still an uncertain, a review of 18 relevant empirical studies gave valuable insights into the planning-performance debate. The finding revealed that controllable methodological inconsistencies and contingency variable interactions are two aspects that need to be considered to improve research design.

Similar conclusions were reached by Greenley (1994): that methodological weakness challenges the strategic planning- performance relationship. Contrary to the above findings, Shrader and Boyd's studies revealed the weak or nil effect of strategic planning on performance. Another point raised by Mintzberg (1994) is that strategic planning may not ensure the required performance in the private and non-profit sectors because of the split between development and implementation.

2.6.2 Strategic Planning and Performance of Banks

Strategic planning is highly critical when it comes to improving the performance of banks and other financial institutions worldwide, those of the UAE in particular. For instance, Moutinho et al. (2002) sampled 58 bank branch managers in 14 branches of two major Scottish banks and analyzed their perception of the impact of several strategic planning and management on their banks' competitiveness and overall performance. The findings of this study revealed that the effectiveness of bank branches is strongly responsive to the effectiveness of the management practices in place, such as long-term thinking and innovation. Long-term thinking has a greater impact on strategic planning effectiveness than the other practice, which also helps the organizations to obtain sustainable competitive advantage in the market. The authors built a model based on 8 constructs: innovation, planning and budget, marketing programming, long-term orientation, competiveness, strategic planning effectiveness, marketing planning effectiveness and performance.

Mohammed argued in 2014 that strategic planning bridges the gap between 'where we are' and 'where we want to go' by defining and accomplishing the basic directions and rationale for determining in measurable terms where an organization should head and the best way to achieve the desired results. Delmar and Shane (2003), unlike them, looked at the relationship between strategic planning and enterprise development on over two hundred new businesses in Sweden. Their findings show that planning reduces the possibility of enterprise dissolution, which creates avenues for success and improved performance. In the present study, the use of strategic planning and management practices in 58 Abu Dhabi commercial and Islamic Banks is investigated, with the aim of identifying if they impact on the performance of the banks.

Robinson and Pearce (2001) argued that SMEs cannot realize their full performance and growth potential if they put their business at critical risk by neglecting planning and management practices. Maryan (2012) conducted a study on 14 banks listed on the Amman stock exchange in Jordan which found the statistical significance of the research and development process and recommended that banks should allocate finding to strategic management initiatives. Other authors such as Aljuhmani and Emeagwali (2017) designate strategic planning as the key to ensuring an organization’s readiness for tomorrow’s challenges; it enables them to design competitive strategies by which firms discover their position in the business environment. The major intention of Aljuhmani and Emeagwali was to identify the role of strategic planning in crisis management in the Jordanian banking sector by measuring its internal and external orientation in four main areas: 1) signal detection, 2) preparation and prevention, 3) crisis recovery and 4) learning. They revealed a positive relationship between strategic planning and crisis management through containment and recovery techniques to meet the threats that may arise in an organization.

Wood (1980) was one of the first researchers to study formal strategic long-range planning in large United States banks; in his paper officers from 97 large banks gave their views on the activities that pertained to long-range planning. The planning was measured against two financial measures, ROA and Net Income. The results showed that 88% of the banks had developed long-range plans. These plans were prepared by line managers based on the objectives and goals provided by top management. However, Wood noted that, though strategic long-range planning took place in these US banks, management faced serious implementation issues in view of the fact that it was a new process in the banking industry.

Further, Whitehead and Gup (1985) examined the relationship between planning and profitability in some US banking, savings and loan organizations. The writers looked at 316 banking organizations that used strategic planning and 133 which did not. They categorized the organizations according to size, kind of organization and the sophistication of the planning process. Regression and ANOVA were used to test and analyze the relationship. Return on assets, return on equity and deposit growth were the dependent variables used to examine the planning-performance relationship. However, the findings did not support an association between planning and increased profit.

Akinyele and Fasogbon (2010) examined the impact of strategic planning on the performance of the First Bank of Nigeria during which a total of 100 questionnaires was distributed among senior and junior employees at several bank branches. The researchers used the t-test and Chi-square statistical methods for testing the hypotheses. It was hypothesized that strategic planning intensity was determined by managerial, environmental and organizational factors. The study found that strategic planning did enhance bank performance. In fact, most of the respondents agreed that strategic planning contributes to an organization's survival. In the present study, the validity of this relationship is tested and it is suggested that firms should pay attention to the elements of strategic planning (mission, vision, realistic goals, long-term objectives), as well as adequate internal and external analysis. For this, the use of the SWOT method of analysis is recommended.

Similarly, Hopkins and Hopkins (1997) developed a model of the relationship between managerial, environmental and organizational factors, strategic planning intensity, and performance. These researchers argued that earlier studies mis-specified the relationship between strategic planning and performance in banks. They believed that too little attention was paid to the relationship between managerial, environmental and organizational factors and their impact on planning intensity and financial performance. Furthermore, more intensive planning creates more information, encourages new ideas and increases motivation. The researchers used Armstrong's review (1982) to develop a measure for strategic planning intensity. The main elements were mission statement, internal and external environment analysis, strategic alternatives, implementation, and control. Hopkins and Hopkins used return on equity, deposit growth, and net income to measure a bank's financial performance. The findings showed a reciprocal relationship between intensive strategic planning and performance.

Salameh (1987) examined the banking industry in the UAE, an oil-exporting country. He was interested to learn the views of top management about the level of environmental turbulence, the aggressiveness of strategy, firms' capability and their financial performance. He found that performance was better when the aggressiveness of the strategy, the firm's capability and environmental turbulence matched each other. His study, however, did not assess the extent of strategic planning and management practiced by the UAE banks.

2.6.3 Strategic Planning in other Industries

Following this review of some meta-analyses that summarize the strategic planning and performance literature, the chapter focuses on some of the detailed individual studies that test this relationship in other industries besides banking. For instance, Glaister et al. (2008) studied the effect of strategic planning on performance in Turkey. A sample was collected from the database of the Istanbul Chamber of Industry of about 500 of the country's biggest manufacturing companies. As highlighted by the researchers, government rules and regulations in Turkey concentrated on having a free external market and supported an export-led scheme. Higher Foreign Direct Investment in the country was noted, with the growing acquisition and growth of multinational firms. These developments motivated the firms to start looking at strategic planning as a tool for reducing competition among firms.

As examined in earlier studies, Glaister et al. (2008) tested environmental turbulence, organization structure, and firm size to explain the effects of strategic planning on performance. In their study, LISREL modeling was applied to test the relationship with the moderating effects of contingency variables, namely, i) organization structure; ii) environmental turbulence; and iii) firm size. Their findings supported the body of prescriptive strategic management research, which confirms the existence of a positive relationship between strategic planning and performance. They concluded that strategy is a universal practice but differs according to the context in which it is applied. Examples included developed and emerging countries, families and public organizations, which all provided a contextual factor in the relationship that merited investigation. The researchers suggested testing the relationship by quality and employee satisfaction measures, among others, beside financial measures. Moderators such as the firm's strategy, market power, resources, capabilities, and systems were also recommended for future consideratiion.

Al-Shaikh (2001) examined strategic planning in the public and private firms of the United Arab Emirates as a way of confirming the existence of strategic planning in UAE companies. Moreover, he was interested in knowing whether strategic planning practices had any relationship with a firm's features or the people involved, and conducting a survey based on a literature review. The number of companies in the manufacturing, facilities, and commercial fields contacted was 282, located accross the seven emirates, but only 127 firms responded to the survey. After analyzing the results, Al Shaikh found that strategic planning practices were seldom adopted. Though companies confirmed their use of strategic planning, there was no proper documentation of smart objectives. Moreover, some respondents did not find strategic planning a useful tool for achieving a company's goals or even improving performance. In addition, small and large firm showed no difference in their use of strategic planning, contradicting the widespread assumption that firm size is an essential variable in an enterprise's adoption of strategic planning. Al Sheikh concluded that the Emirati firms are mostly new and it would not be fair to compare them to their counterparts in other countries where they have been operating for hundreds of years. He suggests that managers' awareness of the benefits of planning should be improved; business schools and training centers need to spread this concept and address its value.

In a similar attempt to study the relationship of strategic planning-performance in the Arab world, Abdalkrim and Gaafar (2013) tested the relationship in the private sector in Sudan. Managers from ten private firms were invited to participate in the survey. Mission statements, implementation, internal and external analysis and evaluation were used as strategic planning indicators. Productivity and the turnover dynamic represented the performance measures. Quantitative methods were used in the research and Spearman's Rank Correlation was applied to test the hypothesis. The findings show that a positive correlation exists between strategic planning and performance. The main reason behind this may be the awareness among medium-sized and small firms of the significance to its business of applying strategic planning, which enhances performance.

Yusuf and Saffu (2009) explored strategic planning practices, the kind of strategy and the relationship with financial performance in UAE and Bahraini firms. The researchers chose the UAE and Bahrain, two Arabian Gulf countries, to conduct their study because the countries have similar social norms and practices. These two countries share the same religion, culture, history, society, and economic features. Both countries are also major oil producers, though the UAE enjoys greater political stability than Bahrain does. The last reason for conducting the study in these countries was that their diversification programs provide comparable environments for the study of planning among local firms. The countries are diversifying their income sources from oil to services, leisure industries, and Islamic financial services. Bahrain is known as a hub for Islamic banking products and services, and the UAE enjoys an excellent geographical location that links West and East.

The researchers chose 250 local companies for their sampling; 159 firms agreed to participate in the survey, and responses were sent from 95. Face to face interviews were conducted with CEOs and top management teams who were key people in the firms' strategic planning and decision making. The data analysis used ANOVA and logistic regression. The researchers based their proposition on business structure variables (industry type, revenue, company size, and age) and management structure (manager experience and education level).

The findings included the significant relationship between strategy type and performance, which emphasizes earlier research by Miles and Snow (1978). However, a negative response was noticed to the proposition that the incidence of planning tends to be higher in younger firms than older ones. This proposition confirmed the conclusions of past studies, which emphasized that planning intensity drops slightly and therefore that younger firms plan more intensely.

The researchers suggested to the UAE and Bahraini managers that having a planning process in place was not treating it as a ritual but rather as a way to explore opportunities. They also encouraged managers to be creative and innovative in their products and services, flexible and willing to take risks; all they needed to do was to adopt "prospectors'" strategies (for helping firms to outperform their competitors) in responding to the changing business environment. This means that all managers should find and use new product opportunities and satisfy customer needs by being proactive and "first to enter." Finally, the study brought out the importance of manager experience and education in establishing effective strategic planning to ensure that their firm can respond to rivals.

Ghamdi (2005) studied the use of strategic planning tools by business organizations in Saudi Arabia. He chose thirteen tools, which were used in questionnaires from other countries. The tools were SWOT, Portfolio analysis, analysis of critical success factors, Porter's five forces analysis, experience curve analysis, PIMS analysis, what-if analysis, stakeholder's analysis, value chain analysis, benchmarking, product lifecycle analysis, cognitive mapping, and the Delphi technique. According to Ghamdi (2005), globalization, technological advancement, the emerging market, and economic restructuring all force organizations to adopt creative strategies and plans. The study was exploratory, and the samplewas drawn from top manufacturing and service organizations in Saudi Arabia. The top 300 firms were selected, i.e. those with a turnover between SR 142 million and 152 billion. However, only 72 completed the questionnaire. He concluded that out of the 72 companies he surveyed, only 10% confirmed their use of strategic planning tools, while 17% used them frequently.

However, when Elbanna (2010) studied strategic planning in the UAE five years later, he found that there was a positive attitude to the concept among the managers of organizations. The study included both public and private sector firms operating in the UAE. Elbanna (2010) noticed that firms in the UAE are strategically planning for their business growth. The main findings were the higher involvement from managers of private sector firms in the preparation of plans than in public firms. SWOT, financial statements and cost-benefit analyses were the three most popular strategic planning tools. However, Elbanna (2010) noted that firms in the UAE do not approach outside consultants for the development of their strategic plans.

In another similar study by Jehad S. Aldehayyat and Anchor (2008), strategic planning tools and techniques in Jordan were examined. The researchers wanted to explore the use of these tools by Jordanian public companies in financial, service and industrial corporations and used a cross-sectional survey. They found that PEST, STEP, Porter's five forces analysis and analysis of the primary success factors were the most common ones in Jordanian companies. This reflects their consciousness of the external environment; they bear in mind factors such as technological development, entry to a new market in Europe, new regulations and the increase of FDI in Jordan. However, these companies gave less attention to internal analysis tools, such as core capability/competence analysis, human resources, the value chain, experience curve analysis and portfolio analysis. Aldehayyat and Anchor (2008) concluded that Jordanian managers were aware of most of these tools due to their high qualifications. Most of them had received their education in the USA or a European country, but they were not using it to the full. The tools were different in the three sectors, except for PEST analysis, which was used mostly by industrial firms.

Amitabh and Gupta (2010) classified strategy-construct-performance relationships under three headings. The first kind is the classical linear causal flow between environment, strategy, structure, and performance. The second relationship concerns the impact of contingency variables on the strategy/structure fit and performance. Finally, linear two-way causality links strategy and structure. However, the researchers noted that the first relationship was still the one that most scholars investigated, leaving limited research on the other topics.

Phillips and Moutinho (2000) developed a new approach to measuring strategic planning effectiveness and re-named it the strategic planning index (Athanassopoulos et al., 2001). Six attributes were proposed by the researchers to measure the effectiveness of strategic planning. Planning implementation was considered an important attribute because strategy success is heavily dependent on implementation success. Attributes two and three place great emphasis on future and past performance, with both financial and nonfinancial data. Functional coverage, which recommends the use of knowledgeable and experienced staff from all levels in the planning process, was the fourth attribute. Factor five emphasized the significance of strategic planning tools, while factor six was about intangible resources such as head office involvement and support. With an SPI score, a hotel can compare itself to its counterparts and identify whatever is missing. Thismeans that the hotel should improve its SPI by focusing on each of the six attributes. The researchers concluded their research by recommending the following:

i. Setting clear goals
ii. Assigning responsibilities for implementation
iii. Attaining sufficient commitment to the strategic plan
iv. Involving all managerial levels
v. Having sufficient functional coverage
vi. Using new analytical tools
vii. Having an appropriate level of staff support in planning

The researchers argued that SPI is a new diagnostic tool which offers a new way to measure strategic planning. The tool achieves two objectives, making a contribution to hotel literature and providing a framework for assessing the dimensions that lead to SPI effectiveness.

2.7 Research Hypotheses

The above studies on SPM and the performance of banks point to the possibility that strategic planning and management practices do have an impact on the performance of banking organizations, though much of the evidence emerges from the context of Western countries. At the same time, banking processes and products in the West and the East do have many similarities; hence, it may be assumed that the linkage between SPM and bank performance observed in the West may also be found in the context of the UAE. With the above assumptions and empirical literature review in mind, a set of hypotheses was formulated with the help of strategic measures (such as asset utilization, equity utilization, loans/deposits, among others) to test the relationship between SPM and the financial performance of banks.

Financial measures have been argued to be an important determinant of a firm's performance by several scholars. For instance, Tangen (2002) claims that an appropriate performance measure helps managers to adopt a long-term view and the assignment of the firm's resources to improved activities. Further, measures should provide accurate feedback from both long term and short-term proponents that are well as easy to understand at all levels. In addition, banks need to constantly monitor their performance over specific periods so that they can determine if their objectives and strategies are being met (Ibrahim, 2014). Regularly monitoring performance assists banks to discover where problems lie and thus avoid financial distress or failure.

Popular tools used to measure the performance of banks are the financial ratios such as profitability ratios, liquidity ratios and risk management ratios among others. For instance, Najjar (2013) analyzed the financial ratios of both conventional and Islamic banks in Bahrain by using profitability, liquidity and interest rate risk ratios.

Differences based on the financial ratio analysis were found in the financial management practices of banks. Moreover, different banks used different ratios, especially before and after the global financial crisis. It may be argued that these ratios could be used as preventive tools for bankruptcy and credit risk among banks.

Leidecker and Baker (2001) examined the effect of strategic planning and performance in the California processed tomato industry where it was concluded that a strong relationship exists between strategic planning and a company’s ROA (return on Assets) which is in support of the present study hypothesis H1.

The study also concluded other interesting findings, such as the positive correlation between a firm’s strategic management tools (mission statement and long-term planning actions) and profitability. Similarly, Ologunde and Akinlolu (2012) in their study of the performance of a Nigerian bank based on its business strategies, found that over five years (2000-2004) such financial ratios as efficiency, profitability, liquidity and market share were used to evaluate the effect of these strategies on bank performance. The results show that, compared to other banks in Nigeria, this bank was performing very well when. The study confirmed the significance of ratios such as Return on Assets (ROA) in predicting banks efficiency and productivity.

Furthermore, Hahn et al. (2010) tested the performance advantage between strategic groups to evaluate the implementation capability and quality of the strategic plan. Return on Asset (ROA) was used as the performance measure to test this relationship. It was found that banks, which possess generic types of strategy as well as high planning and implementation capabilities achieve higher performance than those which do not. The author argues that developing a strategy-based, high quality strategic plan that is smoothly implemented helps a firm to achieve superior performance. Based on the above discussions and empirical evidence, the following study hypothesis is proposed:

H_1: Strategic Planning and Management have a positive impact on Return on Assets.

Return on Equity (ROE) is another very popular profitability ratio which has been used extensively in studies of strategic management. This ratio presents profitability in relation to shareholders' equity (Ibrahim, 2014). Additionally, Sawyerr et al. (2000) investigated the sources of information used and performance of CEOs in Nigeria's manufacturing companies in which environmental scanning practices were positively correlated with Return on Equity. They argued that environmental scanning helps firms improve their decision making, resulting in a positive relationship between scanning and performance. Unfortunately, the hypothesis was not supported significantly enough to be valid. However, it was found that scanning practices for these firms depend on the characteristics of the environment in which they operate. In the present study, the relationship is further investigated.

H_2: Strategic Planning and Management has a positive impact on Return on Equity.

The Net Interest Margin (NIM) measures how large is the spread between interest revenues and interest expenses that management can achieve by controlling the earning assets and looking for the cheapest sources of funding (van der Westhuizen, 2014). Saunders and Schumacher (2000) suggest different perspectives on the importance of the net interest margin from a social welfare perspective. Though narrow margins may indicate competitive banking system, the above writers believed that large margins may bring a degree of stability for a banking structure. This means that the profitability and capital of banks can be improved as a safeguard against macro and other shocks. Further, Derbali (2014) examined the impact of banking strategies on financial performance, specifically, the net interest margin and concluded that banking strategies for specific characteristics can impact on the net interest margin. Moreover, it was found that banking strategies to promote concentration and competition might affect the net interest margin. This is in support of the present study's proposed hypothesis H_3;

H_3: Strategic Planning and Management have a positive impact on the Net Interest Margin.

Many empirical studies have approved the significance of the loan/deposit ratio in the assessment of banks' performance and overall growth. Loan/Deposit is a liquidity ratio which gauges the bank's ability to face its short-term financial commitments (Mehta, 2012). Therefore, a higher ratio reflects the bank's good cash position and good cash management. Mehta (2012) investigated the financial performance of UAE banks before and after financial crisis (2005-2010), using the Loan/Deposit ratio to assess financial performance. It can be said that a positive relationship exists between the performance of banks and their Loan/Deposit ratio. Further, Jahangir et al. (2007) indicate that the loan/deposit ratio is a very good sign of a bank's profitability since it indicates the quality of its asset-liability management. This is in support of the study's fourth hypothesis:

H_4: Strategic Planning and Management have a positive impact on Loan/Deposit

Although the empirical research confirming a positive relationship between SPM and Asset use is scanty, it is a ratio that should be incorporated in strategic management studies. In his original study, Salameh (1987) included Asset use as a dependent variable for investigating the strategic posture and financial performance of

UAE banks. This study takes on their proposition as one of the hypotheses worth investigating:

H_5: Strategic Planning and Management have a positive impact on Asset Utilization

In this dissertation, it is also believed that a positive relationship exists between SPM and Equity Utilization, thus hypothesizing that:

H_6: Strategic Planning and Management have a positive impact on Equity Utilization.

This means that further investigation in the present study is guided by the following hypotheses:

H_1: Strategic Planning and Management have a positive impact on Return on Asset.

H_2: Strategic Planning and Management has a positive impact on Return on Equity.

H_3: Strategic Planning and Management have a positive impact on Net Interest Margin

H_4: Strategic Planning and Management have a positive impact on Loan/Deposit

H_5: Strategic Planning and Management have a positive impact on Asset Utilization

H_6: Strategic Planning and Management have a positive impact on Equity Utilization

2.8 SPM and Customer Satisfaction

The interrelationship between customer satisfaction, service quality and customer loyalty is crucial in retaining and satisfying bank customers in any attempt to achieve competitive advantage and high returns (Caruana, 2002; Anantharanthan Parasuraman, Zeithaml, & Berry, 1985; Siddiqi, 2011). This section looks briefly at the literature pertaining to the above ideas, and discusses customer satisfaction in relation to both conventional and Islamic banks, together with its relationship to bank profitability. Then arguments on SPM's impact on customer satisfaction are provided in the development of the hypotheses.

The banking industry greatly emphasizes customer satisfaction because the banking environment is steadily becoming more competitive and complex. Hence differentiating bank strategies, products and services are key elements in competing with other banks and other providers of financial service. Customer satisfaction is considered one of the most widely used non-financial measures; it leads to high returns and profitability (Banker, Potter, & Srinivasan, 2000; Ittner & Larcker, 1998; Smith & Wright, 2004). Whether to categorize the use of customer satisfaction as a non-financial measure is an ongoing debate in the strategic management literature.

Santos and Brito (2012) argued that, despite the relevance of firm performance to strategic management research, there is no sign of a consensus about its meaning, dimensionality, or measurement. Theoretical perspectives and scientific studies recommend multi-dimensionality, using dimensions that complete the concept of performance (Santos & Brito, 2012). Financial institutions are, however, aware that to maintain their market share, proper customer-related strategies should be developed, such as would assist banks in protecting their current customers and attracting new ones.

According to Arasli, Turan Katircioglu, and Mehtap-Smadi (2005) in the year 2000, services accounted for a total of 66.3 percent of the world's gross domestic product (GDP). Services are classified on three characteristics: intangibility, heterogeneity, and inseparability (Zeithaml, Parasuraman and Berry, 1985). Most of a bank's services are intangible; they cannot be touched, measured or tested. Lovelock and Gummesson (2004) classified intangibility into three kinds, namely, physical intangibility, mental intangibility, and generality. The first one refers to untouchability; the second signifies visualization and the third to the degree of accessibility or the reverse.

Heterogeneity is the second characteristic of service, and is concerned with the way in which managers and staff meet different expectations and demands from customers. This is heterogeneous because, in service delivery, customers may be exposed to many different staff members. Therefore, it is the responsibility of the firm as service provider to make sure that only highly skilled and professional staff, from customer relationship staff to managers, are employed in positions, which entail meeting the pubic. In their study, Zeithaml, Berry, and Parasuraman (1993) proposed a model to measure customer expectations of services. They suggested three types of customer expectation: desired service, adequate service, and predicted service. Service firms adopting their model would be able to develop strategies, which would help them meet customers' needs and demands and gain their loyalty.

Most scholars argue that nonfinancial measures are generally short-term, unlike customer satisfaction, which is future-oriented and long-term. This helps managers to concentrate on long-term objectives and act accordingly (Banker et al., 2000; Ittner and Larcker, 1998; Kaplan and Norton, 1992). Given the high interest and attention by service industries to customer service as a non-financial measure, it is not surprising to see the enormous resources devoted to improving it. Some firms have gone so far as to include the measure in executive bonus agreements (Ittner, Larcker, and Rajan, 1997).

Customer satisfaction is crucial to the banking industry because it is a leading indicator of how (un)likely customers are to seek the same products and services elsewhere. Some of the benefits of customer satisfaction are increasing loyalty, improving the firm’s reputation, reduction in attrition, reduction in customers’ pricing problems, reduced transaction costs and new customers (Fornell, 2008). Customer satisfaction is defined as customers’ judgment and feeling after they have used a service or product (Jamal and Naser, 2003).

2.8.1 Service Quality

Service quality is defined as “a measure of how well the service delivered matches a customer’s expectation. Delivering service quality means conforming to customer expectations on a consistent basis” (Berry, Shostak, and Upah, 1983). Service quality helps firms to improve their sales and market shares as they differentiate themselves from their competitors (Arasli et al., 2005). The subject of service quality is considered a key strategic value for firms in both the manufacturing and service fields (Lewis, 1991). Therefore, banks and financial institutions strive to give high-quality service for their retail and corporate customers knowing the importance of being in line with the global banking environment.

The two main dimensions of service quality are process (how the service is delivered) and outcome (what is delivered). The two dimensions and their relationship to customer satisfaction help managers to know what makes a satisfactory service from the customer's perspective. This was confirmed in a study conducted by Lewis (1991) comparing customers in the US and the UK. It was found that customers in both countries had high expectations of service quality, especially about the dimensions of reliability (outcome) and staff honesty (process). In their study of the behavioral consequences of customer satisfaction, Athanassopoulos et al. (2001) concluded that the literature relative to service quality made it clear that the criteria are complex and challenging for the following reasons:

- services are intangible;
- services are heterogeneous, meaning that their performance often varies from provider to provider, from customer to customer, and from the context so context;
- services cannot be placed in a time capsule and thus tested and retested over time; and
- the production of services is likely to be inseparable from their consumption.

In response, many researchers have built and used models to study the concept of service quality. For instance, SERVQUAL was a model built in 1980 to determine satisfaction through service quality, reliability, empathy, assurance, responsiveness, and tangibles (Krishnamurthy, SivaKumar, & Sellamuthu, 2010). It compared the expectations and perceptions of customers regarding a specific service (Arasli et al., 2005). Responsiveness means providing a prompt service; assurance is about safety in delivering services; and empathy means caring about and understanding customers' needs (Abdullah et al., 2009).

Another model was developed in 1980 by Kano to determine customer satisfaction when considering such attributes as need fulfillment, expectations, original quality and potential need (Chen, 2010). A significant contribution of the Kano model is that it provides strategies that help managers to understand customer needs and how they can be met (Mikulić & Prebežac, 2011). Other famous models include the Kaizen, TQM, and Six Sigma.

In studies of the banking industry, Newman (2001) examined the implementation of SERVQUAL by a major UK high street bank. He concluded that there was a weakness in the value of SERVQUAL as a tool for diagnosing service quality. Moreover, there was a lack of top management commitment, besides other obstacles such as functional and informational silos, to the success of the SERVQUAL criteria. In another study, Newman and Cowling (1996) considered service quality in two British clearing banks. They found that banks have a greater strategic interest in service quality due to the relationship between quality, productivity, and profitability. Avkiran (1994) found that the service quality of a bank is an essential aspect of customer satisfaction. He developed an instrument called BANKSERV to measure customer service quality in the banking sector in Australia.

2.8.2 Customer Loyalty

The main objective of companies is to develop marketing strategies that will improve customer loyalty, which will positively impact on firm growth and increased performance. Studies have shown that an increase of 5 percent in customer loyalty can produce profits that range between 25 percent and 85 percent (Reichheld and Sasser Jr, 1990). Oliver (1999) defined loyalty as “a deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.” Earlier studies on customer loyalty concentrated on investigating attitudinal criteria.

However, Traylor (1981) argued that brand loyalty is a behavioral phenomenon. Since then, academics and scholars have continued to examine customer loyalty from the behavioral and attitudinal perspectives. Behavioral loyalty shows in the services that a person buys or intends to buy (Day, 1969; Park and Kim, 2000). Attitudinal loyalty is defined as a psychological attachment to a firm or brand, and it is a long-term relationship.

Dick and Basu (1994) defined customer loyalty as "strength in the relationship between an individual's relative attitude and repeat patronage." The researchers developed a model that describes the cognitive, affective and conative aspects of customer loyalty as well as its consequences. It was widely accepted because it portrayed loyalty as a two-dimensional construct involving both relative attitude and repeat patronage. They divided customers into four groups, as follows:

- True loyals (high attitudinal and behavioral loyalty)
- Spurious loyals (high behavioral loyalty but low attitudinal loyalty)
- Latent loyals (high attitudinal loyalty but low behavioral loyalty)
- Non loyals (low attitudinal and behavioral loyalty)

Day (1969) was the first to introduce the attitude dimension in an attempt to complement the behavioral loyalty dimension. Dick and Basu (1994) introduced the more complex three-dimensional model composed of cognitive, affective and conative dimensions. Similarly, Oliver (1999) extended the loyalty model and included action in the cognitive-affective-conative stages. He argued that action loyalty should be considered a high customer commitment to be involved in repurchase. Subsequent researchers, however, have argued that the one-dimensional, two-dimensional and three-dimensional approaches are insufficient to predict customer loyalty.

Researchers such as Cohen, Gan, Yong, and Chong (2007) and McDougall and Levesqu (1994) have suggested many benefits from having loyal customers, as follows:

- Loyal customers are less sensitive to price variations and consume less time during transactions.
- Their servicing costs less than the cost of servicing new customers
- Loyal customers will spread their good experiences with the bank
- Loyal customers give banks a chance to sell new products and services

The link between service quality and firm profitability is now perceived as highly dependent on customer satisfaction, the targeting of “quality” customers and customer retention (Newman and Cowling, 1996).

2.8.3 Customer Satisfaction in Islamic and Conventional Banks

Over the last decade, several studies have been conducted to compare conventional with Islamic banking from different perspectives. Islamic banking in the past was merely a perception found only in books, but today it is manifest not only in the Muslim countries of the Middle East but throughout the world. Customer satisfaction is a critical element of every kind of business success and Islamic banking pays much attention to it. Currently, both conventional and Islamic banks are in continuous competition to retain their customers and increase the levels of customer satisfaction, creating a challenge for banks of both kinds. Therefore, researchers are predictably interested in learning what features make customers prefer to bank with an Islamic bank rather than a conventional one or the other way round.

For instance, Al-Tamimi, Lafi, and Uddin (2009) examined customer's views of Islamic banks versus conventional banks and whether their image influenced customer loyalty or choice of bank. Their study focused on five areas: bank image, bank products, service quality, cultural aspects and religious factors, in addition to the demographic attributes of the sample. The study revealed that most UAE bank customers prefer to bank with Islamic banks. However, these customers were not satisfied with the quality of the products and services. They also found a significant difference between customers' perceptions of UAE Islamic banks and conventional banks.

Saleh, Quazi, Keating, and Gaur (2017) investigated the differing perceptions of customers banking in Islamic versus conventional banks in an emerging market, Bangladesh. The SERVQUAL model was used to test the impact of customers' experience of banking on their satisfaction and loyalty. A structured questionnaire was answered by a sample of 229 customers from conventional banks and 225 customers from Islamic banks. SPSS and structural equation modeling techniques were the statistical tools for the data analysis. The results indicated that the Islamic bank customers' view of the level of reliability, responsiveness, security and reputation was significantly higher than the view of customers of conventional banks.

In a similar study, Sayani and Miniaoui (2013) examined the determinants of bank selection for Islamic and conventional banks in the United Arab Emirates (Federation). Data were gathered from 246 respondents in the Emirates of Dubai and Sharjah, concentrating on factors such as bank products, service quality, profit, reputation, and cultural and religious factors. The researchers found that religious preferences are the most important considerations in the selection of an Islamic over a conventional bank.

Al-Ajmi, Abo Hussain, and Al-Saleh (2009) studied the motives that encourage customers in Bahrain to choose a specific bank; how familiar are customers with the most widely used services/products offered by Islamic banks; and the amount of use made of these products.

Three types of bank customer participated in the survey: those who banked with conventional banks, those who banked with Islamic banks, and who banked with both types of bank. It was found that Islamic religious belief and social responsibility are the two weightiest determinants of bank selection. The third most important factor in this regard was cost benefit. It was found that the clients of Islamic banks are more familiar with the products/services that adhere to Sharia's rules. This led to the conclusion that the most widely used product/service of Islamic banks was murabaha.

Lone, Aldawood and Bhat (2017) investigated the level of customer satisfaction in both conventional and Islamic banks in a comparative study. Data were collected using questionnaires from both Islamic and conventional bank customers in Saudi Arabia. From independent samples t-tests and one-way ANOVA, it was found that customers were satisfied with both types of bank. The researchers justified this finding as a good sign for Islamic banking, since it is in continuous competition with a conventional banking system which is more established than the Islamic banking system. All the studies reflect customers' motives and interest in Islamic or conventional banking. Religious beliefs and Sharia's-compliant product and services were the main reasons why customers chose Islamic banking.

2.8.4 Customer Satisfaction and Profitability

Yeung and Ennew (2001) set out their ideas in a very logical and meaningful way. They argued that the relationship between satisfaction and performance is simple because satisfied customers will repeat their purchase. This means lower costs and higher profits for the firm; hence, securing customer satisfaction is a top objective for service firms (Jones and Sasser Jr, 1995). There are many benefits for firms which keep their customers satisfied, such as high loyalty, lower transaction costs, fewer failure costs, fewer efforts to attract new customers and a great reputation (Anderson, Fornell, and Lehmann, 1994). According to Guo, Kumar, and Jiraporn (2004), customer satisfaction can be earned by adding more specifications to products, improving product quality and providing better services to customers.

Since banks are considered major service providers and customers are at the heart of their business, banks have started switching their transactional-based marketing to more focused customer relationship-based strategies (Jham and Khan, 2008). In an attempt to appreciate and value customers, most banks and financial institutes offer loyalty programs which help them to build up a relationship and gain competitive advantage (Liu and Yang, 2009). Other benefits addressed by Dimitriadis (2010) include loyalty, profitability, increased sales, and trust.

Academics and researchers argue that financial measures are no longer sufficient as predictors of an organization's performance; it needs to look professionally at other nonfinancial or operational measures. According to Kaplan and Norton (1992), nonfinancial measures are based on the cause-effect relationship, which makes them a better indicator of long-term results. They explained this by suggesting financial and profit measures will show current and past activities, whereas the level of customer satisfaction demonstrates an effect on subsequent performance. Studies in accounting have revealed that customer satisfaction which is an intangible asset is also an excellent predictor of business unit profits (Ittner & Larcker, 1998).

However, no such empirical evidence exists on the relationship between financial and nonfinancial measures (Banker et al., 2000) and results on the relationship between customer satisfaction (non-financial) and performance have been mixed (Bernhardt, Donthu, & Kennett, 2000). For example, authors such as Anderson et al. (1994) found a positive relationship between customer satisfaction and a company's return on investment. They used a system modeling approach as their research methodology, while the study by Yeung and Ennew (2001) used simple linear regression. They examined not only the impact of customer satisfaction on internal financial metrics, such as return on assets, but also on the external metrics such as the impact of the firm's stock price on firm share. The relationship was stronger in the service industries than in the goods industries. These writers used data from the American Customer Satisfaction Index (ACSI), a financial database, and Standard for their investigation. Similarly, Smith and Wright (2004) studied six computer companies which used customer satisfaction as a non-financial measure. The study concluded that higher sales meant high customer loyalty, which led to improved financial results.

There are, however, some contradictory studies which concluded a negative relationship, such as the one by Tornow and Wiley (1991). The findings of Bernhardt et al. (2000) also confirmed the non-existence of a relationship between satisfaction and profitability in the restaurant industry. Foster and Gupta (1997) found positive, negative and insignificant relationships when testing for an association between customer satisfaction and future profitability in a wholesale distributor.

2.8.5 SPM and Customer Satisfaction

Customer satisfaction is a subjective measure that is highly recommended for use in evaluating firm performance. Santos and Brito (2012) argued that, despite its significance for strategic management, firm performance lacks conceptualization, a selection of indicators based on accessibility, and a proper consideration of its dimensionality. The researchers justified on three grounds their use of subjective measures to examine strategic planning and UK manufacturing SMEs. First, firms were reluctant to provide financial details. Second, earlier studies had found a high correlation between objective and subjective measures of performance. Third, the literature supported the use of subjective measures when objective measures are not accessible or inappropriate. Consequently, a multidimensional approach or various measures of performance is recommended when measuring firm performance.

In the same way, Digman (2003) suggested using some new approaches when measuring and evaluating firm performance; for instance, activity-based management, benchmarking, the balanced scorecard and customer relationship management. Similarly, (Elbanna, 2008) stated that using only accounting measures for assessing performance is conceptually unsound and too narrowly focused. Stede, Chow, and Lin (2006) examined the relationship between quality-based manufacturing strategy and both objective and subjective nonfinancial measures. Their findings were in line with the view that different performance measurements benefit performance, regardless of strategy. This means that firms employing both financial and nonfinancial measures demonstrate better and higher performance. These writers also noticed that firms which emphasize quality in manufacturing apply more objective and subjective nonfinancial measures. Most importantly, they found evidence that somewhat supports the performance alignment perspective. It is based on the view that performance measurement should fit strategy and that the strategy-measurement fit impacts on performance.

Said, HassabElnaby, and Wier (2003) highlighted the value of using a modern performance measurement system to follow nonfinancial measures such as customer satisfaction, employee satisfaction, innovation, productivity, and quality. These researchers examined the use of nonfinancial performance measures embedded in compensation agreements on current and future performance. They used panel data covering the period 1993-1998 and compared the performance of a sample of firms that used both financial and non-financial measures (1,441 firm-year observations) with a matched sample of firms that based their performance measurement solely on financial measures (1,441 firm-year observations). Their findings supported the argument that businesses which use a combination of financial and nonfinancial performance measures produce higher levels of return on assets and earn higher market returns than firms which do not.

Perera et al. (1997) examined whether firms that have a customer-focused manufacturing strategy emphasize the use of non-financial measures in their performance measurement system. They also asked whether including non-financial measures results in improved performance for these businesses. The study was conducted in Australia and data were obtained through a questionnaire of manufacturing firms. The findings showed an association between customer-focused strategy and the use of non-financial performance measures but could not relate it to organizational performance.

The investigation by Feltham and Xien (1994) defined the conditions under which the use of these measures, along with a firm's financial measures, can improve a company's profitability. They argued that when the agent's determination is multi-dimensional adding more performance measures can increase the number of implementable actions and result in implementing a desired action. Moreover, adding more performance measures reduces the risk to the agent. This means that the principals expect gross payoff to be a function of both short-term and long-term efforts. In this case the loss or failure for the principal can be lessened by introducing a second measure of long-term action, such as a non-financial measure.

Having reviewed the importance of customer satisfaction, loyalty and service quality to the performance of organizations, the chapter argues that banks should align their strategies with nonfinancial performance criteria too. Most banks use traditional financial ratios such as ROA and ROE in measuring their performance. Kaplan and Norton (1996) advocated the balanced scorecard, a tool that has been widely used by banks and other organizations to link their strategy to performance, argued that the balanced scorecard is not a collection of financial and non-financial measures but rather a translation of a firm's strategy into a linked number of measures that determine its long-term strategic goals. Concentrating solely on the content of financial measures has kept many organizations far away from achieving long-term objectives, such as innovation and growth. At the same time, researchers including Wu (2012) state that non-financial criteria such as customer satisfaction can be significant for a sound successful organizational strategy for operating in customer-driven industries such as banking. In consideration of these arguments, in the present study customer satisfaction is chosen as an additional performance variable that may impact on the performance of banking organizations and accordingly the following hypothesis was formulated for investigation:

H_7: There a positive relationship between SPM and customer satisfaction

2.9 Context of the Study

The United Arab Emirates is considered one of the fastest growing economies in the Middle East and the eighth biggest oil producer in the world. It consists of seven emirates namely: Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah, and Umm Al Quwain, with a total population of 9.348 million people by 2013. In 2008, the Abu Dhabi Economic Vision 2030 was released, together with a detailed strategic plan for directing the emirate towards sustainable growth and productivity (Development, 2012). By the year 2030, as part of this vision, the Emirate envisages a 64% contribution to GDP from the non-oil sector which would improve its competitiveness and productivity in the region.

Furthermore, one of the critical initiatives in achieving the strategic goals of this Emirate of Abu Dhabi is the establishment of the Khalifa Fund for Enterprise Development and Masdar City, with the purpose of attracting SMEs and foreign investment. Along with these efforts, there is a significant emphasis on Emiratization which was supported by setting up the Tawteen Council in support of the effort to localize all sectors.

Meanwhile, Dubai, the second largest of the seven emirates, is well known to the world as the commercial capital of the UAE. Dubai has recently been able to transform itself into an inspirational economically independent city. This has been possible due to its government's well-defined strategies and the great initiative to create a diversified economy. For instance, the establishment of the Dubai International Financial Center (DIFC) in 2004 was an excellent opportunity for businesses and banks to develop across the emirate. It is an onshore financial hub for businesses from the Middle East, Asia and Africa, and has its own regulator, judicial system, international financial exchange and supportive business environment. In the year 2000, both the Dubai Financial Market and the Abu Dhabi Securities Market were opened, to be electronically linked in 2004. The total number of companies listed on both markets is 125, of which 15 are foreign (Centralbank, 2015)

For the past three decades, the country has depended on oil and gas production, but in 2007 it started diversifying its economy and reduced its GDP from oil resources to 25%. At the end of 2014, the UAE's GDP reached US $ 617bn with a growth rate of 4.6% compared to 4.3% in 2013 and a per capita income of $ 66,300 (see Table 11 below).

Table 11: UAE GDP from Oil and Non Oil Resources from 2010 to 2014

Year	2010	2011	2012	2013	2014
Total GDP (at constant prices)	1.6%	5.2%	6.9%	4.3%	4.6%
• Oil GDP	3.8%	6.6%	7.6%	2.9%	4.0%
• Non-Oil GDP of which:	0.7%	4.5%	6.6%	5.0%	4.8%
- Manufacturing	2.6%	9.7%	5.6%	1.2%	3.2%
- Construction	-0.7%	-1.8%	5.5%	3.4%	7.3%
- Wholesale & Retail Trade	1.8%	0.6%	0.3%	4.9%	5.6%
- Real Estate & Business Services	-0.2%	11.1%	12.1%	6.6%	-4.1%
- Transport & Communications	0.7%	4.6%	5.0%	-1.1%	8.6%

Source: National Bureau of Statistics.

The banking sector is considered the backbone of the UAE's financial sector (Al tamimi and Lootach, 2006). It consists of the UAE Central Bank (CB) which was incorporated in the year 1980 with the following key objectives: 1) advise government on financial issues; 2) suggest best financial and credit practices for banks; 3) issue currency to all banking institutions; 4) maintain gold reserves; and 5) develop policies and lay down regulations and guidelines for financial and monetary institutions (Al Shamsi, Aly, & El-Bassiouni, 2009), commercial and Islamic banks (foreign and local) and other financial companies including foreign exchange bureaus (Al Shamsi et al., 2009). The local UAE banks include the National Bank of Abu Dhabi, Abu Dhabi Commercial Bank, Arab Bank for Inv. & Foreign Trade, Union National Bank, Commercial Bank of Dubai, Dubai Islamic Bank, Emirates NBD Bank, Emirates Islamic Bank, Mashreq Bank, Sharjah Islamic Bank, Bank of Sharjah, United Arab Bank, InvestBank, The National Bank of R.A.K, Commercial Bank International, National Bank of Fujairah, National Bank of U.A.Q, First Abu Dhabi Bank, Abu Dhabi Islamic Bank, Dubai Bank, Noor Islamic Bank, Al Hilal Bank and the Ajman Bank among others.

Sayani and Miniaoui (2013) claim that UAE banks are very competitive and robust, which raises challenges especially when it comes to attracting customers. Further, by the year 2014 a total of 22 local banks with 869 branches and 90 cash offices, 20 foreign banks as well as 6 GCC banks were operating in the region (see Table 12 below). Moreover, in the same year the number of ATMs reached 4,847. Such an exponential growth in the banking industry can be attributed to the macroeconomic changes in the UAE over recent years (Ravichandran and Ahmed, 2015).

Table 12: Status of UAE Banks from Dec 2013 to Dec 2014

	2013	2014			
	Dec.	March	June	Sept.	Dec.
Locally Incorporated Banks :					
- Main Branches	23	23	23	23	23
- Additional Branches	841	843	858	866	869
- Electronic Banking Service Units	29	29	33	33	34
- Cash Offices	89	89	89	89	90
GCC Banks :					
- Main Branches	6	6	6	6	6
- Additional Branches	4	4	4	4	4
Foreign Banks :					
- Main Branches	22	22	22	22	20
- Additional Branches	83	83	83	83	82
- Electronic Banking Service Units	52	53	53	54	49
- Cash Offices	1	1	1	1	1
Other Financial Institutions:					
- Wholesale Banks	4	4	5	5	7
- Representative Offices	120	120	122	121	121
- Finance Companies	25	25	26	26	26
- Financial Investment companies	25	25	25	25	25
- Moneychangers	134	134	137	138	140
- Offices for Intermediating in Currency Trading & Money Market Operations	12	12	12	12	12

Source: Banking Supervision Department of the Central Bank of the UAE

Al Tamimi (2011) argued that the significant number of sophisticated commercial banks in the country, coupled with the ever improving technology, increases competition amongst the different banks which creates more pressure and an urgent demand for improved performance.

In 2015, there was a sharp drop in oil prices in the UAE, up to 48% compared to 2014, although the diversification strategy by the government reduced the impact of this drop in global prices to manageable figures (Centralbank, 2015). Figure 5 presents the percentage growth of real GDP, Real non-oilGDP, and Real Oil GDP from 2012 to 2017. The real GDP dropped to 3.4% in 2015 compared to 4% in 2014, whereas the real oil GDP increased to 2.8% compared to 0.8% in 2014 and the Real non-oil GDP percentage slowed down to 3.7% as compared to 5.5% in the previous year.

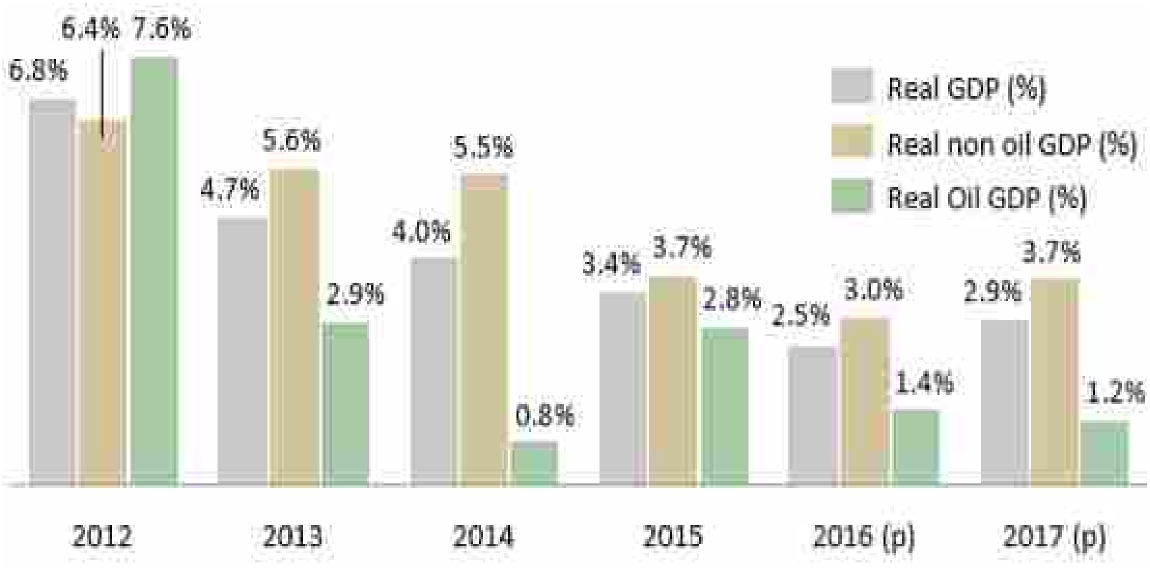

Figure 5: UAE GDP from Oil and Non-Oil Resources from 2012 to 2017

From Figure 5, it can be inferred that the recent decline in the UAE oil and non-oil GDP over recent years has created the need for UAE commercial and non-commercial banking institutions to improve their strategic planning practices to enhance their performance in line with the objective of the present study (Table 12). Nevertheless, the UAE financial sector contributes greatly to the nominal GDP of the region, creating an alternative source of revenue to supplement the declining Oil GDP sources (see Figure 6 below). Therefore, government needs to improve the performance of the banking institutions through appropriate strategic planning and management practices.

Table 13: Nominal GDP and Non-oil Domestic Product Growth Rate

Growth Rate	Year				
	2011	2012	2013	2014	2015
Contribution of the financial sector of nominal GDP	6%	6%	7%	9%	10%
Contribution of the financial sector of non- oil domestic product	11%	10 %	12%	13%	13%

Table 13 and Figure 6 show the percentage contribution of the UAE financial sector to the overall GDP of the country with a contribution of about 10% and 13% to the non-oil sector GDP totaling about AED 133 billion (Federation, 2015). The present study submits that if the UAE banks improved their strategic planning and management practices, their performance could improve rapidly, thus increasing their contribution to the annual GDP. This would imply their economic sustainability despite the ever fluctuating world oil prices.

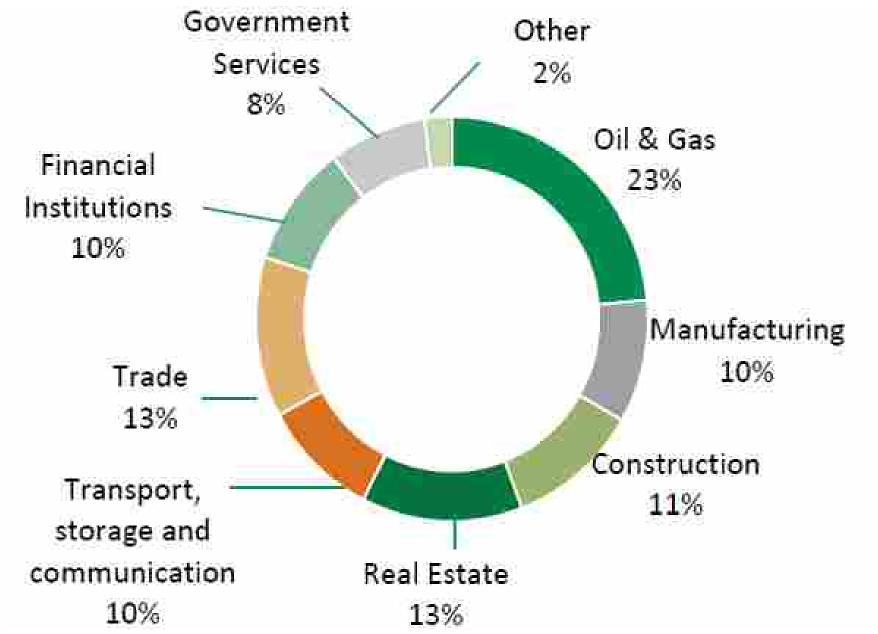

Figure 6: Nominal GDP and Non-oil Domestic Product Contribution Sector Wise
Source: National Bureau of Statistics, UAE

It is also evident in Figure 7 below that the Asset Growth Rate of the UAE banking Institutions also declined over the previous few years. For instance, the sector registered a growth rate of 7.5% in 2015 as compared to 8.5% in 2014. Such a decline could be attributed to the fall of oil prices worldwide or to the lack of appropriate strategic planning and management practices in the banking institutions. Therefore, a study to check the impact of strategic planning on the performance of the UAE banks is deemed relevant.

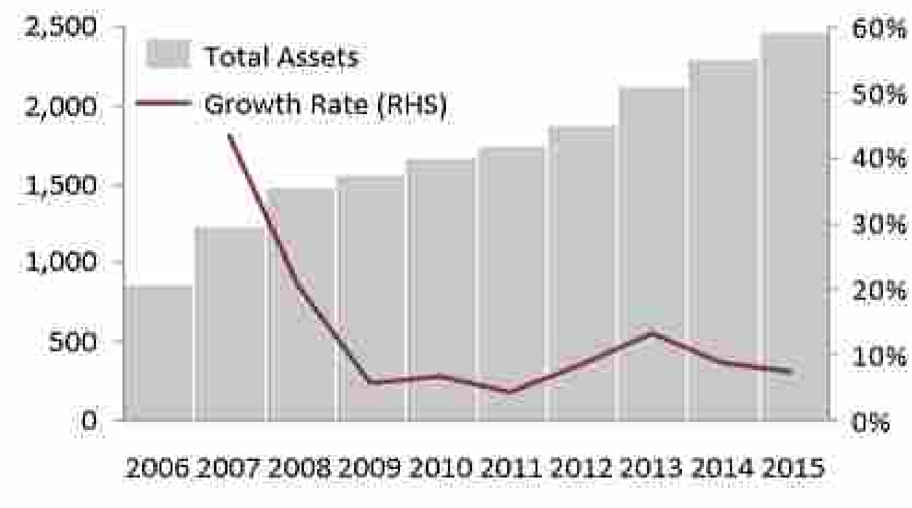

Figure 7: Annual Growth Rate of the UAE Banks' Assets (in AED)
Source: Research and Statistics Department – CBUAE

Since the world financial crisis of 2008, there has been a healthy recovery and steady increase in the UAE banks' net profit. However, due to the increased provision, the amount of profit between 2014 and 2015 declined. The net profit went down from 39 AED 39 billion to AED 37 billion, in contrast to the past five years' growth of 12% (see Figure 8 below)

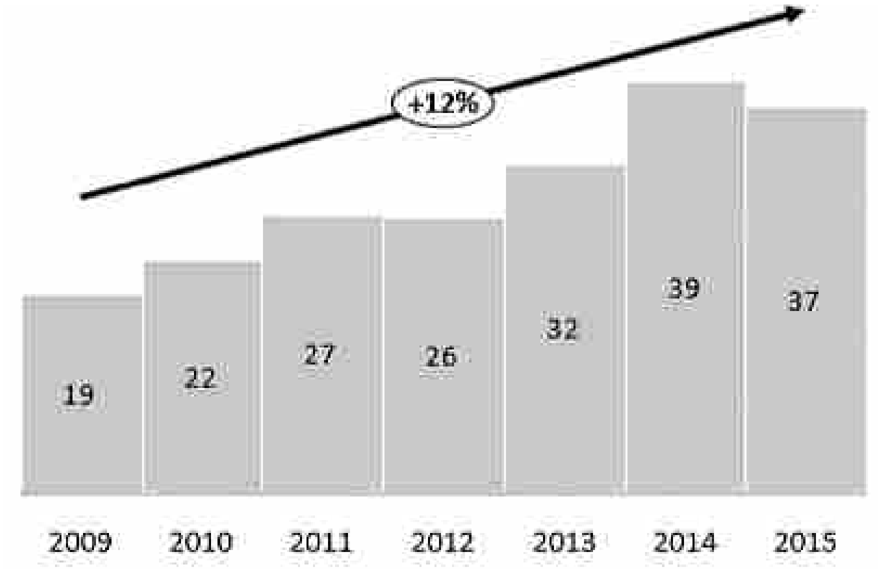

Figure 8: UAE Banks' Net Profits
Source: Research and Statistics Department – CBUAE

2.9.1 Islamic Finance

According to the Central Bank Report, the services of Islamic banks in the UAE continued to expand. At the end of 2015, the total number of Islamic banks and other financial institutions offering Islam-compliant services reached 47 as indicated in Table 14 and the number of Islamic Bank assets grew by 15% reaching AED 464 billion by December, 2015 as shown in Figure 9.

Table 14: Breakdown of IIFS in the UAE (2015)

Type of Institution	**Number**
Islamic Banks	8
Islamic Windows	26
Local Banks	13
Foreign Banks	13
Islamic Finance Company	12
Islamic Investment Company	1
Total	**73**

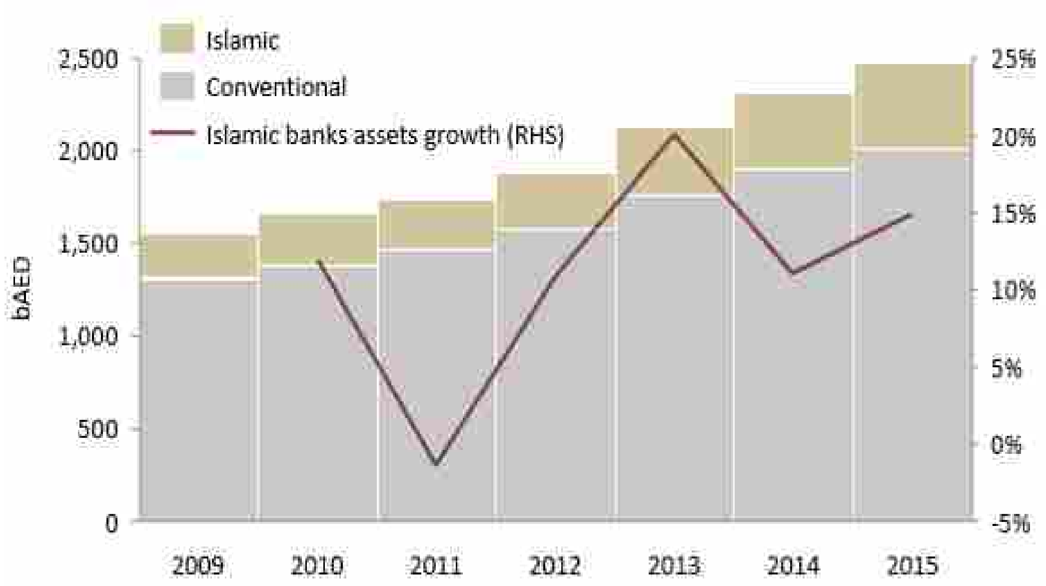

Figure 9: Islamic Bank Asset Growth from 2009 to 2015
Source: CBUAE

2.9.2 Islamic Banks

The idea behind Islamic banking was introduced in the 1970s and applied universally in the year 2000 (Obaid Saif, 2011). The first financial institution in modern history was the Mit Ghamr savings bank in Egypt. It was a cooperative organization that used to provide the depositors with small loans for essential needs. Later on, the concept developed at a great pace with the double growth of the Islamic services industry. This development encouraged the International Monetary Fund to simplify the development of the Islamic Financial Services Board (IFSB). This is an international organization which is responsible for developing a regulatory framework to firms offering Islamic financial products and services (Centralbank, 2014).

The increasing popularity of Islamic banking has encouraged some banks to convert to Islamic principles or to open ‘Islamic windows’ (Alani & Yaacob, 2012). This initiative may be due to the banks’ stability during the 2008 financial world crisis. In addition, many banks want to capture the huge market for Islam-compliant services and the competition will improve profitability and increase the customer base. It is worth noting that Islamic countries such as Sudan, Iran, and Pakistan have converted their whole banking system to one based on Islamic financial principles (Khediri, Charfeddine, & Youssef, 2015).

Islamic banking is a concept which incorporates Sharia'h rules. All the financial transactions, investments, products and dealings in Islamic institutions obey Sharia's laws. The most important concept of the Islamic bank is the absence of dealings with interest (riba) and the prevention of trading activities involving speculation (gharar) (AlKulaib, Almudhaf, & Al-Jassar, 2013). Today there are more than 300 Islamic financial service institutes spread over 51 countries around the world and more than 250 Islamic mutual fund houses (Obaid Saif, 2011). The Dubai Islamic Bank was established there in 1975 and is considered the first Islamic bank in the UAE, with a capital of Aed 2,966 million (Obaid Saif, 2011). Other Islamic banks are the Emirates Islamic Bank, Noor Bank, Ajman Bank, Sharjah Islamic Bank, Abu Dhabi Islamic Bank and Al Hilal Bank among others. The UAE continued to support the prosperity of Islamic finance, knowing the high demand from depositors for Shariah compliant products. In November 2010, the UAE Central Bank issued the first Sharia's compliant certificate of deposit and has since been very successful. Below are some of the commonly used transactions and agreements in Islamic finance.

Mudaraba the profit and loss sharing principle which means that both borrower and lenders share the business risk and the profit. According to Ahmed (2010), it is one of the most often used instruments in Islamic banking and constitutes around 70% of assets.

1. *Murabaha*: in Islamic literature, the bank buys an asset and finances it on behalf of the customer. Then it imposes a “mark-up” in the sale agreement, and the customer pays on a deferred basis. The bank also takes some risk, since it is liable for any issues that may be raised by buyer and supplier.
2. *Musharakah*: this is joint venture profit sharing where the surplus produced through partners’ capital is shared among them. Each shareholder shares the profit or loss depending on his capital share and the partnership contract.
3. *Ijarah*: this is quite similar to the procedure followed by Western banks, where the bank buys equipment and rents it to a client for a span of time based on fixed charges. At the end of the lease period, the customer can approach the bank to buy the equipment (Kahf & Khan, 2007)
4. *Takaful*: this is an Islamic system of insurance and is based on co-operative risk-sharing between participant and operator (Alamasi, 2010).
5. *Salam:* this is a forward finance sale where the bank pays in advance for assets at an agreed price and specification, with the agreement of the seller. It is mostly applied to products traded on the secondary market, such as agriculture or minerals (Siddiqi, 2002).

Below, the discussion moves to the research gap and conceptual framework for the study.

2.10 Research Gap

Past writings on strategic management in the UAE’s banking industry confirm a lack of research on strategic planning practices and performance. Empirical findings remain scarce, because few researchers have studied the above relationship in the UAE context. Boyd & Reuning-Elliott (1998) argued that the lack of knowledge about the impact of planning is a major limitation for empirical research on strategic planning. These researchers, on the basis of their long experience of UAE banks and in view of the changes that local bank have had to make in the past few years, strongly advocate improving the knowledge on this topic. Filling this gap in knowledge is the aim of the present study. Accordingly, based on the theories, concepts and other insights drawn from the literature reviewed so far a conceptual model for guiding the investigation was developed as depicted below:

Figure 10 below presents the research conceptual framework created for the present study.

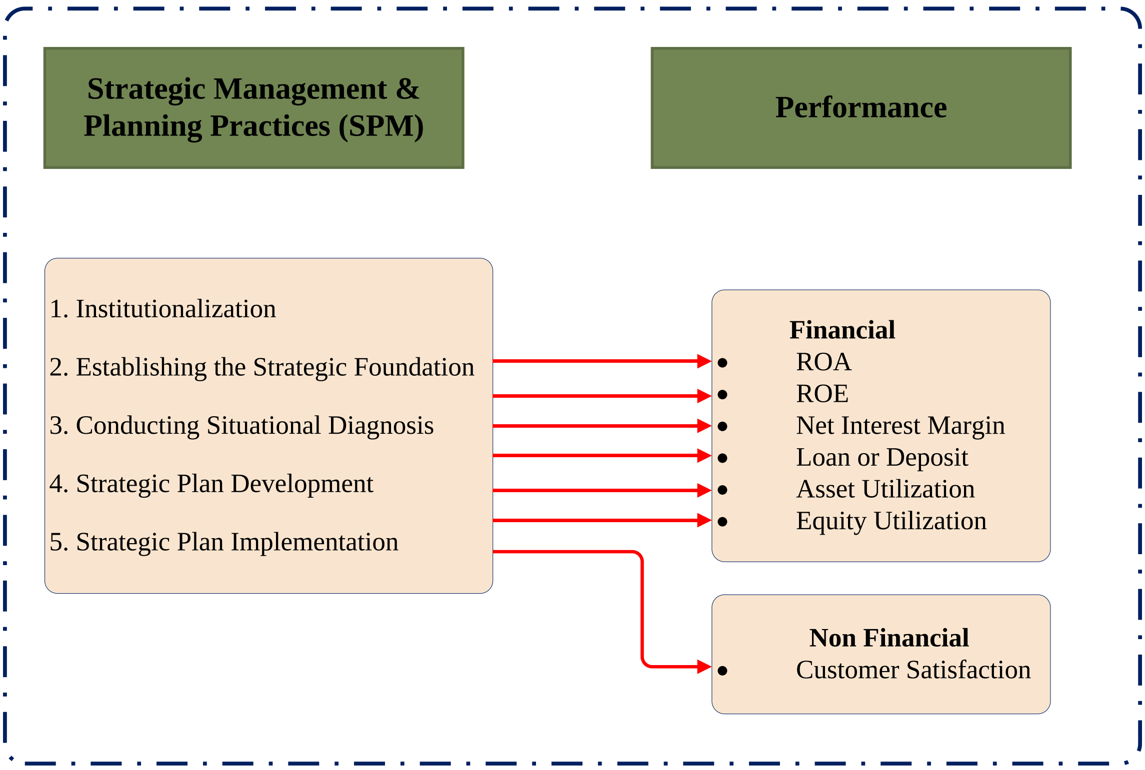

Figure 10: Conceptual Model of SPM Performance

In the next chapter, the research methods, design of the study and the approaches used for conducting the research are described, together with the methods for data collection and analysis.

Chapter 3: Research Methodology

3.1 Introduction

This chapter describes the methodology used for the present study. It starts by outlining the theoretical background, research design, research approaches, strategies, and research paradigm. Next, the chapter justifies the use of the data collection methods, and describes the sample selection methodology as well as the data analysis techniques applied in the study. Finally, the chapter provides details of the variables, sample, and pilot study; it also discusses the issues of validity and reliability. This research has identified the following study hypotheses to direct the research inquiry:

H_1: Strategic Planning and Management have a positive impact on Return on Asset.

H_2: Strategic Planning and Management have a positive impact on Return on Equity.

H_3: Strategic Planning and Management have a positive impact on Net Interest Margin

H_4 Strategic Planning and Management have a positive impact on Loan/Deposit

H_5: Strategic Planning and Management have a positive impact on Asset Utilization

H_6: Strategic Planning and Management have a positive impact on Equity Utilization

H_7: Strategic Planning and Management have a positive impact on customer Satisfaction

3.2 Research Questions

The major aim of the present study is to investigate the relevance of strategic planning and management to financial performance of the UAE's banks and to assess a possible relationship between SPM and customer satisfaction, in addition to revealing any challenges hindering the performance of these banks. The research is grounded in an empirical review of literature and the following fundamental research questions:

1. To what extent do banks in the UAE engage in strategic planning and management practices identified in terms of such SPM components as institutionalization, strategic foundation, situational diagnosis, strategy formulation and strategy implementation?
2. What is the impact of the above SPM practices on the performance of banks in relation to important financial and non-financial parameters?

3.3 Research Paradigm

In research in the social sciences, there are two important but independent traditions for grounding such studies, namely, positivism and social constructionism. The positivist approach stresses the use of organized methods that focus on the application of deductive logic from existing theory with exact empirical evidence of individual behaviors that formulate and confirm the study hypotheses. Social constructionism focuses instead on explaining why people have different experiences (Hair, 2006; Saunders, 1997).

The positivist approach is used in this research for several reasons. First comes the desire to be objective and take a rational approach to the research (Carson, Gilmore, Perry, & Gronhaug, 2001). Second, statistical analysis is central to positivist research, which complies with structured research procedures in order to uncover a single and objective reality. Third, being detached from the participants allows the researcher to be neutral. Therefore, the researcher is able to differentiate between reason and feeling, science and personal experience (Carson et al., 2001). Fourth, positivism allows the researcher to use a controlled and structured style in developing the research through identifying a research topic, building hypotheses and using an adequate research methodology (Gilbert & Churchill, 1996). Finally, positivism helps, when a large enough sample is provided, to produce trustworthy conclusions and generalize the results to a population. Therefore, the positivist paradigm has been employed in the present study.

3.4 Research Strategy

In the present study the researcher considered two approaches, deductive and inductive, that are widely used in social science research (Gray, 2013)**.** The deductive approach begins with data collection and, data analysis and then derives generalizations using inductive logic with the objective of describing the characteristic relationships of people and social situations, and then describing the nature of the pattern or network of these relationships (Blaikie, 2007). Once a generalization about characteristics or patterns is made, some writers assert that they can explain the way in which specific events develop. In contrast, the deductive research strategy starts with a pattern that is already established and needs an explanation. The researcher should find a possible reasoning or a theoretical argument for the existence of pattern in the social phenomenon under consideration. The undertaking is to examine this theory by deducing hypotheses and then collecting data in support of these hypotheses (Blaikie, 2007).

Therefore, the present researcher employs the deductive approach to this study of banks. The data were collected via questionnaires sent to higher management, middle management and front line management in both Islamic and conventional banks.

Further, research approaches can be classified as exploratory, descriptive, analytical or explanatory. Descriptive research is adopted in the current study, which examines SPM in conventional and Islamic banks in the UAE in order to describe its nature and activity. Moreover, descriptive research can be used to test hypotheses and is mostly associated with cross-sectional research (Samouel, Money, Babin, & Hair, 2003).

Deciding on the research strategy is a challenging step for researchers because it requires logic, a procedure for producing knowledge (Blaikie, 2007). According to Yin (2009), a research strategy is a general plan that researchers adopt to answer their research questions. Yin suggests three conditions that must be fulfilled before a research strategy can be chosen (see Table 15 below):

Table 15: Research Techniques

Type of research	**Questions that it typically answers**	**Requires control over behavior and events**	**Focuses on currently updated information**
Experimental	How and why	Yes	Yes
Survey	Who, what where, how many, how much	No	Yes
Archival analysis	Who, what, where, how many, how much	No	No
Historical	How, why	No	No
Case study	How, why	No	Yes

Source: Yin (2009, p8)

Experimental, case study, survey, longitudinal and cross-sectional are the five research strategies that researchers can use (Saunders, 1997). A cross-sectional survey was used in the present case, where the data were collected over a short period (Aldehayyat, 2006).

In the present study a quantitative approach was employed to analyze the different variables identified. Following this, the approach was to code and interpret the research strata on SPM, which grounded further discussion and evaluation of the study results with a focus on the relationships identified between the various financial ratios and SPM. This was made possible by applying a statistical tool to code and interpret the quantitative data.

3.5 Population and Sample

The study population involved 51 banks operating and registered on both the Abu Dhabi Financial Market and the Dubai Stock Market. The choice of banks for the present study was based on their importance in the country's economic growth and their excellent contribution to the country's GDP. Foreign banks could not supply financial data fot the study and so they were excluded. This left 23 eligible banks, all domestic, out of which 17 agreed to participate in the study.

3.5.1 Study Respondents

Respondents in the research consisted of two groups. The first group, involving members of higher management, middle management, and front-line management, was invited to complete the first questionnaire on strategic planning and management practices. The researcher sought the maximum participation of respondents from higher management positions such as the CEOs, CIOs and CFOs of all the participating banks on account of their good knowledge of the bank strategy.

The survey was dispatched to a respondent sample of 660 participants from both conventional and Islamic banks, who were asked to complete the online questionnaire. After several visits, calls and follow up emails, the researcher received 276 completed questionnaires, a response rate of 41%.

The second questionnaire, which consisted of items on customer satisfaction, was also distributed to the target population. The researcher approached the 17 banks that had participated in the first survey and requested their consent to meet their customers so they could fill up a questionnaire on the spot. Some of them welcomed this approach, but mostly they preferred the questionnaires to be distributed by their staff. 510 questionnaires was distributed to customers, of which 351 were completed and returned to the researcher for further analysis. After reviewing all the returned questionnaires and conducting relevant validity checks such as removing incomplete questionnaires and those with any form of missing data or outliers, only 339 completed and clean questionnaires were left for further analysis. A sample of such a questionnaire can be seen in the Appendix.

3.6 Research Instrument

Research instruments can be both qualitative and quantitative measurement tools or approaches designed to obtain data from a population of interest or the method used to gather information during a research study. In the present study, two sets of questionnaires were developed to gather study data, one focusing on strategic planning and management and the other on customer satisfaction. Both were written in English and Arabic as discussed further in the next section.

3.6.1 Questionnaire Development

The first questionnaire in the current study, targeting higher management, middle management and front-line management, concerned strategic planning and management practices. This questionnaire was developed in consultation with StrategicFuture.com, a global management consulting firm. To ensure optimum clarity in the questions, and additional value, the same questionnaire was tested by ten (10) senior management executives in Tawazun, a popular strategic investment firm in the UAE. Moreover, two strategic management professors had revised the questionnaire and confirmed the significance of items in relation to Strategic planning and management practices. The second questionnaire, which was about “customer satisfaction” gathered customers’ perceptions of the products and services provided by the bank. The questionnaire was sourced by the researcher from literature on customer satisfaction, and adapted to the study context in consultation with six senior management staff selected randomly from major banks in the UAE and two academic professors with experience in strategic management. The SPM questionnaire development process included the following;

3.6.1.1 SPM Questionnaire Development Process

i. Scaling

The SPM questionnaire used for the present study comprised five sections each focusing on a key area of interest: institutionalizing the planning process, establishing the strategic foundation, conducting the strategic situational diagnosis, developing the strategic plan and managing strategic plan implementation. In this questionnaire, respondents were asked to respond to the items by indicating their level of agreement using a six-point Likert scale. This kind of scale was used to assess the positivity and negativity of the responses to the questionnaire items with some options for those who were indifferent in terms of the degree of their agreement and would otherwise have been left with no choices. Further, the six point Likert Scale has been internationally shown to be effective for social science studies, one of the main reasons for its being chosen for the present study (Dillman et al., 2009 and Dawes, 2008). The six point Likert scale provides an ordered scale from which respondents can make the choices which best align their views easily with balanced response options, at the same time providing an easier way for researchers to analyze survey data. A typical six-point scale may be "Strongly disagree, Disagree, Neutral, Not Sure, Agree, Strongly Agree".

Next, the questionnaire items come under scrutiny.

a) Institutionalizing the planning process

Institutionalization is used to represents the process through which behaviors, values, norms and social are set in organizations, society or social structures (Palanza, Scartascini, & Tommasi, 2016). The institutionalization of strategic planning and management indicates whether a firm considers SPM in its set procedures, processes and norms. This has apparently a critical variable for the present study and should be considered ahead of other strategic planning and management variables. Saleh, Kaissi, Semaan, and Natafgi (2013) studied the relationship between strategic planning and performance in Lebanon and hypothesized that the presence or institutionalization of a strategic plan is associated with positive performance. The institutionalization of the planning process was measured by five items similar to those used by Hopkins and

Hopkins (1997); Phillips and Moutinho (2000); Gerbing, Hamilton, and Freeman (1994); Glaister, Dincer, Tatoglu, Demirbag, and Zaim (2008). For instance, Hopkins and Hopkins (1997) used mission statements to measure strategic planning intensity, namely, long-term objectives, the assessment of the internal and external environment, strategic options evaluation, strategic options implementation and the control of strategic options. The questionnaire Items used in the present thesis to measure the institutionalization of the planning process are listed in Table 16.

Table 16: Questionnaire Items for Variables Institutionalizing the Planning Process

Variables	Sources	Items
Institutionalizing the planning process	Glaister et al., 2008; Hopkins & Hopkins, 1997; Phillips & Moutinho, 2000; Gerbing et al., 1994	1. Do top executives take formal responsibility for the organization's strategic business planning? 2. Is strategic planning the priority activity, performed on a regular basis, e.g., each year? 3. Does the organization provide resources earmarked specifically for strategic planning? 4. Does the organization follow a defined set of procedures in its strategic planning process? 5. Do all managers whose work might be affected significantly by strategic planning participate in the planning process?

b) Establishing the Strategic Foundation

The strategic foundation is measured by the availability of a mission statement, considered the first step in the strategic planning process. It is defined as a short formal written statement of purpose that guides a firm's actions, goals, directions and strategy makers (Sattari, Pitt, & Caruana, 2011). Bartkus, Glassman, and McAfee (2000) identified four benefits from having a mission statement: the communicating of a firm's purpose; as a control mechanism; guiding daily decisions; and motivating employees. Pearce and David (1987) were the first researchers to identify a link between mission statement components and performance. However, objectives and goals are no less important than mission statements since they are the quantitative yardstick for standardizing an organization's strategic options (Baetz & Kenneth, 1998). The most popular work in this area is by Ansoff et al. (1970); Thune and House (1970) and Herold (1972), which shows how strategic planning and its goal setting initiatives positively influenced the performance of organizations. To measure the impact of establishing a strategic foundation, nine items were included in the questionnaire for the present study: from Boyd and Reuning-Elliott (1998); Hahn and Powers (1999); Powell (1992); Hopkins and Hopkins (1997); Ramanujam and Venkatraman (1987). These items are listed in Table 17.

Table 17: Questionnaire Items for the Variable of Establishing a Strategic Foundation

Variables	Sources	Items
Establishing the Strategic Foundation	Boyd & Reuning-Elliott, 1998; Hahn & Powers, 1999; Powell, 1992; Hopkins & Hopkins, 1997; Ramanujam & Venkatraman, 1987	6. Does the organization have a written mission statement? 7. Are all management and higher-level staff aware of the mission? Do they understand it? 8. Does the organization have written longer-term (3-5 years) and short-term (1-year) goals? 9. Do the goals relate to quantified, measurable targets (e.g., for volume, market share, growth rate, profitability)? 10. If appropriate, do the goals specify targets by location or geographic area? 11. When appropriate, do the goals list quality, time frame, and cost targets? Are they observable or measurable? 12. Do the goals appear realistic yet challenging, based upon experience and/or research? 13. Does the organization systematically measure actual performance vs. goals? 14. Do management and higher-level staff whose responsibilities are affected participate in setting goals?

Table 18 Conducting the Strategic Situational Diagnosis

Variables	Sources	Items
Conducting the Strategic Situational Diagnosis	Olsen, Murthy, & Teare, 1994; Hagen, Haile, & Maghrabi, 2003; Strandholm & Kumar, 2003; Auster & Choo, 1993; Gerbing et al., 1994; Glaister et al., 2008; Hopkins & Hopkins, 1997	15. Does the organization periodically gather and analyze data about market and other external factors that affect the business? 16. Does the external/market analysis identify key threats to the business? Key opportunities? 17. Does the analysis include a detailed analysis of market or other geographic and/or demographic and/or psychographic segments? 18. Are performance and operational characteristics of the business compared with those of competitors? 19. Are demographic, behavioral, and other consumer trends analyzed? 20. Does the organization assess the industry as a whole in terms of new competitors and concepts, new technologies, procurement practices, price trends, labor practices, etc.? 21. Does the organization assess institutional factors such as the cost and availability of capital, government regulations and the economy? 22. Does the organization have knowledge of and access to sources of information about the industry, markets, and other external factors? 23. Does the organization analyze its own business objectively? 24. Does this internal analysis identify key strengths and weaknesses in the organization? 25. Does the analysis include profitability factor trends, e.g., after-tax earnings, return on assets, cash flow? 26. Does it include marketing/advertising? 27. Does it include pricing strategy and its effects on customer behavior? 28. Does it include the quality of customer service and customer satisfaction/loyalty/defection data? 29. Does the organization assess its human resource development and management programs? 30. Does the organization’s management information system provide relatively easy access to the internal data discussed above? 31. After completing its external and internal analyses, does the organization review the mission and goals in light of the apparent threats/opportunities and strengths/weaknesses? 32. Based upon such a review, does the strategic diagnosis culminate in identifying the key strategic issues, e.g., outlet expansion, profitability improvement, positioning change?

Diagnosis analysis (scanning) is critical for today's organizations because the business world is becoming more complex and sophisticated. The interest in environmental scanning stems from the fact that firms are anticipating external changes and evaluation of current business strategies.

Consequently, Albright (2004) suggests an environmental scanning process set out in five steps. These steps are; 1) identifying the organization scanning needs; 2) collecting information; 3) analyzing information; 4) interpreting the results; and 5) making decisions. Organizations use scanning for knowledge acquisition and their strategic response to environmental changes. Several authors have studied the relationship between environmental scanning and performance. For instance Elenkov (1997) looked at environmental scanning in Russian companies and found that a sophisticated scanning process improved the firm's profitability, as measured by ROA. Olsen et al. (1994) also studied the scanning system in hotels around the world and found that scanning improves a firm's performance. In the present study, eighteen items were selected to measure the strategic situational diagnosis, as listed in Table 18.

c) Strategic Plan Development

Elbanna (2006) cited two models for strategy formulation: rational planning and logical incrementalism, while Wheelen and Hunger (2002) suggested that developing a strategy involved having a mission statement, strategies, objectives, and policies. Porter (1979) stated that the essence of strategy making is coping with competition, implying that, strategy makers need to analyze all the forces influencing competition and then develop their firm's strategies.

Similarly, Bennett (1996) demonstrates that, after developing their mission statements, firms should select their strategy. According to him, the first steps in the planning process are to conduct a situational analysis, define the market and perform a SWOT analysis. Strategic plan development in the present study was measured by seven items with responses evaluated on a scale of 1- 6, (1= little to 6 = much) with a group of statements related to the plan's development. Most of the items presented in developing a strategic plan are in accordance with those in the scale by Ramanujam and Venkatraman (1987). Table 19 presents the measurement items and sources of the developing strategic plan.

Table 19: Questionnaire Items for the Construct Developing Strategic Plans

Variables	Sources	Items
Developing Strategic Plans	Gerbing et al., 1994; Powell, 1992; Phillips & Moutinho, 2000; Aldehayyat, 2015	33. Does the organization use a strategic (situational) diagnosis to formulate strategic plan options? 34. Does it consider business performance options, e.g., cost reduction, alternative suppliers, production improvements, etc.? 35. Does it consider market penetration options, e.g., pricing/promotion, market expansion, segmentation? 36. Does it consider organization and management options, e.g., restructuring, purchasing competitive businesses? 37. Does the organization consider product/service enhancement options? 38. Is the planning process based on criteria by which options can be compared and selected? 39. Does the organization decide its strategic plan(s) based on feasibility and risk/return criteria?

d) Strategic plan implementation

Strategy implementation is properly speaking the most difficult task in the strategic planning process. Although it is a vital part of the planning process, much more attention has been given to strategy formulation than implementation. Floyd and Wooldridge (1992) described the implementation stage as a managerial intervention that adjusts a firm's actions according to the strategic intention.

Njagi and Kombo (2014) studied the effect of strategy implementation on the performance of Kenyan banks and found that there is moderately strong relation- ship between them. Similarly, Goromonzi (2016) investigated the impact of culture and strategy implementation on the performance of Zimbabwe commercial banks and inferred a positive correlation between Return on Assets (ROA) and strategy implementation. Ibrahim, Sulaiman, Al Kahtani, & Abu-Jarad, 2012) examined whether a significant relationship could be observed between strategy execution and the performance of manufacturing firms. The findings confirmed that there was a moderating effect of formalized structure on the association between strategy implementation and performance measured by Return on Equity (Naor, Linderman, & Schroeder). Strategic plan implementation was measured by seven items similar to those used by researchers Ramanujam and Venkatraman (1987); Glaister et al. (2008); Elbanna and Said (2013). It is important to note that the wording of the items reflects what was used in the suggested research sources named in Table 20.

Table 20: Questionnaire Items for the Construct Managing Strategic Plan Implementation

Variables	Sources	Items
Managing Strategic Plan Implementation	Ramanujam & Venkatraman, 1987; Glaister et al., 2008; Elbanna & Said, 2013	40. Does the organization make strategic decisions (implementation action plans) based upon the strategic plan? 41. Does the organization clearly assign lead responsibility for the action plan's implementation to a person or a team? 42. Are sufficient resources allocated for implementation? 43. Does the organization set clearly defined and measurable performance standards for each element of the plan? 44. Does the organization develop an organized system for monitoring how well those performance standards were met? 45. Does the organization review the monitoring data regularly, and revise strategic decisions as appropriate? 46. Are the individuals responsible for strategic planning and implementation rewarded for successful performance?

3.6.2 Questionnaire Design

The questions in the research instrument were selected on the basis of a review of previous studies on strategic planning and management, a review of the literature concerning the financial sector as a whole and in the UAE in particular and input from senior banking professionals consulted across several banks in Abu Dhabi. To capture the responses of users to the questions, most responses in the survey questionnaires were scored on a 5-Point Likert scale in which a score of 1 indicated "Strongly Disagree" and a score of 5 "Strongly Agree". These responses from the target population were coded into a statistical tool for further analysis and the generation and interpretation of results. The mean of all the SPM practices show the individual bank score on SPM. Similarly, data on customer satisfaction were also collected using a 5-point Likert scale and. in order to take a single index for the variable, the mean of all the responses was calculated.

3.6.3 Questionnaire Translation

Both questionnaire were first written in English. The first questionnaire was not translated into Arabic, since English is the official language used across all UAE banks. The second questionnaire was translated to Arabic by a translation agency and later sent both the questionnaire in English and Arabic to a bilingual professional who was in touch with management studies. He was asked to review both versions of the questionnaire and isolate any language-related mismatches. He reviewed both translations and provided several suggestions that were considered.

3.6.4 Questionnaire Distributions

The online survey was sent to the following banks, listed in Table 21.

Table 21: Name of Banks Responding to the SPM Questionnaire

Bank Name	Location	Stock code
1) Abu Dhabi Commercial Bank	Abu Dhabi	ADCB
2) Abu Dhabi Islamic Bank	Abu Dhabi	ADIB
3) Arab Bank Plc	Abu Dhabi	ARBK
4) Bank of Sharjah	Sharjah	BOS
5) Commercial Bank International	Ras Al Khaimah	CBI
6) Commercial Bank of Dubai	Dubai	CBD
7) Dubai Islamic Bank	Dubai	DIB
8) Emirates Islamic Bank	Dubai	EIB
9) First Gulf Bank	Abu Dhabi	FGB
10) Invest Bank	Sharjah	INVESTB
11) Mashreq bank	Dubai	MASQ
12) National Bank of Abu Dhabi	Abu Dhabi	NBAD
13) Emirates NBD	Dubai	ENDB
14) National Bank of Fujairah	Fujairah	NBF
15) National Bank of Umm Al-Qaiwain	Umm Al-Qaiwain	NBQ
16) Noor Bank	Dubai	Dubai
17) RAKBANK	Ras Al Khaimah	RAKBANK
18) Sharjah Islamic Bank	Sharjah	SIB
19) Union National Bank	Abu Dhabi	UNB
20) United Arab Bank	Sharjah	UAB
21) Al Hilal Bank	Abu Dhabi	AHB
22) Ajman Bank	Ajman	AJMANBAN

The online survey of the present research was sent by email to all the Human Resources Departments and strategy managers in all the sampled banks. A simple average was used to create an index for the five factors under consideration. This index was named the "SPM Index".

The questionnaire consisted of two parts, one looking at the demographic details (bank name, position, age, qualification and work experience) of the participants.

The other part asked about strategic planning and management practices, namely, (1) institutionalizing the planning process; (2) establishing the strategic foundation; (3) conducting the strategic situational diagnosis; (4) developing a strategic plan; and (5) managing the strategic plan implementation. The first set of questions in part II of the questionnaire about institutionalizing **the planning process** sought to elicit the existence of strategic planning practices, together with management responsibility and the participation level in the planning process.

Then the second set of questions asked about ***establishing the strategic foundation,*** to discover if banks had a written mission statement, if staff were aware of the bank mission and if the goals were smart. The third group of questions was about ***strategic situational diagnosis,*** which is a core element in the development of any strategic planning and management research. The researcher used such questions to find how UAE banks carry out their SWOT (Strength, Weakness, Opportunities, and Threats) analysis, together with formulating their pricing and marketing strategy, assessing customer satisfaction and the industry's self-assessment as a whole.

To further explore how the banks' strategic plans were developed, a group of questions about ***developing a strategic plan*** was included**.** This part of the questionnaire built on what had been investigated in an earlier question (Q3) by enquiring about market penetration options, business performance options, and product/service enhancement options.

To end with, the fifth cluster of questions was included to measure the bank's success in the ***implementation of strategic planning*****.** This is one of the most critical parts of assessing strategic planning, since it rates banks' ability to carry out their planned strategies and meet their objectives. The question touches on resource allocation, the assignment of responsibilities, performance control, and rewards. All the questions had to be answered on a five-point Likert-typescale, with a range from 1 showing 'not agree' to 5 indicating 'strongly agree' (O'Regan and Ghobadian, 2002).

3.6.5 Customer Satisfaction Questionnaire

The second questionnaire was adapted from Athanassopoulos et al. (2001) who used it to test whether a positive relationship links customer satisfaction with a bank's performance. The present study included questions on the relationship between SPM and customer satisfaction (a nonfinancial variable); to discover this the "Customer Satisfaction Index" was created, using the following eight dimensions; 1) Employee competence; 2) Reliability; 3) Product innovation; 4) Pricing; 5) Physical evidence; 6) Convenience; 7) Word of mouth communications; and 8) Intention to switch, with responses measured on a five point Likert scale.

The third and final collection method was applied to the data on the financial performance of banks (ROA, ROE, NIM, Loan/Deposit, Asset utilization, equity utilization) by means of Bank scope. This is an online financial provider of yearly, semi-yearly and quarterly reports and other published statements and analyses. According to O'Sullivan and Rassel (1995), there are several advantages in using secondary data, such as sufficiency, saving time, saving money and producing hypotheses for additional research.

3.7 Pilot Study

A pilot study aids a good study design and provides valuable insights for researchers. It is used to pre-test such research instruments as questionnaires or interview guides by bringing clarity to the questionnaire content, information on the respondents' ability to interpret questionnaire items, and the chance to refine the concepts used in the questionnaire (Ghobadian, Abby, Nicholas, Howard, & Jonathan, 2008). Obtaining data from a variety of respondents is considered a key strength for research (Elbanna, 2013).

The researcher consulted the views of ten branch managers, strategy managers and operations managers during the pilot study, as seen in Appendix (8). The final version of the questionnaire was expected to take around 20 – 25 minutes to finish. This is considered a reasonable length but is short enough to avoid weariness and negative feelings among the participants (Flowerdew et al., 2005). Most of the valuable feedback from the pilot was reflected in the final survey instrument. For instance;

- Board members were excluded from the strategic plan and management questionnaire, as recommended by most professionals who undertook the pilot.
- Lengthy questions were shortened while, without changing the meaning, unclear items were re-phrased and simplified to suit the target audience.

3.8 The Data Collection Process

Keeping in view the study objectives and the nature of the study hypotheses, data were collected from two types of unit of analysis, organizational and individual. Information regarding Strategic Planning and Management (SPM) practices and banks' financial performance was collected and measured at organizational level while information about customer satisfaction level was collected and measured at individual level.

Data collection methods constitute a fundamental part of the research design. Researchers point out that the selection of a research method and data collection approach is dependent on both the study's objective and the constraints on it (Punch, 1998; Sekaran, 2003). The main collection method for the quantitative data in the present study was through an online survey. This method was chosen for two reasons. The first was its multiple benefits, as suggested by Cooper and Emory (1995), including its low cost, minimal staff requirement, the time that it gives respondents to answer the questions and the contact that it allows with otherwise inaccessible participants (for example, CEOs).

Further, the researcher visited the 17 banks of choice and asked the HRM and strategy departments of each to participate in both the intended surveys (those of strategic planning and management and customer satisfaction). The main reason behind this was to get a chance to meet higher management and discuss some of their feedback on the SPM practices in UAE banks. The researcher explained to them the importance of their feedback about the instrument, the aim of the research and its significance as the first of its kind for the UAE banking industry. The cover letter defined the research purpose and the significance of the recipient's participation in the survey and assured him/her that confidentiality would be maintained. Moreover, the researcher affirmed to them that the benefits of participating in the research would be reflected in future studies of interest in the field.

The researcher’s intent was to understand the extent of strategic planning and management practices among UAE banks, based on the perceptions of the management staff. More specifically the aim was to ascertain the existence of these practices in local banks and their effect on performance. The survey instrument was distributed in December 2015, but even two months later the results were not as expected: only 60 online questionnaires had been completed. Therefore, the UAE Central Bank in Abu Dhabi was asked to help through meetings with the Career Development Manager and with staff in the governor’s office on the subject of increasing response rates. After these meetings, the number of participants increased from 60 to 276. Additionally, the researcher made several follow-up visits to the target banks as a way of encouraging respondents to complete the survey.

3.9 Data Coding and Editing

Once the quantitative data were obtained via the survey, the data were checked for missing values, inconsistencies, and any other response errors. The primary objective of collecting data is to confirm that the research produces sufficient as well as accurate results with the least possible researcher bias on the analysis (Robson, 2011). The data analysis process is not separate from other activities such as coding, which is meant to reduce the amount of data; it is considered the second step in the analysis (Creswell, 2003; Robson, 2011).

A coding manual was constructed which contained general instructions for coding each variable. For the quantitative data input and analysis, the Statistical Package IBM SPSS and MPlus were used. The coded data were rechecked visually to detect any possible data entry errors. Descriptive statistics were computed for all the variables (Strategic Planning and Management Practices, Financial Performance, and

Non-financial Performance) to ensure the accuracy of the inputs, as follows: the range of each variable was checked for out-of-range values; frequency counts were performed; the distribution of each variable was analyzed to detect irregular answers and cases with extreme values; and the means and standard deviations were computed.

3.10 Reliability and Validity

Validity and reliability are concepts that capture the measurement properties of a survey, questionnaire or some other type of measure. Reliability is necessary for establishing the validity of a measure and ensuring accurate interpretation (Churchill & Brown, 2007). The validity of the assessment is the degree to which it measures what it is supposed to measure (Malhotra, 2007). This is not the same as reliability, which is the extent to which a measurement gives results that are consistent (Golafshani, 2003). Therefore, research needs the reliability analysis of the constructs to be checked before testing their validity and hypothesized relationship (Churchill & Brown, 2007).

3.10.1 Reliability

Kumar (2010) defines reliability as the degree of accuracy or precision in the measurement made by a research instrument. The lower the level of 'error' in an instrument, the higher the reliability. According to Neuman (2011), there are different types of reliability such as stability reliability and representative reliability. While stability reliability measures reliability over time (i.e. that a measure will provide consistent findings at different times), representative reliability measures consistency across the group. The establishment of uni-dimensionality is required for the effective use of Cronbach's alpha, because this test can underestimate the reliability of a multidimensional measure (Anderson and Gerbing, 1988).

Cronbach's alpha is widely used in the social sciences and business for testing the internal consistency of survey items (Cronbach, 1951). The Cronbach alpha statistic indicates the level of reliability. Its values range from 0.0 to 1.0; a value close to 1.0 indicates a higher standard of reliability. There is no total agreement on the acceptable level of Cronbach's alpha; merely, a high alpha value indicates that a combination of items shares high communalities (Lee et al., 2015).

Some of the factors that might affect the reliability of the questionnaires may be questioned: wording, participants' mood, the nature of the interaction and the regression effect of the questionnaire (Kumar, 2010). As a result, some recommendations were made by Neuman (2011) to improve the reliability of research:

1. *Conceptualizing all constructs.* This will increase reliability since it ensures that one clear and unambiguous concept is being measured, for example, the idea of strategic management studied alone, rather than in combination with other managerial concepts.
2. *Increasing the level of measurement* because it provides information that is more detailed. It is also unlikely that anything other than the construct will be explained. In the present case, using strategic planning processes such as the development and implementation of large-scale and precise questions was likely to capture more information on the strategic management construct.
3. *Using pilot studies or peer review*. This is a popular way to improve reliability. It helps the researcher to revise the questionnaire before its final distribution. Feedback received from participants gives an opportunity to adjust the questions and make them more relevant to the measures and constructs applied in the current research.

In the present study, Cronbach's alpha was carried out for all the items in the questionnaire, obtaining a reliability coefficient ranging from 0.7 to 0.9 for all the constructs, which was significantly higher than the recommended level of 0.6 (Numally, 1978). The values of Cronbach's alpha for the different study constructs are as seen in the section below.

3.10.1.1 Cronbach's Alpha Results

1. Institutionalizing the planning process

The Cronbach alpha test for institutionalizing the planning process was 0.775 which indicates an adequate consistency for the research as shown in Table 22.

Table 22: Cronbach Alpha Test for Institutionalization Variable

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.775	0.775	5

2. Establishing the Strategic Foundation

The Cronbach alpha test for establishing the strategic foundation was 0.895 which indicates an adequate consistency for the research as shown in Table 23.

Table 23: Cronbach Alpha Test for Establishing the Strategic Foundation

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.895	0.894	9

3. Establishing the Strategic Situational Diagnosis

The Cronbach alpha test for the Establishment of the Strategic Situational Diagnosis was 0.953 which indicates an adequate consistency for the research as shown in Table 24.

Table 24: Cronbach Alpha Test for Establishing the Strategic Situational Diagnosis

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.953	0.954	18

4. Developing the Strategic Plans

The Cronbach alpha test for establishing the strategic foundation was 0.916 which indicates an adequate consistency for the research as shown in table 25;

Table 25: Cronbach Alpha Test for Developing the Strategic Plans

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.916	0.916	7

5. Managing Strategic Plan Implementation

Table 26: Cronbach Alpha Test for Management of Strategic Plan Implementation

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.905	0.907	7

The Cronbach alpha test for the management of strategic plan implementation was 0.905 which indicates an adequate consistency for the research as shown in Table 26.

3.10.2 Validity of the Instrument

Demonstrating validity can be a challenging task, especially in quantitative research, since researchers inevitably infuse their views onto the research (Yin, 2009). Validity refers to the extent to which a scale can measure what it is planned to measure. In other words, it is the degree to which a measuring tool can reflect the differences found among the respondents being studied (Cooper and Emory, 1995; Zikmund, 2003). However, in order to assess these differences and avoid bias, Cavana, Delahaye, and Sekaran (2001) referred to four types of validity, namely, face, content, construct and criterion validity.

Face validity

Face validity is one of the most important and easiest types of validity to achieve (Neuman, 2011). It is based on the concept that each question on the questionnaire should have a logical connection to a research objective. Consequently, it is important for each item on the instrument to cover the topic or attitude being measured or assessed. Face validity was applied in the present research to evaluate the validity of the questionnaire items in measuring formative and reflective indicators, and accordingly, judge whether the operationalization of a measure correctly reflected the construct.

Content validity

Content validity refers to the extent to which a questionnaire offers sufficient coverage of the examined questions (Saunders, Lewis and Thornhill, 2009). It is usually achieved through two procedures, of which one is a literature review or previous discussion with others. The other procedure, as recommended by Saunders et al. (2009), is to ask a panel of individuals to evaluate whether the questions in the instrument are essential, useful but not essential, or not necessary. The present study followed the recommendations of Cooper and Schindler (1998) by interviewing some bank managers to obtain their feedback on the measures and comments on the questionnaire. In addition, the conceptual domains of strategic planning and management practices (scanning, institutionalizing, formulation and development) were highly dependent on the extensive literature review.

3.11 Ethical Considerations

Research ethics should operate throughout the formulation and clarification of the research topic, designing the research and access, the data collection, data analysis and writing up of the research (Saunders et al., 2009). Penslar (1995) categorizes the problems that researchers might encounter into three kinds, namely, ignorance, stress and misconduct. He suggests that the first two problems can be controlled by proper planning and preparation, which reduce unethical issues or stop them from coming up. The ethical issues which we considered in the present research as follows:

Consent

This issue means that it is unethical to gather information without the respondent's approval, willingness or informed consent (Saunders et al., 2009). Participation in the present survey was voluntary, as noted in an online survey link sent to HR managers in each bank along with a covering letter describing the research objectives. The covering letter explained the type of information required, why it was being sought, the purpose of the study and how it would directly or indirectly affect them. Respondents were given time to complete the survey at their convenience, which assumed that they would give accurate and trustworthy results. The consent form can be referred to in Appendix 3.

Confidentiality

The ethical issues of confidentiality are the total responsibility of researchers, and depend on their integrity in every stage of the research process (Saunders et al., 2009). They make it unethical to use respondents' information for purposes which are not relevant to the existing research (Kumar, 2010). Since the research is about strategic management practices in banks, many respondents also preferred not to be identified. Taking into account their concern, the researcher made sure that confidentiality and anonymity were and still are maintained.

Harm and risk to participants

According to Bailey (1978), harm can be done not only by medical experiments but also social research, in the form of discomfort, anxiety, invasion of privacy, harassment or demeaning or dehumanizing processes. As suggested by Kumar (2010), maximum effort was exerted to make sure that the respondents' involvement would not cause them any risk of this kind. Therefore, we tried to prevent any anxiety or harassment that might have been caused by their participation in the research.

3.12 Summary

This chapter described the research philosophy, research approach and research strategy. A positivist philosophy was employed to answer the research questions and meet the study objectives. A cross-sectional survey was selected using the questionnaire method for data collection. A sample was drawn from UAE banks and the respondents were selected from three managerial levels. Reliability and validity tests were also made, as discussed in this chapter. In the next chapter, the researcher presents the results of the data analysis.

Chapter 4: Data Analysis and Results

4.1 Introduction

This chapter deals with the analysis of data obtained for this research. Further, presentation and interpretation of the study results obtained through data analysis is also conducted. In the first step, the researcher conducted data cleaning to eliminate erroneous and incomplete data to ensure accurate results. Thereafter, the researcher proceeded to test the hypotheses through statistical tests such as ANOVA, regression analysis, etc. in IBM SPSS. The chapter is organized as seen in the Figure 11 below;

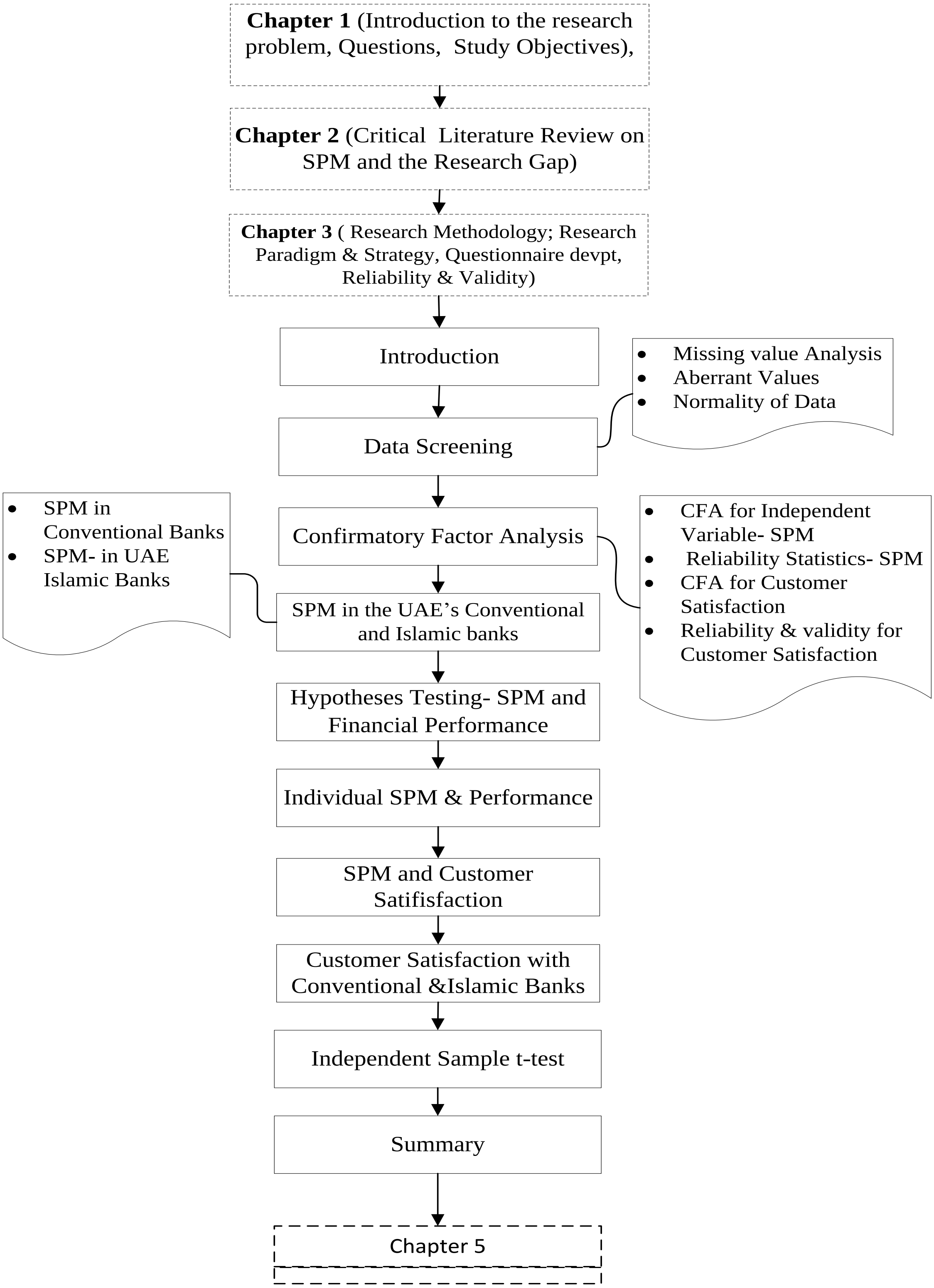

Figure 11: Design of Chapter 4

4.2 Data Screening

It is necessary to check data files for any form of errors before analyzing the data (Pallant, 2011). There are three main essential checks to make for data screening;

a. Missing value analysis

b. Checking aberrant values/checking for errors

c. Observing data normality

4.2.1 Missing Value Analysis

Missing values in a data set are acommon phenomenon in research, particularly in social science research (Enders, 2010). Missing values can significantly cause the results of the data to deviate if present in large quantity. Therefore, researchers do a careful examination of missing values in data sets before applying statistical tests (Hair et al., 2006; Tabachnick et al., 2007). In the current study, missing value analysis was conducted using SPSS and frequency distribution of variables involved. The analysis showed that no missing values had appeared in the dataset. This may have resulted from our earlier scrutiny of the survey questionnaires to exclude any with missing values. A list of all the items along with the frequency of their missing values is given in Table 27.

Table 27 Missing Value Analysis

Items	N	Missing	
		Count	Percent
IST1	276	0	0.0
IST2	276	0	0.0
IST3	276	0	0.0
IST4	276	0	0.0
IST5	276	0	0.0
SF1	276	0	0.0
SF2	276	0	0.0
SF3	276	0	0.0
SF4	276	0	0.0
SF5	276	0	0.0
SF6	276	0	0.0
SF7	276	0	0.0
SF8	276	0	0.0
SF9	276	0	0.0
SSD1	276	0	0.0
SSD2	276	0	0.0
SSD3	276	0	0.0
SSD4	276	0	0.0
SSD5	276	0	0.0
SSD6	276	0	0.0
SSD7	276	0	0.0
SSD8	276	0	0.0
SSD9	276	0	0.0
SSD10	276	0	0.0
SSD11	276	0	0.0
SSD12	276	0	0.0
SSD13	276	0	0.0
SSD14	276	0	0.0
SSD15	276	0	0.0
SSD16	276	0	0.0
SSD17	276	0	0.0
SSD18	276	0	0.0
SP1	276	0	0.0
SP2	276	0	0.0

Table 27: Missing Value Analysis (Continued)

Items	N	Missing	
		Count	Percent
SP3	276	0	0.0
SP4	276	0	0.0
SP5	276	0	0.0
SP6	276	0	0.0
SP7	276	0	0.0
SPI1	276	0	0.0
SPI2	276	0	0.0
SPI3	276	0	0.0
SPI4	276	0	0.0
SPI5	276	0	0.0
SPI6	276	0	0.0
SPI7	276	0	0.0
CS1	301	0	0.0
CS2	301	0	0.0
CS3	301	0	0.0
CS4	301	0	0.0
CS5	301	0	0.0
CS6	301	0	0.0
CS7	301	0	0.0
CS8	301	0	0.0
CS9	301	0	0.0
CS10	301	0	0.0
CS11	301	0	0.0
CS12	301	0	0.0
CS13	301	0	0.0
CS14	301	0	0.0
CS15	301	0	0.0
CS16	301	0	0.0
CS17	301	0	0.0
CS18	301	0	0.0
CS19	301	0	0.0
CS20	301	0	0.0
CS21	301	0	0.0
CS22	301	0	0.0
CS23	301	0	0.0
CS24	301	0	0.0

4.2.2 Aberrant Values

Aberrant or abnormal values are those that fall beyond the normal values of that specific variable. For example, in the present study, the researcher coded gender as 1 = male and 2 = female. So any value less than 1 or greater than 2 would have been considered an aberrant value. In order to observe any aberrant values, we found the minimum and maximum values of all variables. The result showed that the value of the items of all the variables falls in their prescribed range.

4.2.3 Data Normality

The normality of the data is assumed to describe a bell-shaped and symmetrical curve in which the greatest number of scores fall in the middle, and few frequencies fall toward the extremes (Gravetter and Wallnau, 2004). In order to find the normality of data in the present study, the skewness, Kolgomorov Smirnov test is conducted. The result of the Kolmogorov-Smirnov normality test, displayed in Table 28 (a), shows that most of the vales are insignificant, suggesting normality of the data. However, for further verification, skewness and kurtosis values are also analyzed. These values lay in the suggested value of ± 2 (see Table 28 (b)) and thus shows that data are normally distributed.

Table 28 (a): Test of Normality

	Kolmogorov-Smirnov		
	Statistic	Df	Sig.
Institutionalization	.223	17	.025
Establishment	.107	17	.200*
Diagnosis	.111	17	.200*
Str. Plans	.202	17	.065
Plan Implementation	.135	17	.200*
ROA2012	.169	17	.200*
ROA2013	.138	17	.200*
ROA2014	.152	17	.200*
ROA2015	.207	17	.051
ROE2012	.165	17	.200*
ROE2013	.160	17	.200*
ROE2014	.186	17	.121
ROE2015	.272	17	.002
NIM2012	.249	17	.006
NIM2013	.285	17	.001
NIM2014	.310	17	.000
NIM2015	.331	17	.000
ROAE2012	.140	17	.200*
ROAE2013	.130	17	.200*
ROAE2014	.173	17	.187
ROAE2015	.216	17	.033
ROAA2012	.154	17	.200*
ROAA2013	.193	17	.092
ROAA2014	.184	17	.130
ROAA2015	.159	17	.200*
LTD2012	.096	17	.200*
LTD2013	.151	17	.200*
LTD2014	.120	17	.200*
LTD2015	.108	17	.200*
SMPP_Mean	.205	17	.057

Table 28 (b): Skewness and Kurtosis Values (Continued)

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Institutionalization	17	1.061	.550	.652	1.063
Establishment	17	-.407	.550	-.438	1.063
Diagnosis	17	-.620	.550	.690	1.063
Strategic Plans	17	-1.054	.550	1.118	1.063
Plans Implementation	17	-.350	.550	-.503	1.063
ROA2012	17	1.759	.550	1.821	1.063
ROA2013	17	1.284	.550	1.577	1.063
ROA2014	17	.489	.550	1.033	1.063
ROA2015	17	-1.460	.550	1.974	1.063
ROE2012	17	.903	.550	1.077	1.063
ROE2013	17	.271	.550	.452	1.063
ROE2014	17	-.335	.550	-.338	1.063
ROE2015	17	-1.195	.550	1.080	1.063
NIM2012	17	1.750	.550	1.820	1.063
NIM2013	17	1.080	.550	1.219	1.063
NIM2014	17	1.279	.550	1.179	1.063
NIM2015	17	1.200	.550	1.876	1.063
ROAE2012	17	.275	.550	-.074	1.063
ROAE2013	17	-.599	.550	.258	1.063
ROAE2014	17	-.377	.550	-1.361	1.063
ROAE2015	17	.131	.550	.020	1.063
ROAA2012	17	.134	.550	-1.631	1.063
ROAA2013	17	-.573	.550	-.333	1.063
ROAA2014	17	-.339	.550	-1.147	1.063
ROAA2015	17	-.662	.550	.526	1.063
LTD2012	17	.029	.550	-1.054	1.063
LTD2013	17	-.722	.550	.040	1.063
LTD2014	17	.046	.550	-.801	1.063
LTD2015	17	-.384	.550	.269	1.063
SMPP_Mean	17	-.977	.550	1.088	1.063

4.3 Confirmatory Factor Analysis (CFA)

After screening and cleaning the data, Confirmatory Factor Analysis (CFA) was conducted to analyze the fitness of proposed model. Since the scales used in the present study had already been used in previous research and had shown good reliability and validity, CFA could be performed instead of Exploratory Factor Analysis.

The results of CFA are interpreted in terms of different fit indices. In the present study the researcher interpreted the CFA results in the light of four commonly used indices suggested by Schreiber et al. (2006). These four indices are the Root Mean Square Error of Approximation (RMSEA), the Tucker-Lewis Index (TLI), Comparative Fit Index (CFI) and CMIN/df. Byrne (2010) and Kline (2011) proposed the threshold values of these indices. A list of the standard values of fit indices is shown in Table 29.

Table 29: Fit Indices with their Threshold Value

Purpose	**Name of Index**	**Threshold Value**
Fit indices of CFA	Comparative Fit Index (CFI)	> 0.95 great; > 0.90 good
	Tucker-Lewis Index (TLI)	> 0.95 great; > 0.90 good
	Normed-Chi square (CMIN/df)	< 2 great; < 3 good
	Root Mean Square Error of Approximation (RMSEA)	< 0.05 great < 0.08 good

4.3.1 CFA for Independent Variable –SPM

The CFA model was applied for the five independent strategic planning and management practices. Institutionalizing the planning process had five indicators, establishing the strategic foundation contained nine, strategic situational diagnosis consisted of eighteen, while developing a strategic plan and implementing strategic planning constituted of seven indicators each. The preliminary analysis of the model showed a poor fit to the data. Therefore, in order to improve the model's fit, several checks were applied. First, the factor loadings of all items on their relevant factors were checked. The result showed that all items had significant factor loadings on their respective factors. In the next step, the loadings (standardized regression weights) of all the items were analyzed.

Kline (2011) suggested that items with a loading below 0.5 should be removed. In the study model, the researcher found only two items, SF1 and IST1, with a factor loading below 0.5 and therefore removed them one by one. Further, the examination of modification indices revealed that some error terms shared high covariance. Co-variances were drawn among those error terms to resolve the issue. Finally, the review of the Mahalanobis distance and its probability showed that some of the cases were farthest from the centroid and were considered outliers. After removing these outliers, the CFA model was run again and this time demonstrated a good fit to the data. The fit indices of both models and factor loading are given in Table 30.

Table 30: Fit Indices of the CFA model of Independent Variables

Model	RMSEA	TLI	CFI	CMIN/df
Model 1: Five factor model (IST, SF,SSD,SP,SPI)	0.079	0.85	0.86	3.01
Model 2: Five factor model (IST, SF,SSD,SP,SPI) with co-variances in error terms	0.060	0.90	0.91	1.92

IST = Institutionalizing the planning process
SF = Establishing the strategic foundation
SSD = Strategic situational diagnosis
SP = Developing a strategic plan
SPI = Implementation of strategic planning

Table 31 represents the factor loadings (standardized regression weights) of all the indicators on their respective constructs. The factor loadings of two indicators, SF1 and IST1, were below 0.5, the minimum recommended value (Kline, 2011) and thus removed from the CFA model.

Table 31: Factor Loadings of Independent Variables

Name of the Indicators	**Construct**	**Estimate**
SSD1	SSD	0.806
SSD2	SSD	0.720
SSD3	SSD	0.724
SSD4	SSD	0.754
SSD5	SSD	0.708
SSD6	SSD	0.765
SSD7	SSD	0.757
SSD8	SSD	0.829
SSD9	SSD	0.829
SSD10	SSD	0.750
SSD11	SSD	0.771
SSD12	SSD	0.736
SSD13	SSD	0.728
SSD14	SSD	0.730
SSD15	SSD	0.750
SSD16	SSD	0.637
SSD17	SSD	0.756
SSD18	SSD	0.816
SF9	SF	0.705
SF8	SF	0.721
SF7	SF	0.768
SF6	SF	0.856
SF5	SF	0.660
SF4	SF	0.782
SF3	SF	0.703
SF2	SF	0.667
SP7	SP	0.847
SP6	SP	0.850
SP5	SP	0.870
SP4	SP	0.671
SP3	SP	0.866
SP2	SP	0.799
SP1	SP	0.748

Table 31: Factor Loadings of Independent Variables (Continued)

Name of the Indicators	Construct	Estimate
SPI7	SPI	0.692
SPI6	SPI	0.827
SPI5	SPI	0.839
SPI4	SPI	0.852
SPI3	SPI	0.708
SPI2	SPI	0.769
SPI1	SPI	0.814
IST3	IST	0.814
IST4	IST	0.789
IST5	IST	0.688
IST2	IST	0.558

The CFA model (model 2) of independent variables is shown in Figure 12. All indicators had significant factor loadings with their respective factors, but two indicators showed a smaller factor loading and excluded from the final model. The model shows the covariance drawn among various error terms with higher co-variances and values of factor loadings.

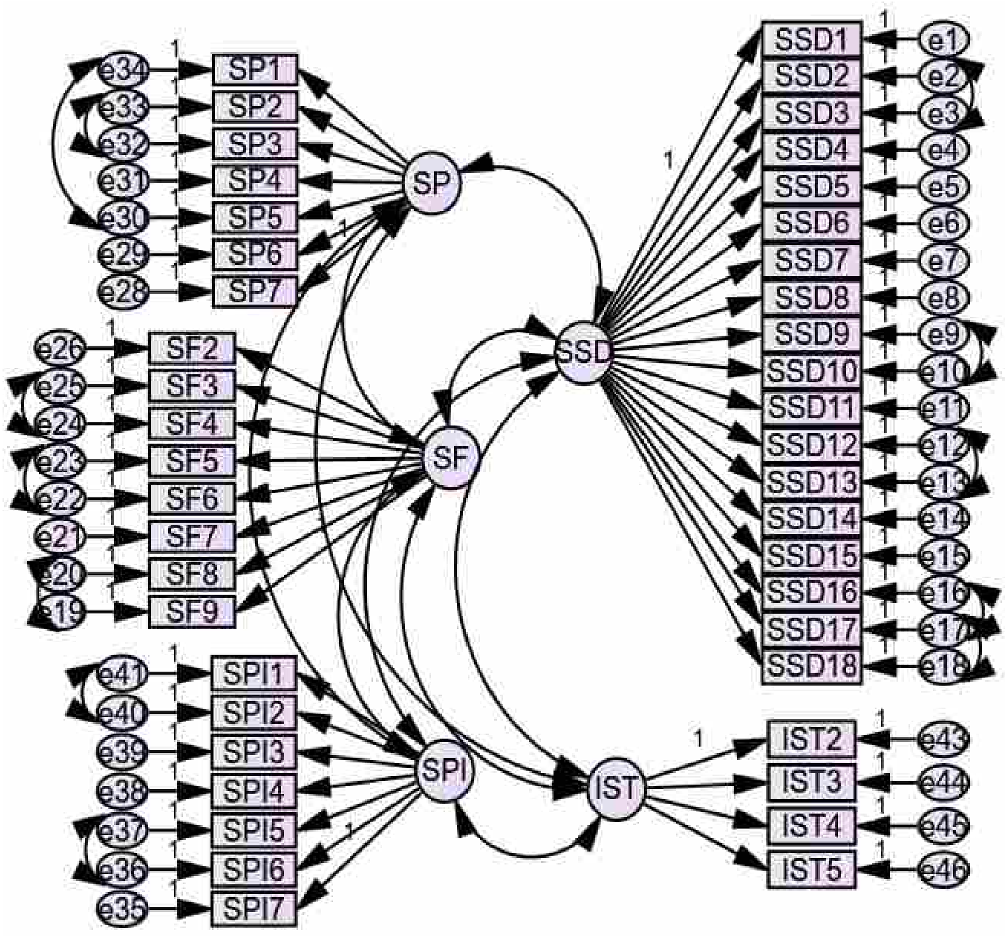

Figure 12: CFA Model of Independent Variables

4.3.2 Reliability and Validity - SPM

After finalizing the factor structure for independent variables, the reliabilities and validities of the scales were calculated. Reliability refers to the internal consistency of the scale (Pallant, 2011). To establish the reliability of a given scale, the composite reliability should be higher than 0.7 (DeVellis, 2003). The CR value of all scales used in the present study was higher than the ideal value of 0.7 (see Table 32). The validity of the scale, for its part, refers to the degree to which the scale measures what it is supposed to measure (Pallant, 2011). The validity of the scale was analyzed using average variance extracted (AVE). Thus, convergent validity was established, since the AVE values were higher than the threshold limit of 0.50.

Table 32: Composite Reliability and Validity

	CR	AVE
SPI	0.919	0.621
SSD	0.960	0.570
SF	0.903	0.541
SP	0.930	0.656
IST	0.808	0.517

4.3.3 CFA for Dependent Variable Customer Satisfaction

The CFA model was applied for customer satisfaction. The construct 'customer satisfaction' has seven dimensions; employee competence, reliability, product innovation, pricing, physical evidence, convenience and word of mouth. Each dimension, further, has several indicators and thus a second order CFI was conducted.

The initial analysis of the model showed a poor fit to the data, and several checks were applied to improve model fitness. First, the factor loadings of all items on their relevant factors were checked. The results showed that all items had significant factor loadings on their respective factors. In the next step, the loadings (standardized regression weights) of all the items were analyzed. Kline (2011) suggested that items with a loading below 0.5 should be removed. In our model, we found that only one item, PE2, had a factor loading below 0.5 and this was therefore removed from the model. Further, the examination of modification indices revealed that some error terms shared high covariance. Co-variances were drawn among these error terms to resolve the issue. Finally, the review of the Mahalanobis distance and its probability showed that some of the cases, those farthest from the centroid, should be considered outliers.

After removing these outliers, the CFA model was run again and this time demonstrated a good fit to the data. The fit indices of both models and factor loading are given in Table 33.

Table 33: Fit Indices of CFA Model of Independent Variables

Model	RMSEA	TLI	CFI	CMIN/df
Model 1: Second order seven dimensional model (EC, RL, PI, PR, PE, CV, WM)	0.088	0.84	0.85	3.22
Model 2: Second order seven dimensional model (EC, RL, PI, PR, PE, CV, WM) with co-variances in error terms	0.068	0.91	0.90	2.80

EC = Employee Competence, RL = Reliability, PI = Product Innovation, PR = Pricing,

PE = Physical Evidence, CV = Convenience, WM = Word of Mouth

The second order CFA model is presented in Figure 13 along with all dimensions, indicators and their factor loadings.

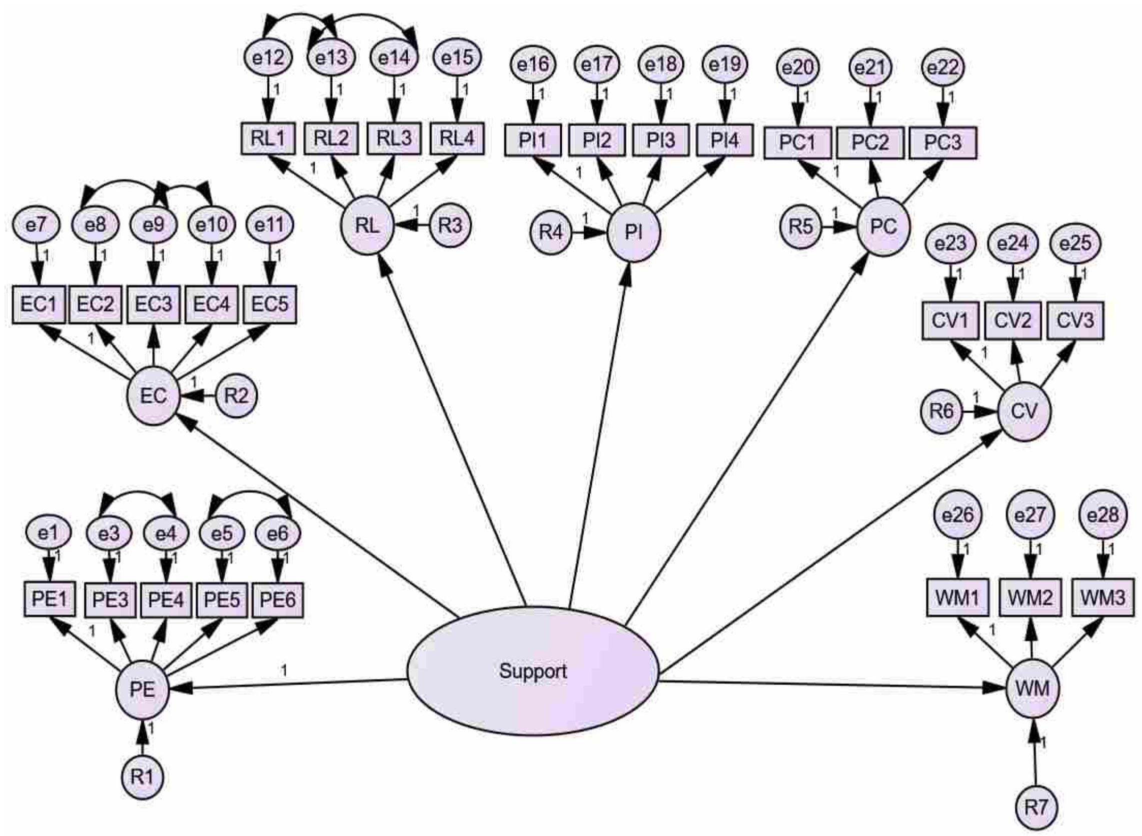

Figure 13: CFA Model of Dependent Variable – Customer Satisfaction

4.3.4 Reliability and Validity- Customer Satisfaction

After finalizing the factor structure for the dependent variable, the reliabilities and validities of the scales were calculated. The CR value of all the scales of dependent variables used in the present study was higher than the ideal value of 0.7, Table 34. The validity of the scale was analyzed using average variance extracted (AVE). Thus convergent validity was established since the AVE values were higher than the threshold limit of 0.50.

Table 34: Composite Reliability and Validity

	CR	AVE
EC	0.839	0.571
RL	0.879	0.670
PI	0.886	0.591
PR	0.787	0.501
PE	0.788	0.580
CV	0.700	0.675
WM	0.704	0.578

4.4 Sample Characteristics

Before testing the study hypotheses, an initial analysis of the study respondents was made, as presented in Table 30. In total, 256 respondents participated in the survey. With respect to age, the participants were split into three groups (Under 40 years, 40-49 years and 50-59 years). The data show that 85% of the respondents were below 50 years old. As far as qualifications are concerned, the data showed that 60% of the participants had a master’s degree while 37% of them, the next largest group, were associate degree holders. However, only 4% of the respondents, a very nominal group, had a school diploma as their highest qualification. This analysis showed that the respondents were generally well educated and not challenged by understanding and responding to the survey questionnaire.

The data collected from seventeen (17) banks of the two different categories, Islamic and conventional, showed that one-fourth (1/4) of the respondents were from Islamic banks and three-fourths (3/4) of the respondents belonged to conventional banks. This allocation was proportional to the distribution of banks in the final sample in which 5 were Islamic banks and 12 being conventional banks. The sample is representative since it covers almost majority (17/23) of the largest local banks operating in the UAE. The dataset of the study showed that the sampled participants represented different ranks in their respective organizations. About two-thirds (63%) of the respondents held middle-level managerial positions. The number of top managers came second, as one-fifth (21%) of the total respondents. The lowest numbers were represented by first line managers who comprised only 5% of the total population.

Time spent in their current position showed a consistent pattern: that the longer the number of years a respondent had spent in her/his current position, the lower the number of respondents who had done the same. Among all, 61% of the respondents had had 2-5 years of experience in their current position, and 27% had had 6-11 years of experience there. The respondents with more than 15 years of experience in their current position represented only 6% of the total. In terms of organization size (number of employees in the organization), most of the respondents' banks fall in the category of having 1001-5000 employees. Full details are presented in Table 35.

Table 35: Sample Characteristics

Characteristic	Description	Frequency	Percentage
Respondents	Number of Respondents participated in the survey	256	100
Age	Under 40 years	112	44
	40-49 years	104	41
	50-59 years	40	15
Education	School Diploma	11	04
	Associate Degree	94	37
	Master Degree	151	59
Bank Type	conventional	195	76
	Islamic	61	24
Designation Level	Top Management	53	21
	Middle Management	161	63
	Staff	28	11
	First Line Management	14	05
Time in Current Position	2-5 years	156	61
	6-11 years	68	27
	12-15 years	16	06
	More than 15 years	16	06
Organizational Size	Fewer than 500 employees	25	10
	500-1000 employees	58	23
	1001-5000 employees	111	43
	5001-10000 employees	62	24

4.5 Extent of Strategic Planning and Management in UAE Banks

The first objective of this study is to assess the extent of strategic planning and management practiced by the banks in the UAE. For this purpose, the response scores (ranging from1 to 6) received from the respondents from each bank were averaged and a summary score was calculated for each of the five sub-dimensions of SPM present in the bank. These sub-dimension scores were finally averaged to arrive at the 'extent of SPM practice' prevalent in the banks under study.

The results revealed that for both conventional and Islamic banks under study, the level of SPM practice was quite high with the summary SPM scores placed above 5 out of a maximum score of 6. The figures 14 and 15 show sub-dimensional picture of strategic planning and management practiced by the conventional and Islamic banks in the UAE. These observations help us in answering the first objective and reveal that the extent of strategic planning and management practice is quite high among the banks in the UAE.

Detailed analysis of the five SPM components, however, reveals that there are variations in the sub-dimensional scores of SPM practiced by the UAE banks. The sections below discuss the details. Out of the 17 banks included in the study, 12 were conventional banks while 5 were Islamic banks. The scores of all the banks on strategic planning and management practices are shown below in Table 36. Examination of the score data shows that on the first dimension, institutionalization, the Ajman Bank has the highest score (mean = 5.74) whereas the Commercial Bank of Dubai (mean = 4.90) has the lowest. On the second dimension, establishment, the National Bank of RAK (mean = 5.51) has the highest score whereas the United Arab Bank (mean = 4.57) has the lowest. On the third dimension, Diagnosis, the National Bank of RAK (mean =

5.37) has the highest score, whereas the United Arab Bank (mean = 4.35) has the lowest. The fourth dimension, strategic plans, is highest in the Abu Dhabi Commercial Bank (mean = 5.31) whereas in the United Arab Bank (mean = 4.32) it is the lowest. On the fifth dimension, plans implementation, the National Bank of RAK (mean = 5.46) has the highest score whereas the United Arab Bank (mean = 4.42) has the lowest. Finally overall in SPM, the Abu Dhabi Commercial Bank (mean = 5.31) has the highest score, whereas the United Arab Bank (mean = 4.53) has the lowest as seen in Table 36.

Table 36: Banks in Terms of Strategic Planning and Management (SPM)

Bank Name	**Institution-alization**	**Establishment**	**Diagnosis**	**Strategic Plans**	**Plans implementation**	**Mean SPM**
Conventional Banks						
1. Abu Dhabi Commercial Bank	5.28	5.38	5.34	5.31	5.21	5.31
2. Arab Bank for Investment and Foreign (Al Masraf)	5.03	5.25	5.18	5.01	4.96	5.09
3. Commercial Bank International	5.12	5.09	5.07	5.01	5.11	5.08
4. Commercial bank of Dubai	4.90	5.01	4.74	4.96	4.81	4.88
5. Emirates NBD	5.00	5.12	5.09	5.19	5.09	5.10
6. First Gulf Bank	5.28	5.32	5.02	4.96	4.89	5.09
7. Mashreq Bank	5.54	5.17	5.02	5.07	5.21	5.20
8. National Bank of Abu Dhabi	5.12	5.06	4.68	4.71	4.46	4.81
9. National Bank of Fujairah	5.10	5.29	4.98	4.98	4.96	5.06
10. National Bank of RAK	4.92	5.51	5.37	5.23	5.46	5.30
11. Ajman Bank	5.74	4.76	4.79	4.76	4.57	4.92
12. United Arab Bank	4.98	4.57	4.35	4.32	4.42	4.53
Islamic Banks						
1. Abu Dhabi Islamic Bank	4.93	5.32	5.18	5.24	5.03	5.14
2. Al Hilal Bank	5.09	4.71	4.70	4.55	4.50	4.71
3. Dubai Islamic Bank	5.13	5.07	4.90	4.92	5.02	5.01
4. Emirates Islamic Bank	5.47	4.81	4.93	5.19	4.86	5.05
5. Sharjah Islamic Bank	5.31	4.98	5.07	4.98	5.17	5.10

4.6 SPM in the UAE's Conventional and Islamic Banks

According to Boyd (1991), ANOVA is a popular statistical tool that is been used in planning-performance studies. In this study though it is observed that the level of SPM practice is quite high in both conventional and Islamic banks, it would be interesting to know if there are significant differences within the two bank groups in terms of their practices pertaining to the sub-components of SPM. Accordingly, ANOVA was employed to examine the differences between the strategic planning and management variables in the conventional and Islamic banks sampled for the present study.

1. Conventional Banks

Table 37 shows that the mean and standard deviations for conventional banks were as follows: institutionalizing the planning process M = 5.15, SD = 0.66, establishment of strategic foundation M =5.12, SD = 0.72, the conduct of strategic situational diagnosis M =4.96, SD= 0.74, development of a strategic plan M = 4.95, SD = 0.79, and management of the strategic plan implementation M = 4.89, SD = 0.81. Institutionalizing the planning process was found to be of high importance, followed by all the other variables, and this clearly confirms that strategic planning is a top priority at conventional banks and performed on a regular basis. The ANOVA test, Table 38, was statistically significant ($F = 6.4$, P value < 0.05). Tukey's HSD post hoc procedure was used to compare pairwise the different practices of SPM. The results in Figure 14 identified moderate differences (at the 0.05 level) between institutionalizing the planning process, establishing the strategic foundation, conducting the strategic situational diagnosis, developing strategic plans and managing strategic plan implementation

Table 37: Summary of SPM in UAE Conventional Banks

	Factor	N	Mean	ST Dev	95% CI
1.	Institutionalizing the planning process	276	5.1569	0.6659	(5.0681, 5.2456)
2.	Establishing the strategic foundation	276	5.1226	0.7220	(5.0338, 5.2113)
3.	Conducting the strategic situational diagnosis	276	4.9635	0.7478	(4.8747, 5.0522)
4.	Developing strategic plans	276	4.9532	0.7988	(4.8644, 5.0419)
5.	Managing strategic plan implementation	276	4.8954	0.8142	(4.8067, 4.9842)

Table 38: Summary ANOVA-SPM in UAE Conventional Banks

Source DF	Adj SS	Adj MS	F-Value	P-Value
Factor 4	14.47	3.6173	6.40	0.000
Error 1375	776.84	0.5650		
Total 1379	791.31			

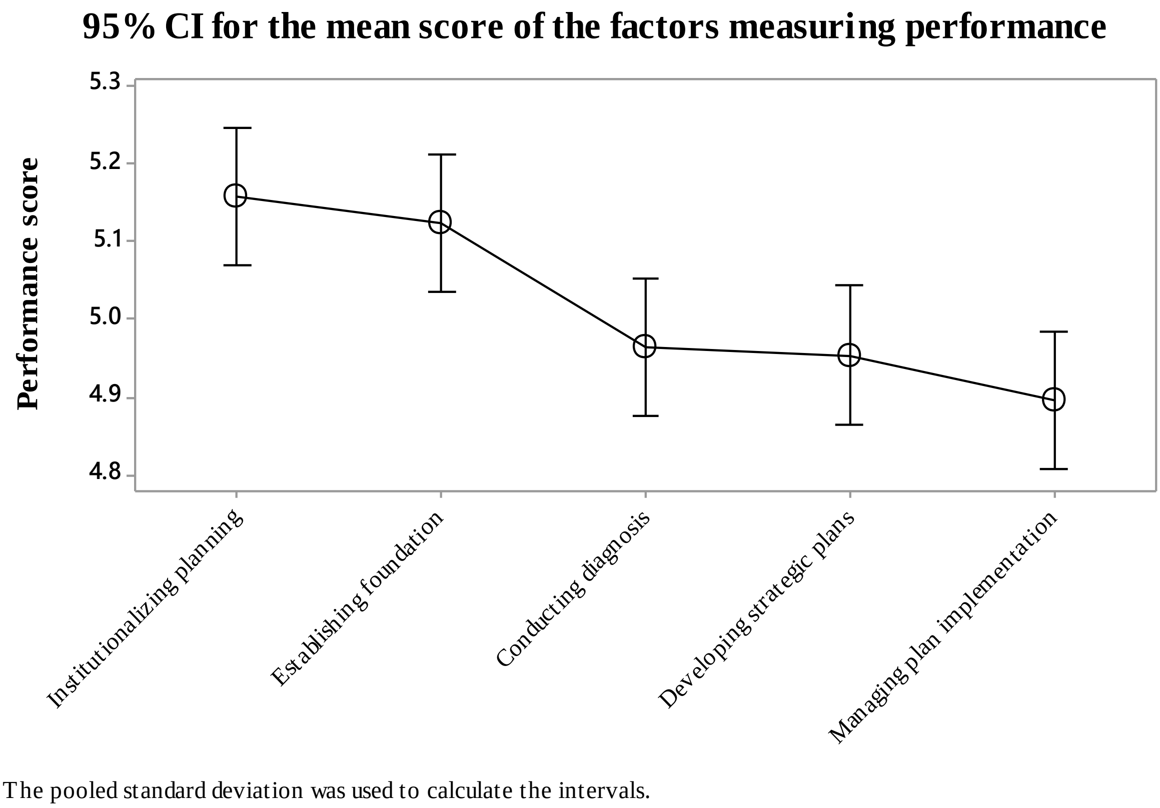

Figure 14: Mean Score for Measuring Performance in Conventional Banks

2. Islamic Banks

The mean and standard deviations for Islamic banks were as follows: institutionalizing the planning process M= 5.09, SD = 0.65, establishment of strategic foundation M=5.05, SD= 0.92, the conduct of strategic situational diagnosis M=4.97, SD= 0.88, development of a strategic plan M= 4.96, SD=0.92, and management of strategic plan implementation M=4.93, SD= 0.92. However, the ANOVA test for Islamic banks was not statistically significant (F=0.43, P value < 0.784), see Table 39 and Figure 15.

Table 40 reveals that the ANOVA test for Islamic banks was not statistically significant (F=0.43, P value < 0.784).

Table 39: Summary of SPM in UAE Islamic Banks

	Factor	N	Mean	ST Dev	95% CI
1.	Institutionalizing the planning process	70	5.0957	0.6555	(4.8911, 5.3003)
2.	Establishing the strategic foundation	70	5.053	0.928	(4.849, 5.258)
3.	Conducting the strategic situational diagnosis	70	4.971	0.888	(4.766, 5.176)
4.	Developing strategic plans	70	4.965	0.927	(4.761, 5.170)
5.	Managing strategic plan implementation	70	4.931	0.920	(4.726, 5.135)

Table 40: Summary of Analysis of Variance-SPM in UAE Islamic Banks

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Factor	4	1.316	0.3289	0.43	0.784
Error 345	261.373	0.7576			
Total 349	262.689				

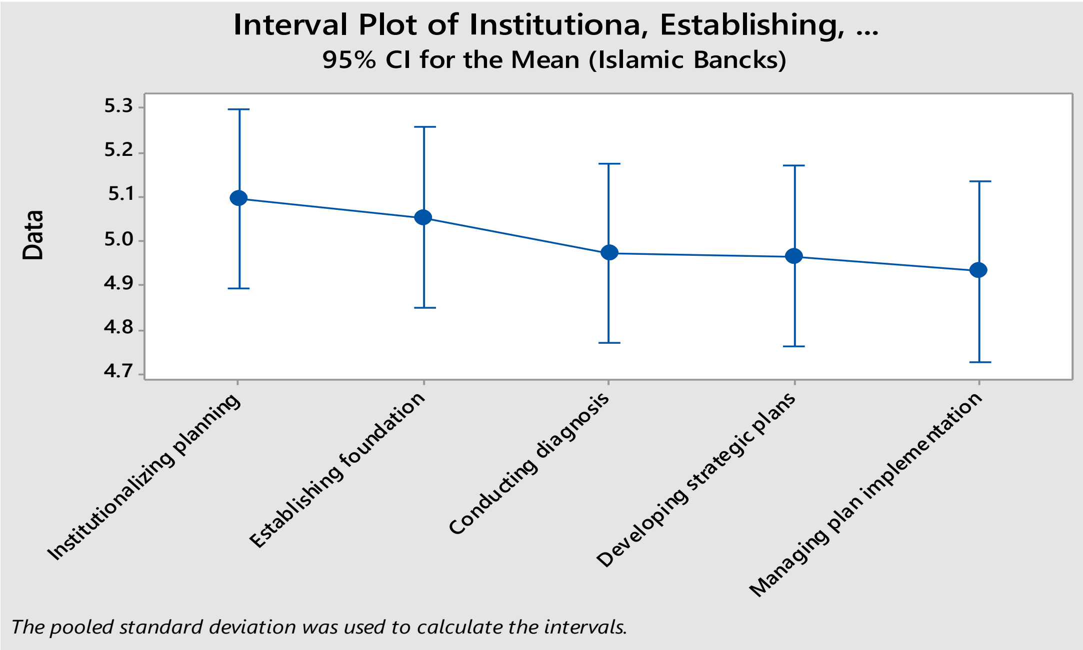

Figure 15: Mean Score for Measuring Performance in Islamic Banks

4.7 Hypotheses Testing- SPM and Financial Performance

After analyzing sample characteristics and conducting descriptive analysis, we moved next to the testing of our study hypotheses. Keeping in view the nature of our dependent variables, regression analysis was conducted through E-Views, using the robust least square method. The method was suggested by Wolf (2017) for combining primary and secondary data. This method is described in full detail below.

Bearing in mind the nature of the data set, data analysis was conducted in several phases. The data of the independent variable, strategic planning and management practices (SPM) were collected for a single time in the year 2015. However, the data for the dependent variables (Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Loan/deposit ratio (LTD), asset utilization, equity utilization) were taken for the previous four years. Asset utilization is measured through a ratio Return on Average Assets (ROAA) and Equity utilization is measured using Return on Average Equity (ROAE) ratio. Therefore, in order to match the two data sets, we used the Cubic Spline Method to back-cast the data of SPM for the last three years on the basis of the available data for 2015. This technique was used in several previous studies (e.g., Angelini, Henry and Marcellino, 2006).

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4.7.1 Regression Analysis

In order to examine the impact of the independent variables on the dependent variable, simple regression analysis of the effect of the SPM on each of the dependent variables (ROA, ROE, NIM, LTD, ROAA and ROAE), was conducted through E-views using the robust least square method.

1. SPM and ROA

The dataset used in the present study comprised performance figures for four consecutive years, 2012, 2013, 2014 and 2015. In order to analyze the precise impact of SPM on ROA, regression analysis was conducted for all four years separately. The results showed that in each year SPM showed a significant impact on ROA (see Table 41) and therefore they support Hypothesis 1. Moreover, the consistency in the results made our hypothesis stronger.

Table 41: Regression Results of SPM and ROA

Variable	Coefficient	Std. Error	R^2	t-Statistic	P-value
SPM2015	0.341	0.069	.709	4.893	0.000
SPM2014	0.416	0.056	.711	7.316	0.000
SPM2013	0.348	0.054	.732	6.380	0.000
SPM2012	0.346	0.058	.724	6.072	0.000

Then results obtained from regression analysis not only showed consistency about the impact of SPM on ROA but also about the strength of the impact. Going backwards, in years 2015, 2013 and 2012 the strength of the impact is consistent (β = 0.341, p = 0.000; β = 0.348, p = 0.000; β = 0.346, p = 0.000 respectively). This means that one unit change in SPM brought about a 34 unit change in ROA in all three years. However the strength of impact remained highest (β = 0.416, p = 0.000) in the year 2014.

2. SPM and ROE

Similar to ROA, the impact of SPM on ROE was also analyzed for four consecutive years. The regression analysis revealed that SPM had a significant impact on ROE in all four of these years, supporting our Hypothesis 2. In the year 2014, the strength of this impact was highest (β = 2.719, p = 0.000) while in the years 2015, 2013 and 2012 this impact remained consistent (β = 2.284, p = 0.000; β = 2.226, p = 0.000; β = 2.289, p = 0.000) respectively as indicated in Table 42.

Table 42: Regression Results of SPM and ROE

Variable	Coefficient	Std. Error	R^2	t-Statistic	P-value
SPM2015	2.284	0.470	.801	4.854	0.000
SPM2014	2.719	0.283	.822	9.577	0.000
SPM2013	2.226	0.268	.774	8.305	0.000
SPM2012	2.289	0.276	.852	8.267	0.000

3. SPM and NIM

The impact of SPM on NIM was also assessed through regression analysis. The results presented in Table 43 revealed that SPM had a significant impact (β = 0.734, p = 0.000; β = 0.823, p = 0.000; β = 0.733, p = 0.000; β = 0.731, p = 0.000) on NIM in all four years, thus supporting our Hypothesis 3. The regression results showed that in 2015, 2014 and 2013 a change of about 73% occurred in NIM due to SPM. However, in 2014, the highest change was observed in NIM due to SPM (β = 0.823, p = 0.000) as seen in Table 43.

Table 43: Regression Results of SPM and NIM

Variable	Coefficient	Std. Error	R^2	t-Statistic	P-value
SPM2015	0.734	0.082	.842	8.897	0.000
SPM2014	0.823	0.096	.752	8.552	0.000
SPM2013	0.733	0.093	.812	7.875	0.000
SPM2012	0.731	0.096	.727	7.888	0.000

4. SPM and LTD

Hypothesis 4 concerned the impact of SPM on LTD. SPM was regressed on LTD with regression analysis results that showed that in all four years from 2012 to 2015, SPM exerted significant impact on LTD (β=20.48, p= 0.000; β=20.70, p= 0.000; β=20.74, p= 0.000; β=20.69, p= 0.000), thus supporting Hypothesis 4. The strength of the relationship is highest in 2014. However it remains almost as high in all the other years as seen in Table 44.

Table 44: Regression Results of SPM and LTD

Variable	Coefficient	Std. Error	R^2	t-Statistic	P-value
SPM2015	20.488	0.418	0.279	48.969	0.000
SPM2014	20.704	0.578	0.180	35.794	0.000
SPM2013	20.546	0.623	0.204	32.950	0.000
SPM2012	20.696	0.526	0.019	39.27	0.000

5. SPM and Equity Utilization (ROAE)

The aggregate impact of SPM on Equity Utilization was analyzed using regression analysis. The regression results showed that SPM significantly impacted on Equity Utilization (β = 3.105, p = 0.000; β = 2.747, p = 0.000; β = 2.745, p = 0.000; β = 2.292, p = 0.000 respectively) in every year from 2012 to 2015, thus supporting our Hypothesis 5. It is also noted that the impact remains the same from 2012 to 2014 and is boosted in 2015. A detailed analysis is presented in Table 45.

Table 45: Regression Results of SPM and Equity Utilization

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
SPM2015	3.105	0.278	0.707	11.13	0.000
SPM2014	2.747	0.295	0.633	9.312	0.000
SPM2013	2.745	0.270	0.755	10.16	0.000
SPM2012	2.292	0.250	0.911	9.169	0.000

6. SPM and Asset Utilization (ROAA)

The regression analysis indicated that SPM had a significant impact on Asset Utilization ($\beta = 0.387$, $p = 0.000$; $\beta = 0.332$, $p = 0.000$; $\beta = 0.345$, $p = 0.000$; $\beta = 0.331$, $p = 0.000$ respectively) throughout the four years, thus supporting our Hypothesis 6. The results presented in Table 46 highlighted that, together with the significant impact of SPM on Asset Utilization strength of the relationship is also consistent for all four years as presented in Table 46.

Table 46: Regression Results of SPM and Asset Utilization

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
SPM2015	0.387	0.033	0.556	11.66	0.000
SPM2014	0.332	0.036	0.553	9.061	0.000
SPM2013	0.345	0.033	0.871	10.18	0.000
SPM2012	0.331	0.033	0.988	9.823	0.000

4.8 Additional Analysis – Individual SPM and Financial Performance

In addition to testing its study hypotheses, the present study also provides some important additional results which helped to explain our results more clearly. For example, the impact of individual strategic planning and management on dependent variables can give in-depth insights about a relationship. The effect of separate considerations of SPM on the dependent variables is presented below.

Individual SPM and ROA

The impact of individual SPM on ROA showed that all instances of SPM have a significant impact on ROA except situational diagnosis practice ($\beta = -0.585$, $p = 0.0129$). However, it is observed that two strategic practices (Institutionalization and Establishment) have a highly significant impact ($p = 0.000$) on ROA, while the impact of strategic plans and plans implementation is significant at $p<0.005$ and $p<0.01$ levels. The regression results are presented in Table 47.

Table 47: Regression Results of Individual SPM and ROA

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
Institutionalization	1.507	0.090	0.768	16.630	0.000
Establishment	1.409	0.215	0.805	6.543	0.000
Diagnosis	-0.585	0.386	0.660	-1.516	0.129
Strategic Plans	0.481	0.281	0.833	1.708	0.057
Plans Implementation	0.585	0.237	0.889	2.463	0.013

Individual SPM and ROE

Table 48 represents the results of showing the separate impact of instances of SPM on ROE. All these instances were regressed on the ROE value and the results revealed that all individual practices had a significant impact on ROE. The strength of this impact is highest for strategic plans (β = -9.052, p = 0.000), followed by plans implementation (β = 6.169, p = 0.000) as presented in Table 48.

Table 48: Regression Results of Individual SPM and ROE

Variable	Coefficient	Std. Error	R^2	t-Statistic	P-Value
Institutionalization	11.13	0.713	0.923	15.601	0.000
Establishment	2.602	0.378	0.714	6.879	0.000
Diagnosis	2.138	0.471	0.828	4.540	0.000
Strategic Plans	9.052	0.481	0.833	18.81	0.000
Plans Implementation	6.169	0.926	0.554	6.661	0.000

Individual SPM and NIM

Hypothesis 3 was about the impact of aggregate SPM on NIM and predicted a significant positive effect. Extending this hypothesis, the impact of separate SPM actions were also analyzedin relation to NIM. The regression analysis showed that all the actions had a significant impact on NIM, except for plans implementation. Detailed results are presented in Table 49.

Table 49: Regression Results of Individual SPM and NIM

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
Institutionalization	2.332	0.180	0.922	12.94	0.000
Establishment	0.793	0.100	0.555	7.903	0.000
Diagnosis	0.225	0.042	0.555	5.325	0.000
Strategic Plans	2.105	0.110	0.922	18.99	0.000
Plans Implementation	0.123	0.131	0.922	0.941	0.346

Individual SPM and LTD

Extending the hypothesis under study, Hypothesis 4, the impacts of individual SPM actions on LTD are given in Table 50. The result highlighted two practices, institutionalization and strategic plans, showing the insignificant impact on firms' LTD ratio. However, the other three practices were posing significantly impact on LTD ratio.(Jahangir, Shill, & Haque, 2007) as seen in Table 50.

Table 50: Regression Results of Individual SPM and LTD

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
Institutionalization	7.531	5.433	0.483	1.386	0.165
Establishment	36.22	8.948	0.816	4.048	0.000
Diagnosis	9.780	4.650	0.816	2.103	0.035
Strategic Plans	-4.182	5.531	0.448	-0.756	0.449
Plans Implementation	33.51	7.575	0.578	4.424	0.000

Individual SPM and Equity Utilization (ROAE)

The isolated effect of SPM on firms' Equity Utilization (ROAE) was analyzed to understand better the effectiveness of distinct practices.

The results presented in Table 51 suggested that all SPM actions when tested separately with the ROAE ratio of the 17 banks, showed a significant impact, thus strengthening our Hypothesis 5.

Table 51: Regression Results of Individual SPM and Equity Utilization (ROAE)

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
Institutionalization	11.13	0.713	0.915	15.60	0.000
Establishment	2.602	0.378	0.915	6.879	0.000
Diagnosis	2.138	0.471	0.510	4.540	0.000
Strategic Plans	9.052	0.481	0.710	18.81	0.000
Plans Implementation	6.169	0.926	0.810	6.661	0.000

Individual SPM and Asset Utilization (ROAA)

Finally, the individualized SPM actions were regressed on asset utilization (ROAA) of the 17 banks and it was found that all practices had a significant influence on ROAA, thus validating our Hypothesis 6. Table 52 presents detailed results of a regression analysis using the robust least square method.

Table 52: Regression Results of Individual SPM and Asset Utilization

Variable	Coefficient	Std. Error	R^2	t-Statistic	Prob.
Institutionalization	0.336	0.025	0.784	13.41	0.000
Establishment	0.345	0.022	0.784	15.21	0.000
Diagnosis	0.352	0.023	0.894	14.82	0.000
Strategic Plans	0.353	0.023	0.766	15.30	0.000
Plans Implementation	0.356	0.023	0.784	15.38	0.000

4.9 SPM and Customer Satisfaction

4.9.1 Sample Characteristics of Customers

Before analyzing the data taken from customers about their satisfaction level with a particular bank, we first analyzed their demographic characteristics. The data collected from customers were on four important demographic variables: gender, age, education and income level. The demographic analysis shows that about 80% of the respondents were males, corresponding to the higher percentage of males than females who have a bank accounts. With regard to age, the highest representation (45.2%) comes from the age group 31 to 40 years, followed by the age group of 41 to 50 years (26.5% representation) as seen in Table 53.

Table 53: Sample Characteristics of Customers

Characteristic	Description	Frequency	Percentage
Gender	Male	221	79.2
	Female	58	20.8
Age	Up to 20 years	19	6.5
	21-30 years	30	10.2
	31-40 years	133	45.2

Further, the respondents' education level can also be an important control variable, it can impact on the use of a banking system. The demographic analysis shows that as the education level rises, the number of bank users increases. The highest representation (63.1%) consists of university graduates. Finally, the income level of the respondents ranges from less than AED 10,000 to above AED 30,001 per month. The highest percentage (31%) of the respondents falls into the category of income that ranges from AED 10,000 to 20,000.

4.9.2 SPM and Customer Satisfaction – Composite

As the data set was collected from different unit of analysis, it became necessary to integrate different types of data. Multilevel structural equation modelling is a useful technique to analyse multilevel data because it captures the nested nature of multilevel data (Yu and Bruhn, 2018). In order to handle multilevel data, the individual level data on customer satisfaction is nested in organizational level data on SPM and financial performance of banks using specifically designed software MPlus.

In addition to testing individual dimensions of customer satisfaction with SPM, the impact of SPM on customer satisfaction as a whole is also analyzed. The ICC value (0.127) shows the appropriateness of applying a multilevel data analysis technique. The results obtained from SEM analysis suggested an insignificant impact ($p = 0.421$) of SPM on the composite customer satisfaction score.

4.9.3 Hypotheses Testing – SPM and Customer Satisfaction

Hypotheses 7 to 11 were created using subscales of customer satisfaction and tested under MPLUS using multilevel structural equation modeling because it was not possible to test these hypotheses using SPSS, AMOS or E-Views. The reason is that these hypotheses involved primary data collected from two different kinds of stakeholder. The data regarding the independent variable (i.e., SPM) was collected from employees' banks, while the customer satisfaction scale was reported by the customers of these banks. These hypotheses, however, are aimed primarily at investigating the impact of banks SPM on customer satisfaction. The customers in this case are nested in banks and for an analysis of nested or multilevel data, MPLUS is the most suitable tool. We grouped the employees' responses according to their bank and treated them as level 2 variables, whereas we treated data from customers at level 1.

SPM and Customer Satisfaction Subscale - Employee Competence

The impact of SPM on the customer satisfaction subscale, employee competence, is presented in Table 54. The intra-class correlation (ICC) of the model is 0.169, showing that the data are suitable for multilevel analysis. The SEM analysis showed an insignificant impact of SPM on employee competence ($\beta = 0.008$, $p = 0.984$) and therefore did not support our Hypothesis 7.

Table 54: SEM Results of SPM and Employee Competence

Variable	Estimate	Std. Error	Est./S.E.	p-value
Employee competence	0.008	0.385	0.020	0.984

In addition to finding the impact of overall SPM on employee competence, the impact of individual SPM on employee competence was also analyzed. The results showed that all the dimensions of SPM had an insignificant impact on employee competence, thus supporting our result that the overall SPM had an insignificant effect on employee competence Table 55.

Table 55: SEM Results of SPM Subscales and Employee Competence

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.278	0.284	0.978	0.328
Establishment	0.641	0.585	1.096	0.273
Diagnosis	1.234	0.886	1.394	0.163
Strategic Plans	-1.094	0.751	-1.456	0.145
Plans Implementation	-0.561	0.500	-1.123	0.261

SPM and Customer Satisfaction Subscale – Reliability

Hypothesis 8 stated that a positive relationship exists between SPM and the customer satisfaction sub-variable, reliability. The ICC value is 0.160; hence, we can use multilevel data analysis. The SEM results suggested that no such relationship existed between the two concerned variables and thus the study’s Hypothesis 8 was not supported. The results reported in Table 56 showed an insignificant p-value for the current relationship.

Table 56: SEM Results of SPM and Reliability

Variable	Estimate	Std. Error	Est./S.E.	p-value
Reliability	0.273	0.412	0.662	0.508

In order to analyze the relationship between SPM and reliability in more detail, the impact of SPM sub-dimensions on reliability was also measured. The outcome was consistent with that of the aggregate impact of SPM on reliability. Among all five SPM actions, only strategic plans had a significant, but negative, effect on reliability as seen in Table 57.

Table 57: SEM Results of SPM Subscales and Reliability

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.318	0.290	1.098	0.272
Establishment	0.547	0.505	1.085	0.278
Diagnosis	1.055	0.882	1.195	0.232
Strategic Plans	-1.429	0.684	-2.089	0.037
Plans Implementation	-0.441	0.483	-0.913	0.361

SPM and Customer Satisfaction Subscale – Product Innovation

Hypothesis 9 claims that a positive relationship exists between SPM and the customer satisfaction sub-variable product, innovation. Before conducting multilevel data analysis, the ICC value of model was calculated. The ICC value of 0.183 indicated that multilevel analysis could be conducted on the current model. The multilevel analysis revealed an insignificant relationship between SPM and product innovation, thus causing us to reject Hypothesis 9 as seen in Table 58.

Table 58: SEM Results of SPM and Product Innovation

Variable	Estimate	Std. Error	Est./S.E.	p-value
Product innovation	0.286	0.432	0.661	0.509

The results of testing Hypothesis 9 were reinforced by an additional analysis in which the individual dimensional impact of SPM was assessed with product innovation. This analysis highlighted that only strategic plans have asignificant impact on product innovation and the remaining dimensions were insignificantly related to product innovation as indicated by Table 59.

Table 59: SEM Results of SPM Subscales and Product Innovation

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.471	0.303	1.553	0.120
Establishment	0.556	0.503	1.106	0.269
Diagnosis	1.259	0.900	1.400	0.162
Strategic Plans	-1.673	0.756	-2.212	0.027
Plans Implementation	-0.468	0.505	-0.927	0.354

SPM and Customer Satisfaction Subscale – Pricing

Multilevel SEM analysis was run to test our study's Hypothesis 10 which stated that a positive relationship exists between SPM and the customer satisfaction sub-variable, pricing. The ICC value of 0.121 supported the application of a multilevel data analysis technique. The outcome of the multilevel analysis presented in Table 54, however, remained insignificant (β = -0.456, p = 0.317) and did not support our hypothesis as seen in Table 60.

Table 60: SEM Results of SPM and Pricing

Variable	Estimate	Std. Error	Est./S.E.	p-value
Pricing	-0.456	0.456	-1.000	0.317

In addition to testing our study hypothesis, an additional analysis was conducted to assess the separate SPM dimensional effect on pricing. The results, given in Table 61 suggested that no SPM dimension was related to pricing.

Table 61: SEM Results of SPM Subscales and Pricing

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.221	0.349	0.633	0.527
Establishment	0.009	0.550	0.017	0.986
Diagnosis	1.286	0.854	1.507	0.132
Strategic Plans	-0.787	0.780	-1.008	0.313
Plans Implementation	-0.563	0.484	-1.162	0.245

SPM and Customer Satisfaction Subscale – Physical Evidence

Hypothesis 11 of the study asserted a positive link between SPM and the customer subscale, physical evidence. The results of structural equation modeling using Mplus revealed an insignificant relationship between two studied variables and thus caused us to reject Hypothesis 11. The results are presented in Table 62.

Table 62: SEM Results of SPM and Physical Evidence

Variable	Estimate	Std. Error	Est./S.E.	p-value
Physical evidence	0.151	0.366	0.412	0.680

Similar to the aggregate impact of SPM on physical evidence, the individual practices also showed no significant relationship with the dependent variable, physical evidence (see Table 63).

Table 63: SEM Results of SPM Subscales and Physical Evidence

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.327	0.270	1.209	0.227
Establishment	-0.212	0.470	-0.452	0.651
Diagnosis	1.067	0.721	1.479	0.139
Strategic Plans	-1.073	0.692	-1.552	0.121
Plans Implementation	-0.203	0.370	-0.549	0.583

SPM and Customer Satisfaction Subscale – Convenience

The ICC value of the current model was 0.105, allowing us to use multilevel data analysis. The impact of aggregate SPM and individual SPM are shown in Tables 64 and 65 respectively. In both ways, the SPM showed an insignificant relationship with the convenience dimension of customer satisfaction, leading us to reject our Hypothesis 12. The results are presented below.

Table 64: SEM Results of SPM and Convenience

Variable	Estimate	Std. Error	Est./S.E.	p-value
Convenience	-0.131	0.312	-0.420	0.675

Table 65: SEM Results of SPM Subscales and Convenience

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.246	0.240	1.026	0.305
Establishment	0.120	0.361	0.333	0.739
Diagnosis	0.469	3.080	0.002	1.444
Strategic Plans	-0.951	0.433	-2.197	0.028
Plans Implementation	-0.203	0.370	-0.549	0.583

SPM and Customer Satisfaction Subscale – Convenience

Similar to the previous model testing, the value of ICC was calculated to analyze the suitability of multilevel data analysis. The results showed that the model was suitable for multilevel data analysis (ICC = 0.122). The SEM analysis results showed an insignificant relationship between SPM and word of mouth. Similarly, the individual dimensions of SPM also remained insignificant with word of mouth as shown in Table 66 and Table 67.

Table 66: SEM Results and Word of Mouth

Variable	Estimate	Std. Error	Est./S.E.	p-value
Convenience	-0.370	0.454	-0.814	0.416

Table 67: SEM Results of SPM Subscales and Word of Mouth

Variable	Estimate	Std. Error	Est./S.E.	p-value
Institutionalization	0.407	0.351	1.161	0.246
Establishment	0.597	0.573	1.041	0.298
Diagnosis	0.699	0.703	0.994	0.320
Strategic Plans	-0.263	0.780	-0.337	0.736
Plans Implementation	-0.552	0.450	-1.226	0.220

4.10 Customer Satisfaction with Conventional and Islamic Banks

Table 68: Descriptive Statistics and Correlation Matrix for Customer Satisfaction

	Mean	S.D.	Min.	Max.	EC	RL	PI	PC	PE	CV	WM
EC	3.91	0.73	1.40	5.00	1						
RL	4.13	0.68	1.50	5.00	0.751**	1					
PI	4.07	0.71	1.25	5.00	0.731**	0.827**	1				
PC	3.86	0.76	1.67	5.00	0.625**	0.683**	0.713**	1			
PE	3.65	0.68	1.50	5.00	0.637**	0.652**	0.687**	0.681**	1		
CV	3.85	0.67	1.67	5.00	0.505**	0.557**	0.541**	0.598**	0.605**	1	
WM	3.78	0.76	1.00	5.00	0.588**	0.515**	0.577**	0.605**	0.595**	0.569**	1

EC = Employee competence, RL = Reliability, PI = Product innovation, PC = Pricing,

PE = Physical evidence, CV = Convenience, WM = Word-of-mouth communications

4.10.1 Descriptive Statistics for Customer Satisfaction

Descriptive statistics for all the seven dimensions of customer satisfaction are presented in the previous section. The statistics highlight that the reliability dimension has the highest mean followed by product innovation. The correlation analysis states that all dimensions are significantly correlated with each other (Table 68). It provides initial support for the reliability test of the scale, showing high inter-item consistency.

4.10.2 Bank Categories

Data on customer satisfaction were collected from the customers of two types of bank: conventional and Islamic. Customers were asked to rate their level of satisfaction with certain bank dimensions on a 6-point Likert-type scale ranging from 1 (strongly disagree) to 6 (strongly agree). Data were collected from 297 customers in total. Among the 297 respondents, 215 customers reported their satisfaction level with conventional banks while 82 responded to questions about Islamic banks. Table 69 shows the two bank types and their frequency.

Table 69: Banks Categories

Type of Bank	Mean	S.D.	Frequency	Percent	Cumulative Percent
conventional	3.82	0.60	215	72.4	72.4
Islamic	4.08	0.49	82	27.6	100
Total			297	100	

4.10.3 Frequency Distribution of Banks

The customer satisfaction data were collected from the customers of 15 different banks including Islamic banks in the UAE. The frequency distribution table (Table 70) shows an almost equal number of responses about the listed banks, except that the Ajman Bank and NBAD showed lower percentages than the others.

Table 70: Frequency Distribution of Banks

	Bank Name	Frequency	Percent	Cumulative Percent
1.	Al Masraf	23	7.7	7.7
2.	Ajman	3	1.0	8.8
3.	Emirates Islamic Bank	15	5.1	13.8
4.	Mashreq Bank	17	5.7	19.5
5.	CBI Bank	21	7.1	26.6
6.	United Arab Bank	25	8.4	35.0
7.	Rak Bank	25	8.4	43.4
8.	NBAD	2	0.7	44.1
9.	Hilal Bank	23	7.7	51.9
10.	ADCB	27	9.1	60.9
11.	Adib	20	6.7	67.7
12.	Dubai Islamic bank	24	8.1	75.8
13.	First Gulf Bank	21	7.1	82.8
14.	National Bank of Fujairah	26	8.8	91.6
15.	Commercial Bank of Dubai	25	8.4	100.0
	Total	297	100.0	

4.11 Independent Sample t-Test

In order to evaluate the difference between two types of bank regarding their customer satisfaction level, an independent sample t-test was applied. Levene's Test for Equality of Variances yielded an insignificant result ($p = 0.594$); therefore, equal variance was assumed. The t-test for Equality of Means showed a significant equal variance assumed ($p = 0.001$) and thus showed that two banks are statistically different with regard to their customer satisfaction level as presented in Table 71.

Table 71: Independent Sample t-Test

Means		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	T	Df	Sig (2-tailed)	Mean Difference
	Equal variances assumed	0.285	0.594	-3.344	295	0.001	-0.25190
	Equal variances not assumed			-3.666	178.906	0.000	-0.25190

The mean values of customer satisfaction for conventional and Islamic banks (M = 3.82, M = 4.02) indicates that customers are more satisfied with Islamic banks than conventional banks.

4.12 Summary

Data analysis was conducted in several steps and by means of several tools. The impact of SPM on firms' financial ratios was assessed through regression analysis using the robust least square method through E-views. However, the data collected from customers about their satisfaction level with banks' strategic planning and management were multilevel and thus multilevel structural equation modeling was used through M-plus.

The results revealed that SPM has asignificant impact on all banks' financial ratios. However, the relationship between SPM and the customer satisfaction sub-variables is not supported. A summary of the test results for the hypotheses is presented in Table 72 below.

Table 72: The Hypothesis Tested

No.	Hypotheses	Results
H1	Strategic Planning and Management has a positive impact on Return on Asset.	Accepted
H2	Strategic Planning and Management has a positive impact on Return on Equity.	Accepted
H3	Strategic Planning and Management has a positive impact on Net Interest Margin	Accepted
H4	Strategic Planning and Management have a positive impact on Loan/Deposit	Accepted
H5	Strategic Planning and Management have a positive impact on Asset Utilization	Accepted
H6	Strategic Planning and Management have a positive impact on Equity Utilization	Accepted
H7	Strategic Planning and Management has a positive impact on customer Satisfaction	Rejected

Chapter 5: Discussion, Conclusion and Implications of Study

5.1 Introduction

In the previous chapter, the researcher presented the results of the data analysis process with the aid of descriptive and inferential statistics. Data screening techniques were employed to ensure accurate strata and a series of tests was conducted through reliability statistics, confirmatory factor analysis and regression analysis. In some cases, ANOVA and post-hoc tests were applied to find the extent of SPM in conventional and Islamic banks while MPLUS with multilevel structural equation modeling was used for analyzing study hypotheses 7 to 11, since it was not possible to test these hypotheses using SPSS, AMOS or E-Views because they involved primary data collection from two different kinds of stakeholder.

This chapter discusses the findings and implications of the study to reach its conclusions. The researcher discusses the findings in relation to the key research objectives and the literature highlights previously discussed and deduces the overall contribution and implications of the study. This chapter is organized as seen in Figure 16 below.

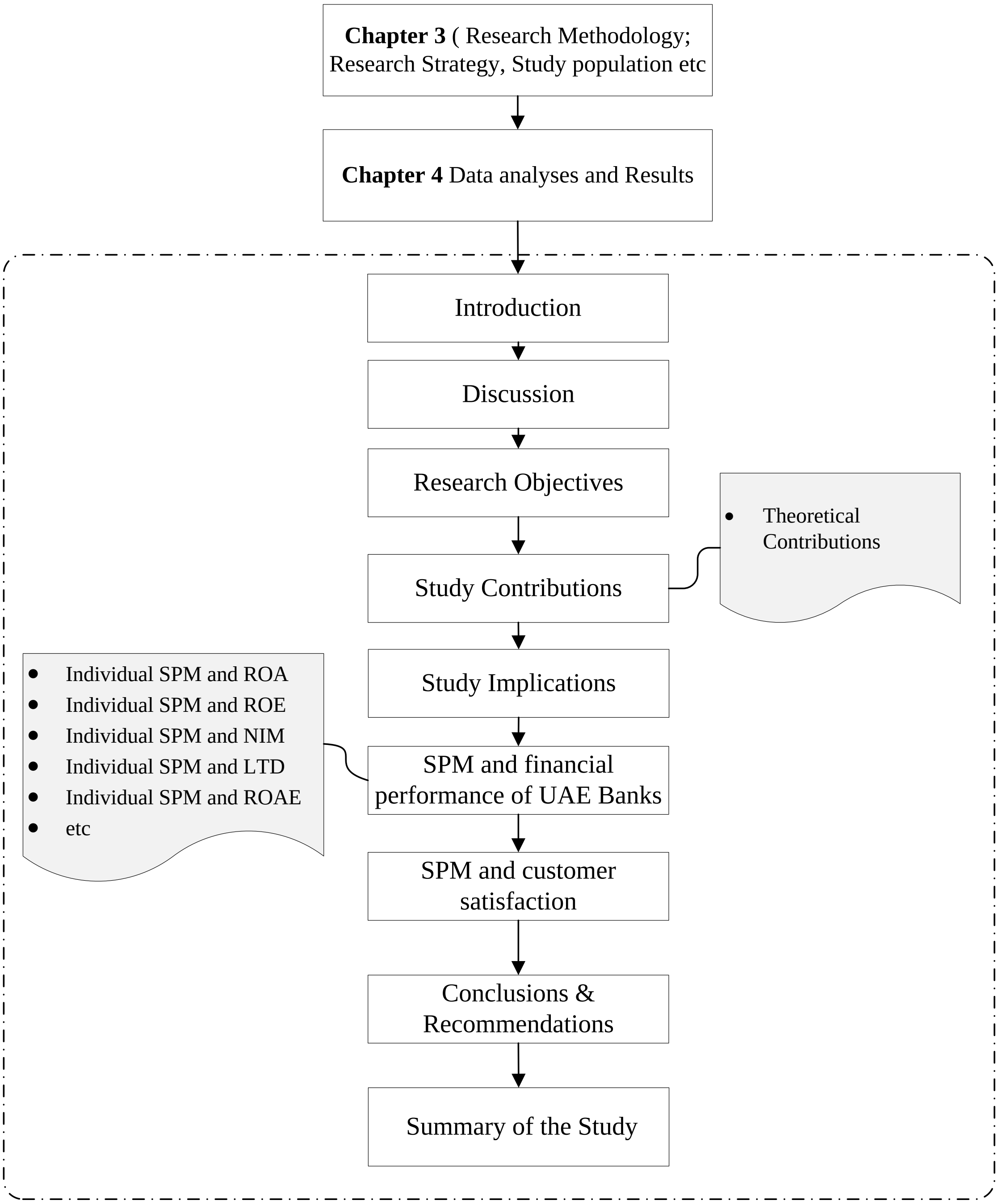

Figure 16: Design of Chapter 5

5.2 Research Objectives

This study was conducted to investigate the relevance of strategic planning and management practices to financial performance of UAE's conventional and Islamic Banks and to evaluate any relationships that may exist between SPM and customer satisfaction. The research was specifically intended to;

1. Study the extent of strategic planning and management practices in the UAE's conventional and Islamic banks.
2. Study the relationship between SPM and the financial performance of banks in the UAE.
3. Examine the relationship between SPM and customer satisfaction in UAE banks.
4. Provide a set of recommendations to UAE banks for improving the process of strategic planning and management practice.

Further, the research was guided by the relationships that formulated the following study hypotheses:

H_1: Strategic Planning and Management have a positive impact on Return on Asset.

H_2: Strategic Planning and Management have a positive impact on Return on Equity.

H_3: Strategic Planning and Management have a positive impact on Net Interest Margin

H_4: Strategic Planning and Management have a positive impact on Loan/Deposit

H_5: Strategic Planning and Management have a positive impact on Asset Utilization

H_6: Strategic Planning and Management have a positive impact on Equity Utilization

H_7: Strategic Planning and Management have a positive impact on customer Satisfaction

5.3. Discussion of Findings

This research assessed the relevance of SPM practices to the financial performance of the UAE's conventional and Islamic banks with respect to key financial ratios and five factors or dimensions of strategic planning and management process: Institutionalizing the planning process, Establishing a foundation, Conducting diagnosis, Developing strategic plans, and Managing plan implementation. The study also examined the relationship between SPM and customer satisfaction in UAE banks.

The data required for the study were gathered through elaborate field study and the dataset was cleaned through missing value analysis, elimination of outliers and normality tests on all items to ensure accurate results. Once the dataset was cleaned, Confirmatory Factor Analysis (CFA) was used to evaluate the fitness of the model and the results interpreted in light of the four commonly used indices: Root Mean Square Error of Approximation (RMSEA), the Tucker-Lewis Index (TLI), Comparative Fit Index (CFI) and CMIN/df (Schreiber et al., 2006). In addition, the reliability and validity of scale items were tested to ensure the internal consistency of all items, after which all scale items were revealed to score higher than 0.7 in line with rule of thumb of DeVellis (2003).

From demographic data, it was revealed that 256 respondents from 17 banks participated in the initial survey with 85% of the respondents under 50 years of age while 60% of the respondents described themselves as highly educated, with master's degrees. These statistics imply that most of the respondents had enough knowledge and versatility to understand and interpret the survey questionnaire, which endorsed the accuracy of the results. Furthermore, all the 17 banks that participated in the survey were rated in terms of strategic planning and management practices (SPM) as presented in Table 24 of the previous chapter.

The section below presents a discussion of the study results, with respect to the theoretical insights drawn from the literature and the empirical observations made during the field study. The SPM dimensions evaluated in this research are discussed first.

5.3.1 Institutionalizing the Planning Process

Results from the study and qualitative interactions with banking officials during the study indicate that strategic planning and management are top management concerns in the UAE's conventional and Islamic banks. This is empirically consistent with the findings of a number of studies of the field (Abdalkrim & Gaafar Mohamed, 2013; Jehad Saleh Aldehayyat, 2006; Elbanna, 2010; Elbanna & Said, 2013; Glaister et al., 2008). It is also noticeable that strategic planning and management responsibility is handled by both senior executives and managers if their work is affected by strategic planning. This is possible because of the availability of resources to support the successful development and implementation of strategic plans in banks.

5.3.2 Establishing the Strategic Foundation

It was revealed that most of the conventional and Islamic banks had written mission statements and all management and higher level staff demonstrated understanding of these statements. Atrill, Omran, and Pointon (2005) claim that mission statements are an extensively used strategic management tool. Empirical evidence showed a positive relationship between mission statement and the performance of institutions (Bart et al., 2001; Green & Medlin, 2003; Hirota et al., 2010). These results underline the significance of mission statements to banks in the foundation of their strategic planning. Though the findings show awareness of the mission statement in both kinds of bank, the staff-level understanding of banks' goals was moderate, especially in the case of Islamic banks. This may be attributable to fact that some departments do not assert the significance of their goals while other goals may be changed without notifying the persons concerned.

5.3.3 Conducting the Strategic Situational Diagnosis

Conducting strategic situational diagnosis requires a good understanding of the procedure and strategic tools used in environmental analysis. Environmental analysis shows the market dynamics, economic opportunities and challenges, customer expectation, technological developments and company's internal capacities (Arasa & K'Obonyo, 2012).

Results indicated that both conventional and Islamic banks staff displayed high levels of comprehension of the significance of environmental analysis in the success of banks strategies. In addition, managers are aware that knowing their competitors can help them to define the appropriate strategies and avoid unexpected financial risks. Evidence for this is the high average score (conventional m = 5.09, Islamic m = 5) of managers' knowledge of the impact of competition on their banks performance. In terms of detailed market analysis, whether demographic, psychographic or geographic, the average score was moderate. This may be because technical analysis needs higher skills and specialization than the respondents possessed, especially those who are involved directly in strategic planning. When it comes to the advertising and marketing of banks' financial products, Islamic banks seem to invest more in their advertising campaigns than conventional banks do. These findings should be seriously considered by conventional bank strategy makers and marketing professionals seeking to improve their advertising campaigns and develop of sound marketing strategies. According to Pergelova, Prior, & Rialp (2010), advertising is one of the ways of achieving differentiation in banking services in modern business.

5.3.4 Development of Strategic Plan

Respondents' mean score on business performance options and product/service enhancements options were higher than (mean = 5) which indicates high awareness of managers on these two procedures in the development of strategic plans. The main objective of the bank is to provide outstanding services and advanced products for its customers. This of course depends on how the bank links its objectives to performance. However, the respondents' feedback on organization and management options, situational analysis and planning process based on criteria was moderate (4.87, 4.79 and 4.87) respectively. This could be due to the fact that these dimensions are highly complex and detailed and need special training and skills when applied.

5.3.5 Managing Strategic Plan Implementation

Results show that strategic planning and management are implemented in both conventional and Islamic banks in the UAE. Moreover, the main aspects of responsibility for this implementation in these banks is assigned to teams rather than individuals, which is common practice the banking industry (Njagi & Kombo, 2014). Putting strategy into action and getting the firm moving in the desired directions call for a unique set of managerial talents. Strategy implementation is mainly a matter of working through others, encouraging , motivating, culture-building and creating a fit between strategy and the way in which firms organize things (Arasa & K'Obonyo, 2012).

Participation is encouraged at all work levels to achieve banks' goals and objectives and create a friendly innovative working environment. Yet some statements such as those on good performance rewards had a mean of less than 5 points in their score. This means that banks in the UAE may need to revise their reward management criteria in order to achieve the results they expect from their employee.

In summary, the previous analysis answers the first objective, which concerns the extent of strategic planning and management in the UAE's conventional and Islamic banks. It is found that the extent of strategic planning and management practices is relatively high in both types of bank. However, when the five dimensions were studied in detail it was observed that certain issues were given less importance in the development of the strategic plans. These are staff learning and training, staff rewards, and advertising strategies, among others, in conventional banks.

5.3.6 Managerial Implications of SPM Practices

In the present study, it was possible to successfully validate the findings by parallels in earlier literature which confirmed a positive relationship between SPM and banks' performance. Most of the UAE banks had formal strategic plans with adequate resources devoted to the success of these plans. However, any actions related to the practice of each of the SPM components should be carefully thought out, tailored to the firms' needs and made part of the general implementation plan (Njagi & Kombo, 2014). Second, in line with the strategic management literature, the study reveals that UAE's domestic banks have some challenges in strategic plan implementation (Elbanna, 2009). This raises a concern about their understanding of strategy and the level of skills required to implement these plans. Third, to ensure effective implementation, UAE banks need to involve managers in the strategic planning process. The managers need to be made aware of banks' objectives, goals and policies. This will facilitate the execution of the strategic plan and help CEOs and executives in measuring the success of their strategy.

Mintzberg (1994) observed that most strategies are developed and implemented by top management rather than lower level staff. Similarly, Kaplan & Norton (2005) pointed out that 95% of employees are never aware of the firm's strategies. Accordingly, communication throughout the firm should be encouraged for better implementation of strategic planning and management.

Elbanna & Fadol (2016) claim that numbers of benefits accrue from involving employees in strategy formulation and development. First, new ideas and thoughts can come to birth by when employees participate in the strategy process. Second, the response to external triggers will be faster. Third, participation in strategy formulation will foster agreement and consensus among the team, which will help strategy implementation to be successful. In a study by Suklev & Debarliev (2012), a positive relationship was found between employee participation and firms' performance. To this end, training courses and professional development need to be offered to managers in all conventional and Islamic banks in order to develop the skills needed to develop and implement new strategy. Top managers should make sure that all employees understand the importance of SP through meetings and motivational speeches.

Developing human resources is essential for banks and it is their responsibility to enhance and improve skills of their workforce. Employees should be encouraged to show innovativeness, creativity, and adaptability to new technology by courses, workshops, focus group activities and lectures. This will help them to achieve banks strategies by constant motivation and training to improved their service and performance. Fourth, banks should stop being operationally managed and become strategically managed. This can be achieved through SWOT analysis and other scanning tools. Fifth, employing consultant firms to work with strategic management teams in domestic banks could have a positive impact on the quality of the plan.

Additionally, managers' attitude and lack of information could be considered a barrier impeding firms' adoption of a comprehensive performance measure, especially a non-financial one (Abdullah et al., 2009). Therefore, it is worth suggesting that highly designed training and sophisticated financial and strategic analysis be made available to those directly involved in the process of strategy development.

5.4 SPM and Financial Performance

In the present study, descriptive and inferential statistics were used to assess the extent of SPM in the UAE's own conventional and Islamic banks. Regression analysis through E-views, applying the least squares method, was used to analyze the study hypotheses, since this method combines secondary and primary data (Romano & Wolf, 2017). To test the study relationships concerning SPM and its impact on the financial performance of UAE local banks, six hypotheses were developed based on a critical literature review and consultations with 10 subject matter experts in the banking sector and 2 academic professors.

The dataset used in the current study comprised statistics from four consecutive years, 2012, 2013, 2014 and 2015. In order to analyze the precise impact of SPM on financial performance, a separate regression analysis was conducted for each of the above years. In each the impact of SPM showed a significant impact on the six financial ratios. For instance, from the data collected over a period of four consecutive years (2012 to 2015), it was revealed that SPM had a significant impact on ROA with consistent coefficients over three years (2015, 2013 and 2012), ($\beta = 0.341$, $p = 0.000$; $\beta = 0.348$, $p = 0.000$; $\beta = 0.346$, $p = 0.000$ respectively). This result implies that one unit of change in SPM brought about a 34 unit change in ROA in all the above three years with the highest impact recorded in 2014 ($\beta = 0.416$, $p = 0.000$).

Therefore, study hypothesis 1 (There is a positive relationship between SPM and ROA) is strongly supported.

Additionally, the impact of individual SPM components on ROA showed that all components had a significant impact on ROA except situational diagnosis practice ($\beta=-0.585$, $p=.0129$). This means that banks which adopt SPM in developing their strategies can expect a better ROA. This finding on H_1 is consistent with other empirical evidence in the literature. Al-Shammari & Hussein (2007) and Hopkins & Hopkins (1997), who studied strategic planning and performance in a non-Western emergent country concluded that firms which adopt SPM have better performance than those which never implement it. Similarly, the findings are in alignment with a study by Desai (2000) which concludes an association between institutionalized strategic planning and the stock price increase.

In our study, the low impact of situation diagnosis on ROA was not expected. Actually, strategic management literature has supported the notion that environmental scanning, a crucial aspect of strategic planning, is associated with better performance. Researchers argue that firms scan the environment to avoid surprises, achieve competitive advantage and identify threats and opportunities (Ansoff & McDonnell, 1990; Hambrick, 1982). Elenkov (1997) asserts that environment is a major cause of uncertainty for managers because of their role in identifying threats and opportunities, implementing strategic variations, and accomplishing organization/environment alignment. In their view, scanning the environment would tend to improve financial performance and efficiency (Daft et al., 1988). Daft et al. (1988) compared the scanning practices of chief executives in high-performing and low-performing firms in Russia. Return on assets (ROA) was used as the performance measure and it was found that chief executives in high-performing organizations scanned the environment more widely and more often than executives in low-performing organizations. They argued that regular scanning in high performing firm may be more proactive, offers a better understanding of the environment and enables firms to enjoy better strategic fit. In contrast, corporate executives of low-performing companies may be worried by narrower issues which are reactive in their direction.

Similarly, Jehad S. Aldehayyat (2015) studied environmental scanning in large and small publicly quoted firms in Jordan. Return on Asset, return on sales and overall performance were the financial measures used in the study to test the relationship between scanning and performance. Their findings showed that larger firms have more scanning actions, while smaller firms seemed to focus on different sources of information. The study was able to provide new empirical evidence from the context of Middle Eastern countries supporting the positive relationship between environmental scanning and organizational performance. In another study, of multinational hotels around the world, Olsen et al. (1994) provided evidence that improved scanning of the environment led to improved performance.

Additionally, analysis results for the impact of SPM on ROE in four consecutive years revealed that SPM had a significant impact on ROE in all of them, with the highest impact in 2014 ($\beta = 2.719$, $p = 0.000$). Hence our study hypothesis 2 can be justified. Meanwhile, all the SPM components were regressed on the ROE value with the results revealing that all the individual practices had a significant impact on ROE. The strength of this impact is highest for strategic plans (β=-9.052, p=0.000) followed by plans implementation (β=6.169, p=0.000). These findings are consistent with the results of Veettil (2008), who found that a proper implementation of strategic planning will assist the organizations in achieving a better performance and with those of Njagi & Kombo (2014), which confirmed a close relationship between strategy implementation and bank performance in Kenya. Our findings are also in line with past results which confirm the use of strategic planning tools, especially SWOT, in the UAE and the Middle East context (Aldehayyat & Anchor, 2008; Muhammad Siddique, 2015)

Furthermore, the impact of SPM on NIM was also evaluated in the previous chapter. Analysis results showed that SPM makes a significant impact on NIM (β = 0.734, p = 0.000; β = 0.823, p = 0.000; β = 0.733, p 0.000 and β = 0.731, p = 0.000) for all the four consecutive years (2012 to 2015). This is in support of study hypothesis 3 with 73% in NIM occurring due to SPM in 2015, 2014 and 2013.

Extending hypothesis 3, the impacts of separate SPM practices were also analyzed with regard to NIM. The regression analysis showed that all practices had a significant impact on the NIM. Our findings are consistent with those by Watts (1987), who used NIM as a financial measure in studying the performanceof small bank planning. The results showed the importance of planning and manager characteristics for performance. Specifically, the planning practices were significantly and positively related to NIM.

Meanwhile, the impact of SPM on LTD was also analyzed over the same four-year period (2012 to 2015). Regression results showed that SPM had a significant effect on LTD in support of study hypothesis 4. Extending study hypothesis 4, the impacts of individual SPM practices on LTD given in Chapter Four highlighted two practices, institutionalization and strategic plans, showing an insignificant impact on firms' LTD ratio. Jahangir et al. (2007) argued that the loan to deposit ratio is a very good indicator of bank profitability since it shows the status of asset-liability management of banks. Similarly, Mehta (2012) examined the financial performance of UAE banks listed on Abu Dhabi Stock exchange before and after the crisis of 2008.

The study results also showed that SPM had a significant impact on ROAE over the four year period 2012-2015 ($\beta = 3.105$, $p = 0.000$; $\beta = 2.747$, $p = 0.000$; $\beta = 2.745$, $p = 0.000$; and $\beta = 2.292$, $p = 0.000$). This means that study hypothesis 5 was also supported by the result. The isolated effect of SPM on firms' return on average equity ratio was analyzed to understand I more depth the effectiveness of distinct practices. Results suggested that all SPM practices when tested separately with the ROAE ratio of the 17 banks, showed a significant impact and therefore strengthened our hypothesis 5. However, there was no empirical evidence in the literature to support this observation.

Further analysis was also conducted to assess the impact of SPM on ROAA. The results revealed that SPM had a significant effect on ROAA over the four year period 2012-2015, ($\beta = 0.387$, $p = 0.000$; $\beta = 0.332$, $p = 0.000$; $\beta = 0.345$, $p = 0.000$; and $\beta = 0.331$, $p = 0.000$ respectively). These results were strongly in support of study hypothesis 6. Finally, the individualized SPM components were regressed on return on the average assets ratio of the 17 banks and it was found that all practices had a significant influence on ROAA and thus bolstered our hypothesis 6. Here again, there are no empirical findings to support this observation of the study.

5.5 SPM and Customer Satisfaction

The impact of SPM on customer satisfaction was also evaluated in the present study by analyzing data taken from customers concerning their satisfaction level with particular banks. This was done through multi-level structural equation modelling (SEM) in MPLUS to test study hypothesis 7, which constituted multilevel primary data collected from stakeholders. However, the SPM analysis results revealed an insignificant impact on employee competence and further showed no relationship with customer satisfaction. This means that study hypothesis 7 was rejected by the analysis. These results were not expected, because we assumed that banks are becoming aware of the contribution made by customer satisfaction to banks' profitability. Moreover, many banks started adopting models, combinations of financial and non-financial measures for the interpretation of their sound strategies. Another plausible explanation for this result may be that most strategic planning-performance studies had considered financial performance as a primary measure for testing this relationship. Our finding is contrary to that of Foreman, Donthu, Henson, & Poddar (2014), whose study supports the claim that a customer focused strategic plan along with proper implementation and control will result in higher performance. Murphy, Trailer, & Hill (1996) stated that financial performance measures are insufficient to measure the overall performance of the organizations. Therefore, incorporating the non-financial measures in firms will add great value to organizations and performance.

Kaplan and Norton (1996) argued that integrating financial and non-financial measures can help managers in translating their strategy and vision into coherent performance measures. Santos and Brito (2012) argued that customer satisfaction is an outcome (using the customer-as-stakeholder-perspective) and part of firm performance. Duncan and Elliott (2004) explored empirically the relationships between efficiency, financial performance and customer service quality among a representative selection of Australian banks and credit unions. They found that all financial performance measures (interest margin, expense/income, return on assets and capital adequacy) were positively correlated with scores for the quality of customer service. Therefore, this finding may mean that strategy makers in banks need to emphasize customer satisfaction in their SPM because the literature highly recommends the use of non-financial measures. Moreover, empirical studies provide evidence on the relationship between financial and non-financial measures.

5.5.1 Customer Satisfaction at Conventional and Islamic Banks

Though there was no significant relationship between SPM and customer satisfaction levels in UAE banks, the present research further explored the levels of customer satisfaction independently at Islamic and conventional banks in the UAE. The t-test for Equality of Means showed a significant equal variance assumed ($p = 0.001$) and thus showed that two banks are statistically different about their customer satisfaction levels. The mean values of customer satisfaction for conventional and Islamic banks ($M = 3.82$, $M = 4.02$) shown in Table 4.1 make it clear that customers are more satisfied with Islamic banks than conventional banks.

These findings were supported by a study of customers' images of the Islamic and conventional banks in the UAE (Al-Tamimi et al., 2009). Bank products, reliability and religion were the factors that characterized a good combined bank image for influencing customers. The study results confirm that customers in the UAE prefer

Islamic banks to conventional banks. These results concur with the findings of Metawa and Almossawi (1998) that adherence to Islamic rules and values was the most important motive among customers for choosing an Islamic bank.

Naser, Jamal, and Al-Khatib (1999) studied customer preference and satisfaction in Islamic banks in Jordan. They found that bank reputation and religious principles were the two most significant reasons motivating the use of Islamic banks' services. Similarly, Echchabi and Aziz (2012) found that religiosity has a significant positive influence on the adoption of Islamic banking services in Morocco. These findings are comparable to a similar study by Sayani & Miniaoui (2013) that examined the determinants of bank selection for Islamic and conventional banks in the UAE. Their results showed that religious preference was the most important factor in choosing between these two types of bank.

5.6 Conclusion, Implications and Recommendations of the Study

This research investigated whether strategic planning and management (SPM) was critically important for all financial institutions in the UAE, whether conventional and Islamic banks in its approach, particularly in light of the recent global slowdown of world economies and the ever falling oil prices on local and international markets. Banks play a critical role in the growth and prosperity of the UAE economy and so considerable attention needs to be paid to their current strategic planning and management practices for enhanced performance. Developing and implementing a set of well established strategic plans not only assists organizations in achieving competitive advantage but also makes them responsive to the ever challenging and volatile environment (Emeka, 2015).

The outcomes of the present study reveal that strategic planning and management practices are prevalent in UAE banks and that these practices exert a significant impact on the financial performance of these banks. Non-financial performance in relation to customer satisfaction, however, was not impacted by SPM practices.

The overall output emerging from the present study reveals the problems in the practice of strategic planning and management in most UAE banks. Interview sessions and discussions conducted by the researcher with experts in UAEs' banking sector revealed that, despite the good attempt made by the banks to engage in strategic planning and management practices, banks lacked vigilance and precaution against the threats and challenges arising in the external environment of their industry. Informal interviews and discussions with bank managers during data collection also confirmed that the above observation was true for most banks covered in the study. In fact, many bank executives and managers felt that it was partly due to inadequate strategic planning and management and the inability of the banks to evaluate their own performance. In their view, UAE banks had to overcome this drawback through effective strategic planning and management and should establish top level strategy teams or strategy divisions to professionalize the process of strategic planning and management in their banks.

5.6.1 Study Recommendations

Based on the above qualitative observations and the research outcomes outlined earlier, it may be recommended that the top management in UAE's conventional and Islamic banks be at the forefront of establishing and maintaining new strategies, frameworks and policies. These should respond proactively to the prevention, detection and mitigation of shocks that periodically impact on the banking industry, particularly from the external business environment. To accomplish this, the top managements of both conventional and Islamic banks in the UAE should establish specially dedicated strategic planning and management departments (SPM Departments) to advise and direct the senior management executives in the banks in frequent revisions of all areas of SPM practices, including (institutionalization, establishment, diagnosis, strategic planning, and plan implementation) and bring about adequate revisions in each component of SPM to manage their organizations more efficiently and effectively.

In summary, the present study contributes to the literature by evaluating key components of SPM practices and identifying their impact on the performance of conventional and Islamic Banks in the UAE. A gap was revealed in the literature concerning the failure of UAE banks to ensure optimum performance by strategically planning and coping with the ever changing global economic environment. It is believed that the findings of the present study can help bridge this gap.

5.7 Limitations and Suggestions for Future Research

Limitations are found in most of academic research, and the current study was no any different. The limitations below were beyond the researcher's control.

- With regard to respondents, the information was provided by various managerial levels. Since top management in UAE banks is more involved in SPM than any other stratum, the researcher would expect higher participation from them given the accurate and precise data they contribute. This does not mean that middle managers or frontline managers are unaware of banks' strategies, but from the researcher's experience in the field, top managers are more involved in the strategy process and can easily provide more accurate picture of the SPM practices in the bank. In addition, some objectives and goals are considered highly confidential and therefore usually not shared with other managers within banks.

- Future studies could widen the study sample by including banks from the Gulf Cooperation Council (GCC) countries to complement the findings of the present research. This would provide more inputs to enable the findings to be generalized to the GCC countries and at the same time would add more weight and credibility to the present study. This could also be extended to other sectors of the economy including the education sector and private organizations. Conservative behavior was noticed from participants when they were asked to take part in interviews. They assume that discussing bank strategies is a delicate and confidential matter which could lead them to share information unnecessarily.

5.8 Summary of the Study

The major goal of the present study was to investigate and assess the relevance strategic planning and management on the performance of the UAE's conventional and Islamic banks and examine any possible relationships between SPM and customer satisfaction, in addition to identifying the benefits and challenges of strategic planning and management implementation in the local banks. In the present study, the UAE's banking industry in the context of strategic planning and management practices has been critically examined with a focus on five key dimensions; 1) institutionalizing the planning process; 2) establishing the strategic foundation; 3) conducting the strategic situational diagnosis; 4) developing a strategic plan and 5) managing strategic plan implementation. On the last, a conceptual model hinging on five key SPM dimensions was developed: six financial ratios and one non-financial factor (customer satisfaction). This model was used in testing the different hypotheses. A chapter-wise overview of the study is as below;

Chapter One introduced the study of strategic Planning and Management practices in general and in the United Arab Emirates (UAE) in particular. Focusing on several research anomalies, the research objectives and the research question were formulated, against a background of the recent global fall of oil prices and the fact that most banks have ignored strategic planning and management.

Chapter Two contained a critical literature review using the main existing studies, journal articles, and published conference papers, among others, concerning strategic planning and management. In particular, an analytical review of strategic management concepts, strategic planning history, and earlier management theories was made. Finally, the chapter discussed studies on strategic planning and performance and presented the research gap which formed the foundation for building the conceptual model and further analysis.

Chapter Three presented the methodological approach undertaken to address the research question and study hypotheses. A detailed discussion of the research strategy and the research design was presented in this chapter. Further tests were also conducted to examine the validity and reliability of the research instrument in addition to illustration of the questionnaire development process and study population, among other things.

Chapter Four presented the data analysis and study results, including the method of analysis, reliability and validity checks and demographic statistical results.

Further, presentation and interpretation of the study results obtained through data analysis was conducted, in addition to the Confirmatory Factor Analysis (CFA) results carried out for the independent variable, strategic management planning, and practices. Finally, the study hypotheses were tested through ANOVA, regression analysis in E-views and multilevel structural equation modeling in MPLUS. In the same chapter the results were presented to provide answers to the research question identified in Chapter One.

Finally, Chapter Five discussed the research implications, the theoretical contribution made by the study and the study recommendations.

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Appendices

Appendix 1: Strategic Planning and Management Questionnaire

Strategic Management Practices Questionnaire

Part I:

1. **What is your bank's name?**

2. **Position at current Establishment**

3. **Please indicate your level in the formal structure of the organization?**
   - Top management
   - Middle management
   - First line management

4. **What is your age?**
   - Under 40
   - 40 - 49
   - 50 - 59
   - 60 and older

5. **What is the highest degree you have earned?**
   - School diploma
   - Associate degree
   - Master's degree
   - Doctorate degree

6. **How long have you been in the current position?**
   - 2 - 5 years
   - 6 - 10 years
   - 11- 15 years
   - More than 16 years

7. **What is the size of your organization?**
   - less than 500 employees
   - 500 - 1000 employees
   - 1000 - 5000 employees
   - 5000 - 10000 above

Part II :

	1.institutionalizing the planning process	little		Some			Much
1.	Do top executives take formal responsibility for the organization's strategic business planning?	1	2	3	4	5	6
2.	Is strategic planning a top priority activity, performed on a regular basis, e.g., each year?	1	2	3	4	5	6
3.	Does the organization provide resources (managers' time, money, staff support, etc.) earmarked specifically for strategic planning?	1	2	3	4	5	6
4.	Does the organization follow a defined set of procedures in its strategic planning process?	1	2	3	4	5	6
5.	Do all managers whose work might be affected significantly by strategic planning participate in the planning process?	1	2	3	4	5	6

	2. Establishing the Strategic Foundation	little		Some			Much
6.	Does the organization have a written mission statement?	1	2	3	4	5	6
7.	Are all management and higher-level staff aware of the mission? Do they understand it?	1	2	3	4	5	6
8.	Does the organization have written longer-term (3-5 years) and short term (1-year) goals?	1	2	3	4	5	6
9.	Do the goals list quantified, measurable targets (e.g., volume, market share, growth rate, profitability)?	1	2	3	4	5	6
10.	If appropriate, do the goals specify targets by location or geographic area?	1	2	3	4	5	6
11.	When appropriate, do the goals list quality, time frame, and cost targets? Are they observable or measurable?	1	2	3	4	5	6
12.	Do the goals appear realistic yet challenging, based upon experience and/or research?	1	2	3	4	5	6
13.	Does the organization systematically measure actual performance vs. goals?	1	2	3	4	5	6
14.	Do management and higher-level staff whose responsibilities are affected participate in setting goals?	1	2	3	4	5	6

	3.Conducting the Strategic Situational Diagnosis	little			Some		Much
15.	Does the organization periodically gather and analyze data about market and other external factors which affect the business?	1	2	3	4	5	6
16.	Does the external/market analysis identify key threats to the business? Key opportunities?	1	2	3	4	5	6
17.	Does the analysis include detailed analysis of market or other geographic and/or demographic and/or psychographic segments?	1	2	3	4	5	6
18.	Are the business' performance and operational characteristics compared with those of competitors?	1	2	3	4	5	6
19.	Are demographic, behavioral, and other consumer trends analyzed?	1	2	3	4	5	6
20.	Does the organization assess the industry as a whole in terms of new competitors and concepts, new technologies, procurement practices, price trends, labor practices, etc.?	1	2	3	4	5	6
21.	Does the organization assess institutional factors such as cost and availability of capital , government regulations and the economy?	1	2	3	4	5	6
22.	Does the organization have knowledge of and access to sources of information about the industry, markets, and other external factors?	1	2	3	4	5	6
23.	Does the organization analyze its own business objectively?	1	2	3	4	5	6
24.	Does this internal analysis identify key strengths and weaknesses in the organization?	1	2	3	4	5	6
25.	Does the analysis include profitability factor trends, e.g., after- tax earnings, return on assets, cash flow?	1	2	3	4	5	6
26.	Does it include marketing/advertising?	1	2	3	4	5	6
27.	Does it include pricing strategy and its effects on customer behavior?	1	2	3	4	5	6
28.	Does it include quality of customer service and customer satisfaction/loyalty/ defection data?	1	2	3	4	5	6
29.	Does the organization assess its human resource development and management programs?	1	2	3	4	5	6
30.	Does the organization's management information system provide relatively easy access to the internal data discussed above?	1	2	3	4	5	6
31.	After completing its external and internal analyses, does the organization review the mission and goals in light of the apparent threats/ opportunities and strengths/ weaknesses?	1	2	3	4	5	6
32.	Based upon such a review, does the strategic diagnosis culminate in identifying key strategic issues, e.g., outlet expansion, profitability improvement, positioning change?	1	2	3	4	5	6

	4. Developing Strategic Plans	little		Some			Much
33.	Does the organization use the strategic (situational) diagnosis to formulate strategic plan options?	1	2	3	4	5	6
34.	Does it consider business performance options, e.g., cost reduction, alternative suppliers, production improvements, etc.?	1	2	3	4	5	6
35.	Does it consider market penetration options, e.g., pricing/ promotion, market expansion, segmentation?	1	2	3	4	5	6
36.	Does it consider organization and management options, e.g., restructuring, purchasing competitive businesses?	1	2	3	4	5	6
37.	Does the organization consider product/ service enhancement options?	1	2	3	4	5	6
38.	Is the planning process based on criteria by which options can be compared and selected?	1	2	3	4	5	6
39.	Does the organization decide its strategic plan(s) based on feasibility and risk/return criteria?	1	2	3	4	5	6

	5. Managing Strategic Plan Implementation	little		Some			Much
40.	Does the organization make strategic decisions (implementation action plans) based upon the strategic plan?	1	2	3	4	5	6
41.	Does the organization clearly assign lead responsibility for action plan implementation to a person or, alternately, to a team?	1	2	3	4	5	6
42.	Are sufficient resources allocated for implementation?	1	2	3	4	5	6
43.	Does the organization set clearly defined and measurable performance standards for each plan element?	1	2	3	4	5	6
44.	Does the organization develop an organized system for monitoring how well those performance standards were met?	1	2	3	4	5	6
45.	Does the organization review monitoring data regularly, and revise strategic decisions as appropriate?	1	2	3	4	5	6
46.	Are individuals responsible for strategic planning and implementation rewarded for successful performance?	1	2	3	4	5	6

	6. Optimizing Board Development and Utilization	little		Some			Much
47.	Is the highest-and-best use made of individual board member time and talent?	1	2	3	4	5	6
48.	Is the highest-and-best use made of Board capabilities as a whole?	1	2	3	4	5	6
49.	Are efforts to cultivate the next generation of Board leaders effective?	1	2	3	4	5	6
50.	Is the Board engaged with and by staff to engage in effective strategic thinking?	1	2	3	4	5	6

	7.Participative Management	little		Some			Much
51.	Does the organization adopt a participative management approach as key business strategy?	1	2	3	4	5	6
52.	Do the organizations' participative management efforts represent a fundamental shift of management styles in the organization?	1	2	3	4	5	6
53.	Does the organization have performance objective related to participative management?	1	2	3	4	5	6
54.	Is organizational formal structure inhibits you from using participative management approaches?	1	2	3	4	5	6
55.	Does participative management contribute to job satisfaction?	1	2	3	4	5	6

Please return the completed questionnaire to:

Fatma Mohamed Al Sowaidy
Email : 201190017@uaeu.ac.ae
Fax : 09 2222486 , Mob: 050 6496535

Appendix 2: Customer Satisfaction Survey – English Version

Customer Satisfaction in UAE Local Banks Questionnaire

Please take a few moments to complete the following survey on customer satisfaction. Your opinion is very important to us because it will help in evaluating the performance of UAE local banks. The survey is part of a study on the impact of strategic management practices on the performance of UAE banks.

<u>Part I: *Demographics:*</u>

Your Bank Name : --

Your age

- Up to 20 years
- 20 - 30 years
- 30 - 40 years
- 40 - 50 years
- 50 - 60 years
- 60 years and older

Gender

- Male
- Female

Income Indicate the currency

- Less than Dhs 10,000
- Dhs 10,001 - Dhs 20,000
- Dhs 30,000 - Dhs 20,001
- Dhs 30,001 and above

Education

- Up to high school
- College
- University

Part II: customer satisfaction Questions

Please indicate the degree to which you agree/disagree with each one of the statements below, referring to the characteristics your main bank possesses (offers to you):

	Questions	Strongly disagree	Disagree	Neither agree nor	Agree	Strongly agree
1.	The bank does not inform me of my transactions					
2.	If there is a problem, the bank is willing to discuss it with me					
3.	I do not have to visit my bank many times to solve a particular problem					
4.	It is a bank that is worth trusting					
5.	There is a warm friendly atmosphere inside the bank.					
6.	Employees of the bank are well dressed and appear neat					
7.	The atmosphere inside the bank gives me a positive impression of the services it offers					
8.	The interior design of the premises facilitates the transactions					
9.	The climate among the bank's employees contributes to receiving better service					
10.	Employees of the bank have friendly behavior					
11.	The bank's employees know the bank's products very well					
12.	Employees of the bank are polite					
13.	Employees of the bank behave with discretion when I meet them					
14.	I receive prompt service from the bank's employees					
15.	Bank employees have the necessary knowledge to serve me promptly					
16.	Bank employees do not hesitate to find the time to serve me better					

	Questions	Strongly disagree	Disagree	Neither agree nor	Agree	Strongly agree
17.	Bank employees know what my needs are and how the bank's products can satisfy them					
18.	The bank's employees often refer me to their supervisors in order to serve me personally and promptly					
19.	There is ample parking space in my bank					
20.	The bank's branch is near my workplace					
21.	The bank's branch is near other state buildings and other banks					
22.	The bank's branch is near shopping centers I usually visit					
23.	The loan interest rates of my bank are higher than other banks'					
24.	The deposit interest rates of my bank are lower than other banks'					
25.	I feel I pay a lot on the commission charged					
26.	The bank offers a wide variety of products					
27.	The bank offers flexible products that meet my needs					
28.	The new products that my bank offers meet my needs					
29.	The bank offers telephone services					
30.	The bank's ATM network collaborates with other banks' ATM networks					
31.	The bank's ATM network is large and serves my needs					
32.	In the near future I intend to intensify my efforts to find a better bank					
33.	In the last year I have thought very seriously of switching banks.					

	Questions	Strongly disagree	Disagree	Neither agree nor	Agree	Strongly agree
34.	I have recommended my bank to friends and acquaintances					
35.	I have encouraged friends and acquaintances to do business with my bank					
36.	I have informed other customers of the bank about complaints I have about the service offered by the bank					
37.	I have decided to do less business with my bank in the future					
38.	I have decided to switch to another bank that offers better service					

Thank You So Much

Appendix 3: Customer Satisfaction Survey – Arabic Version

إستبيان رضا المتعاملين في البنوك المحلية لدولة الإمارات العربية المتحدة

نرجو منحنا قليلا من وقتك للإجابة على استبيان رضا المتعاملين ، إجابتكم مهدـة لدينا حيث سوف ستساعدنا في تقييم أداء بنوك دولة الإمارات العربية المتحدة. الإستبيان جزء من دراسة عن مدى تأثير الإدارة الإستراتيجية على أداء البنوك المحلية في دولة الإمارات العربية المتحدة.

الجزء الأول :البيانات الشخصية

اسم البنك الذي تتعامل معه : ---

عمر المستجيب

- حتى عمر 20 عام
- 30 – 40 عام
- 40– 50 عام
- 50 – 60 عام
- 60 عام وما فوق

الجنس

- أنثي
- ذكر

الدخل

- أقل من 10,000درهم
- 10,000 – 20,000درهم
- 20,001– 30,000درهم
- 30,001 درهم وما فوق

التعليم

- وصولاً إلى المدرسة الثانوية
- الكلية
- الجامعة

<u>الجزء الثاني : أسئلة عن رضا المتعاملين</u>

يُرجي الإشارة إلى أي مدى أنت توافق/لاتوافق على كل واحدة من الجمل الواردة أدناه، مُشيرًا إلي الخصائص التي يمتلكها البنك الرئيسي الخاص بك (يُقدمها لك

رقم	الأسئـــــــــلة	لا أوافق	لا أوافق	محايد	أوافق	أوافق بشدة
.1	البنك لا يخطئ في إبلاغي بالمعاملات الخاصة بي					
.2	في حال كانت هناك مشكلة، يكون البنك على استعداد لمناقشتها معي					
.3	لا يتعين عليك زيارة البنك مرات عدة لحل مشكلة معينة					
.4	إنه بنك يستحق الثقة					
.5	هناك أجواء ودية دافئة داخل البنك					
.6	موظفي البنك يرتدون ملابس جيدة ويظهرون بمظهر أنيق					
.7	تمنحك الأجواء داخل البنك انطباعا إيجابيا عن الخدمات المُقدمة من جانب البنك					
.8	يعمل التصميم الداخلي للمباني على تسهيل المعاملات					
.9	تساهم العلاقة السائدة بين موظفي البنك على تلقي خدمات أفضل					
.10	يمتلك موظفو البنك سلوكيات ودودة					
.11	يكون موظفو البنك على دراية تامة بمنتجات البنك					
.12	موظفو البنك هم أناس مهذبون					
.13	يتصرف موظفو البنك بحذر عند مواجهتك مشكلة					
.14	يوجد فرع البنك بالقرب من مراكز التسوق التي أزورها عادةً					
.15	تتلقى خدمة فورية من موظفي البنك					

رقم	الأسئـــــــلة	لا أوافق	لا أوافق	محايد	أوافق	أوافق بشدة
16	لا يتردد موظفو البنك في إيجاد وقت لخدمتك بشكلٍ أفضل					
.17	يكون موظفو البنك على دراية باحتياجاتكم والكيفية التي يمكن من خلالها أن تلبي منتجات البنك احتياجاتكم					
.18	غالبًا ما يقوم موظفو البنك بتحويلكم إلي مُشرفيهم من أجل خدمتكم شخصيًا وعلى الفور					
.19	هناك مساحة واسعة لانتظار السيارات في البنك الذي تتعامل معه					
.20	يوجد فرع البنك على مقربة من مكان عملك					
.21	يوجد فرع البنك على مقربة من البنوك والمباني الحكومية الأخرى					
.22	تُعد معدلات الفائدة على القروض من البنك الذي أتعامل معه أعلى من البنوك الأخرى					
.23	تُعد معدلات الفائدة على الودائع من البنك الذي أتعامل معه أقل من البنوك الأخرى					
.24	أشعر أنني أدفع الكثير على العمولات المخصومة					
.25	يوفر البنك مجموعة متنوعة واسعة من المنتجات					
.26	يعرض البنك منتجات مرنة تفي باحتياجاتي					
.27	تفي المنتجات الجديدة التي يعرضها البنك باحتياجاتي					
.28	يوفر البنك خدمات هاتفية					
.30	تتعاون شبكة الصراف الآلي الخاصة بالبنك مع شبكات الصراف الآلي الخاصة بالبنوك الأخرى					
.31	تُعد شبكة الصراف الآلي الخاصة بالبنك كبيرة وتلبي احتياجاتي					

رقم	الأسئـــــــــلة	لا أوافق	لا أوافق	محايد	أوافق	أوافق بشدة
.32	في المستقبل القريب لدي النية لتكثيف جهودي للعثور على بنكٍ أفضل					
.33	في العام الماضي فكرت جديًا بتبديل البنوك					
.34	قمت بتزكية البنك إلي أصدقائي ومعارفي.					
.35	شجعت أصدقائي ومعارفي على الدخول في علاقات عمل مع البنك					
.36	أبلغت عملاء البنك الآخرين حول الشكاوي التي أعانيها من الخدمة التي يقدمها البنك					
.37	اتخذت قرارًا بإجراء أعمال أقل مع البنك في المستقبل					
.38	قررت الانتقال إلي بنك آخر يُقدم خدمة أفضل					

شكــرا جزيــلا

Appendix 4: Approval to use Customer Satisfaction Survey

F

Fatmah Obaid Al Sowaidy
Sat 19-09-2015, 20:56
stathako@aueb.gr

Sent Items

Kanban for Outlook

Good Afternoon Prof. Stathako,

I am a doctoral student at UAE University and doing a research in Strategic Management. Part of my research examines customer satisfaction in UAE local banks.

I would be thankful if you permit me to use the questionnaire administred in your article " Behavioural responses to customer satisfaction : an empirical study " and translate it into Arabic. Moreover, I would appreciate it if you could provide me with the validity and reliability scores.

Thanks and Regards

Fatma Al Sowaidy
00971 50 6496535
United Arab Emirates University
Al Ain

SG

Spiros Gounaris <spiros.gounaris@strath.ac.uk>
Sun 20-09-2015, 22:57

Yes of course you can use it.

Psychometrics should be discussed in the manuscript. If not, I am afraid they will not be handy.

Good luck with your research.

Prof. Spiros Gounaris, PhD
Head of the Department
Department of Marketing
University of Strathclyde Business School,
Stenhouse Wing
Room 5.16
199 Cathedral Street
GLASGOW
G4 0QU

eMail: spiros.gounaris@strath.ac.uk<mailto:spiros.gounaris@strath.ac.uk>
Tel: +44 141 5483233

http://www.strath.ac.uk/marketing/academicstaff/gounarisspirosdr/

Strathclyde Business School is proudly a member of the 10 Top Business Schools league in the UK and First in Scotland

The University of Strathclyde is a charitable body, registered in Scotland, number SC015263

Think before printing this mail! Is it really necessary??

...

Permission to use questionnaire

VS Vlasis Stathakopoulos <stathako@aueb.gr>
Tue 29-09-2015, 03:46

Hi,

Of course you can use the items for the study's key constructs. Validity and reliability scores are reported in the manuscript.

Good luck with your research.

Vlasis Stathakopoulos
Associate Professor of Marketing

ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS
Business Communication Lab
12, Derigni Street, Athens, 104 34, Greece
Tel. : +30 210 8203433
Fax : +30 210 8223802
E-mail : stathako@aueb.gr
www.stathakopoulos.aueb.gr

ΟΙΚΟΝΟΜΙΚΟ ΠΑΝΕΠΙΣΤΗΜΙΟ ΑΘΗΝΩΝ
ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS

Appendix 5: Approval to use SPM Survey

Dear Sir,

I am a doctoral student from "United Arab Emirates University " writing my dissertation tentatively titled " impact of strategic planning on UAE banks".

I would like your permission to reproduce to use survey instrument in my research study. I would like to use and print your survey under the following conditions.

1) I will use this survey only for my research study and will not sell or use it with any compensated or curriculum development activities.
2) I will include the copyright statement on all copies of the instrument

If these are acceptable terms and conditions, please indicate so by signing one copy of this letter and returning it to me through postal mail, fax or email.

Fatma Mohamed Obaid

P.O.Box 1633

Fujairah

UAE

Mobile : 00971506496535

Fax : 0097192779511

Email : 201190017@uaeu.ac.ae

Sincerely,

Fatma M Obaid

3/8/15

STRATEGIC FUTURES CONSULTING GRP, INC.

Appendix 6: UAE Central Bank Governor Email to Banks

مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

Ref: : **13/468 /2016**

Date : **28 March 2016**

To : **All National Banks**

Attention : **Chief Executive Officer / Managing Director / General Manager**

Sub. : **Data request for a PhD Scholar-UAE University**

After greetings,

We have received a request from UAE University, Al Ain for providing data support for one of their PhD Research Scholar Ms. Fatmah Mohamed Obaid Al Suwaidi. Ms. Al Suwaidi is conducting a research study on her thesis on "The impact of Strategic Planning on Performance of UAE Banks" with special reference to National Banks.

We are enclosing a copy of the survey questionnaire and also a survey link, you may advise minimum 30 employees (Senior/middle level/junior) to respond to the questionnaire. The respondents can either use the survey link or the enclosed questionnaire, which shall be returned by email to 201190017@uaeu.ac.ae or fax to 09 2222486 on or before 30.4.2016.

The research scholar will maintain confidentiality of responses from banks & its staff and will use the consolidated response data for her research purpose.

Survey link: https://www.surveymonkey.com/r/Y66KRWH

We urge your cooperation and support.

Regards,

Assistant Governor for Banking Supervision

Encl: a/a

Appendix 7: UAE University Letter Request to Banks in UAE

UAEU College of Business and Economics

جامعة الإمارات العربية المتحدة
United Arab Emirates University

Monday, 8 February 2016

Subject: Permission to Conduct Research

To Whom It May Concern:

This is a letter of support for Ms. Fatmah Obaid Al Sowaidy, ID number 201190017, who is enrolled in the Doctorate of Business Administration program at UAE University and is beginning to conduct research as part of her graduation requirements.

Ms. Fatmah Al Sowaidy would like to conduct a research study. Her thesis is entitled: *The impact of strategic planning on performance of UAE banks.*

The aim of the research is to uncover the impact of strategic management practices on the performance of UAE local banks.

Your approval to conduct this study would be greatly appreciated. I would be happy to answer any questions or concerns you may have regarding the research. My contact email is mmadi@uaeu.ac.ae and my phone number is 03 713 5236.

Respectfully,

Rihab Khalifa, PhD
DBA Coordinator

DBA Office
PO BOX 15551, Al Ain, UAE
DBA@uaeu.ac.ae, www.fbe.uaeu.ac.ae

مكتب برنامج الدكتوراه في إدارة الأعمال
ص.ب 15551، العين، الإمارات العربية المتحدة
dba@uaeu.ac.ae, www.fbe.uaeu.ac.ae

Appendix 8: Pilot Study Participants

N.	Bank Name	Position
1	National Bank of Fujairah	Branch Manager
2	National Bank of Fujairah	Senior Operation Manager
3	Commercial Bank of Dubai	Area Manager
4	National Bank of Fujairah	Chief Executive officer
5	Abu Dhabi Islamic Bank	Chief Executive officer
6	Ajman Bank	Chief Executive officer
7	National Bank of Abu Dhabi	Chief Head HRM
8	National Bank of Ummalquawin	Branch Manager
9	Emirates NBD	Strategy Manager
10	Abu Dhabi Commercial Bank	Head of Human Resources