

**Arab American University**  
**Faculty of Graduate Studies**  
**Department of Administrative**  
**and Financial Sciences**



**Master Program in Strategic planning and fundraising**

**Examining The Relationship Between External Factors and  
Strategic Management Practices in Commercial Banks: A  
Case Study of Palestine**

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**This Thesis Was Submitted in Partial Fulfilment of the  
Requirements for the Master Degree in Strategic planning  
and fundraising program**

**Palestine, 11/2024**

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**Arab American University**  
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## **Thesis Approval**



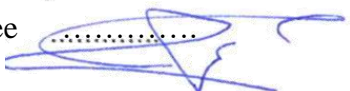
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## **Declaration**

I declare that, except where explicit reference is made to the contribution of others, this thesis is substantially my own work and has not been submitted for any other degree at the Arab American University or any other institution.

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Date of Submitting the Final Version of the Thesis: 20/12/2024

## **Dedication**

To the soul of my beloved father who left this world but remained in my heart and soul forever, you were and still are my source of inspiration, may God have mercy on you and grant you the highest paradise.

To my dear brother, who left us too soon, but whose beautiful impact will forever be felt in every corner of my life.

To my cherished mother, who gave me all her love and sacrifices, lighting up my path in life with her prayers and kindness.

To my dear husband, my lifelong companion and greatest supporter. Thank you for your unwavering encouragement and motivation.

To my dear sisters, my constant pillars of strength. Thank you for every moment of love and support.

Dana Samer Abdallah Barghouti

## **Acknowledgments**

For his important support and direction throughout this project, I would like to express my profound gratitude to my excellent supervisor, Dr. Fathallah Ghanem. His wise counsel and perceptive criticism inspired me to provide my best.

I also want to express my sincere gratitude to my instructors and fellow students at the Arab American University, whose support and encouragement have shaped my knowledge and helped me along the way.

I also thank my husband who supported and encouraged me every step of the way, and also my beloved family, especially my mother and dear sisters, who played a big role in encouraging me and giving me strength and motivation.

Lastly, to everyone who lent me a helping hand during this journey—whether through advice, kind words, or prayers.

Dana Samer Abdallah Barghouti

# **Examining The Relationship Between External Factors and Strategic Management Practices in Commercial Banks: A Case Study of Palestine**

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## **Abstract**

The study sought to determine the influence of external environmental factors, specifically economic, political, social, organizational, and technological factors, on strategic management practices within commercial banks in Palestine. This was examined through the lens of strategic planning, strategic decision-making, strategic implementation, and strategic evaluation and control practices.

The study utilized a descriptive analytical approach, focusing on the community of employees within commercial banks in Palestine. According to data from the Palestinian Banks Association, the estimated number of male and female employees is (7579). A random sample was chosen from the study population including staff, department heads, and department managers, utilizing Stephen Thompson's sampling method. The research comprised a sample size of 365 items, with data collection conducted through a questionnaire administered to the study sample. A total of 302 questionnaires were retrieved for analysis, yielding a response rate of (82.7%), which is considered statistically acceptable.

The key findings of the study are: The results showed that the external factors affecting strategic management practices in commercial banks in Palestine came with a high degree of importance, as the arithmetic average of the total score of these factors was (3.74), which indicates the high level of importance of these factors and their reflection on their strategic management practices, and the results showed that economic factors were the most important in their impact on strategic management practices, which reflects the importance of Follow-up of the local and international economic conditions of the management of commercial banks, and highlights the importance of political factors as well, which means that the existence of political instability and the efficiency of government policies have an important role in strategic management practices and the orientations of commercial banks in Palestine, with the importance of social, cultural, technological and organizational factors in the directions of strategic management in commercial banks in Palestine, and the results showed that external environmental factors explain the variation in strategic management practices by no less than (20.3%).

The study presented several key recommendations, including adopting flexible and adaptable strategies to address rapid changes in the economic and political landscape in

Palestine, such as adopting a resilience-enhancing strategy based on diversifying banking products and services to meet customer needs in light of market fluctuations, as well as adopting strategies based on designing proactive scenarios and alternative plans to deal with potential crises. It also stressed the importance of integrating strategic resilience into the operations of commercial banks in the region. In addition, the study highlighted the need for continuous and periodic monitoring of local and international economic developments through written reports to enhance banks' ability to make informed and strategic decisions.

**Keywords:** External environmental factors, strategic management practices, commercial banks, Palestinian banking sector.

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# **1 Chapter One: Introduction**

## **1.1 Overview**

In the first chapter, the background of the study will be presented, highlighting the study problem and its justifications, in addition to identifying the research objectives, questions and hypotheses, in addition to addressing the research limits and design.

## **1.2 Background**

The banking sector, through institutions, finance, banking and banks, faces great challenges as a result of the rapid developments and changes in many areas, most notably technology and communications, which makes it in front of the need to change its traditional management methods to keep pace with these changes, and thus strategic management has become a feature that distinguishes the management of banking sector institutions in the current era.

Commercial banks and financial institutions usually seek to achieve higher profit levels, and achieve a comfortable competitive position, which makes them constantly seek to adopt concepts and tools that give them the ability to achieve this through their resources and strengths, reflected in their services and financial products that they provide to society, and here it is necessary to ask whether there is anything that affects the practice of strategic management and its tools in these banks and financial institutions or not, a question that makes it important to shed light If there are external factors that have the ability to influence the strategic management practice of commercial banks, It is very important to know the level of this influence, whether it is positive or negative. and its reflection on the performance of these banks and their ability to continue to provide their services to the Palestinian society with the required quality and speed expected by the citizen.

There are several external factors surrounding the business environment, and are directly or indirectly related to it, and in any society, we find that there is an economic,



political, social and cultural environment that distinguishes it from other societies, and it produces factors it may have a direct or indirect impact on the business environment, not to mention factors related to the technology and communication environment in addition to competitive power and the accompanying factors, all of which cast a shadow on the business environment regardless of its nature, and makes it vulnerable.

### **1.3 Research Problem**

Despite the importance of external factors such as economic conditions, regulatory environment and technological changes in determining the strategic management practices of commercial banks, studies and research conducted in this area have been few.

A deficiency in comprehending the correlation between external circumstances and strategic management techniques in commercial banks may impede their capacity to adjust effectively to changes in the external environment, consequently impacting financial performance and overall success. Consequently, it is imperative to investigate the correlation between external factors and strategic management practices in commercial banks, while offering effective strategies to adapt to changes in the external environment (Sadiku, 2022).

The study's problem is articulated as follows: What is the influence of external influences on strategic management practices inside commercial banks in Palestine?

### **1.4 Research Significance and Justification**

The importance of the current study comes from the importance of the problem it poses, which discusses the external factors that are expected to affect strategic management practices and their reflection on the work of commercial banks in Palestine, and the importance can be addressed in this section through two dimensions:

#### **Scientific (theoretical) importance**

External factors significantly influence strategic management practices. In the study by Taha & Al-Makhram (2023), which aimed to assess the impact of external factors on

the development of bank deposits through an applied study on Libyan commercial banks, a robust and statistically significant correlation was identified between the dimensions of external factors—political, economic, and legislative stability, economic activities, public perception—and the development of bank deposits. This correlation was notably strong, with a coefficient of determination of 0.875, corroborating the findings of Sadiku (2022). Nonetheless, her analysis revealed that these external elements significantly influence strategic management, necessitating that organizational management be promptly informed of alterations in these aspects and the potential repercussions of such changes.

A study by Shatilo (2020), titled "The Impact of External and Internal Factors on Strategic Management of Innovation Processes at Company Level," demonstrates the significance of demographic, political, environmental, economic, and legal factors in the execution of strategic management processes and the application of innovation within organizations, alongside internal factors.

### **Significance of the study**

The importance of the study is that it sheds light on the economic, social, political and technological factors that play a role in Palestinian society and affect many sectors of life in this society. Therefore, there must be a direct or indirect impact of these factors on the Palestinian banking sector, especially commercial banks and their work in light of these factors and surrounding circumstances, which gives the study its importance in the information it provides about these factors and their effects on the banking sector in general and on commercial banks operating in Palestine in particular.

The study has academic significance, as it feeds into the available literature on the relationship between external factors and strategic management practices in the banking sector, with a focus on Palestinian commercial banks. By examining the relationship in the Palestinian context, the research adds to the body of knowledge in strategic management, and provides empirical insights and evidence that can enhance theoretical frameworks and concepts.

### **Scientific (applied) importance**

This study's conclusions will have practical ramifications for commercial banks in Palestine. By comprehending the influence of external factors on strategic management practices, banks can formulate more effective strategies to navigate the dynamic business environment. The research will yield significant insights into the problems and

possibilities posed by external forces, allowing banks to make educated decisions and adjust their strategic management procedures accordingly.

The study's findings will assist commercial banks in Palestine in improving their competitiveness and ensuring sustainability by identifying external factors that significantly influence strategic management practices, thereby enabling these banks to respond swiftly and effectively to market changes, regulatory demands, political shifts, technological advancements, and social and cultural dynamics. This proactive strategy will allow banks to synchronize their tactics with the external environment and sustain a competitive edge.

The study underscores its significance by demonstrating how its findings can assist policymakers and regulators in Palestine regarding the influence of external factors on strategic management practices in commercial banks. This knowledge can inform the formulation of effective policies, regulations, and frameworks that bolster the stability and growth of the banking sector and its contribution to the overall economy. Policymakers can acquire insights on establishing a conducive climate for banks to effectively adjust to external challenges and capitalize on opportunities.

## **1.5 Research Objectives**

The study achieves a number of objectives, which are:

- To identify the key external factors that influence the strategic management practices of commercial banks in Palestine.
- To examine the relationships between external factors and the strategic management practices of commercial banks in Palestine.
- To explore how commercial banks in Palestine adapt their strategic management practices to address the influence of external factors.
- To compare and contrast the strategic management practices among commercial banks in Palestine in response to external factors.
- To provide recommendations for commercial banks in Palestine to enhance their strategic management practices in the face of changing external factors.

## **1.6 Research Questions**

This research has the following questions:

- What are the key external factors that influence the strategic management practices of commercial banks in Palestine?
- To what extent do these external factors (e.g., Economic, Social, Political, Organizational, Technological) affect the strategic management practices of commercial banks in Palestine?
- How do commercial banks in Palestine adapt their strategic management practices to address the influence of external factors?
- What are the similarities and differences in the strategic management practices among commercial banks in Palestine in response to external factors?

## **1.7 Research Hypotheses**

The research hypotheses of this study are:

- There is a significant relationship between external factors (Economic, Social, Political, Organizational, Technological) and the strategic management practices of commercial banks in Palestine.
- The degree of influence of external factors on strategic management practices varies among commercial banks in Palestine.
- Commercial banks in Palestine employ different strategies to adapt their strategic management practices in response to changes in external factors.
- The strategic management practices of commercial banks in Palestine are influenced by the specific external factors prevalent in the Palestinian context.

## **1.8 Scope of the study**

The study elucidates the external factors encompassing economic, political, regulatory, and technological requirements, and their impact on strategic practices within

commercial banks, as perceived by senior and middle management in 13 banks in Palestine, comprising 7 local banks and 6 expatriate banks: Bank of Palestine, Palestine Investment Bank, Arab Islamic Bank, Housing Bank, Palestine Islamic Bank, Bank of Jordan, Safa Bank, Arab Bank, Egyptian Arab Real Estate Bank, Cairo Amman Bank, Jerusalem Bank, National Bank, and Ahli Bank. The research will be conducted across various departments and branches in the Ramallah and Al-Bireh Governorate, covering the period from the third quarter of 2023 to the third quarter of 2024.

### 1.9 Conceptual Framework

The model in Figure (1.1) below shows the variables used in the study, the nature of these variables as independent or dependent variables, and the relationships between them:

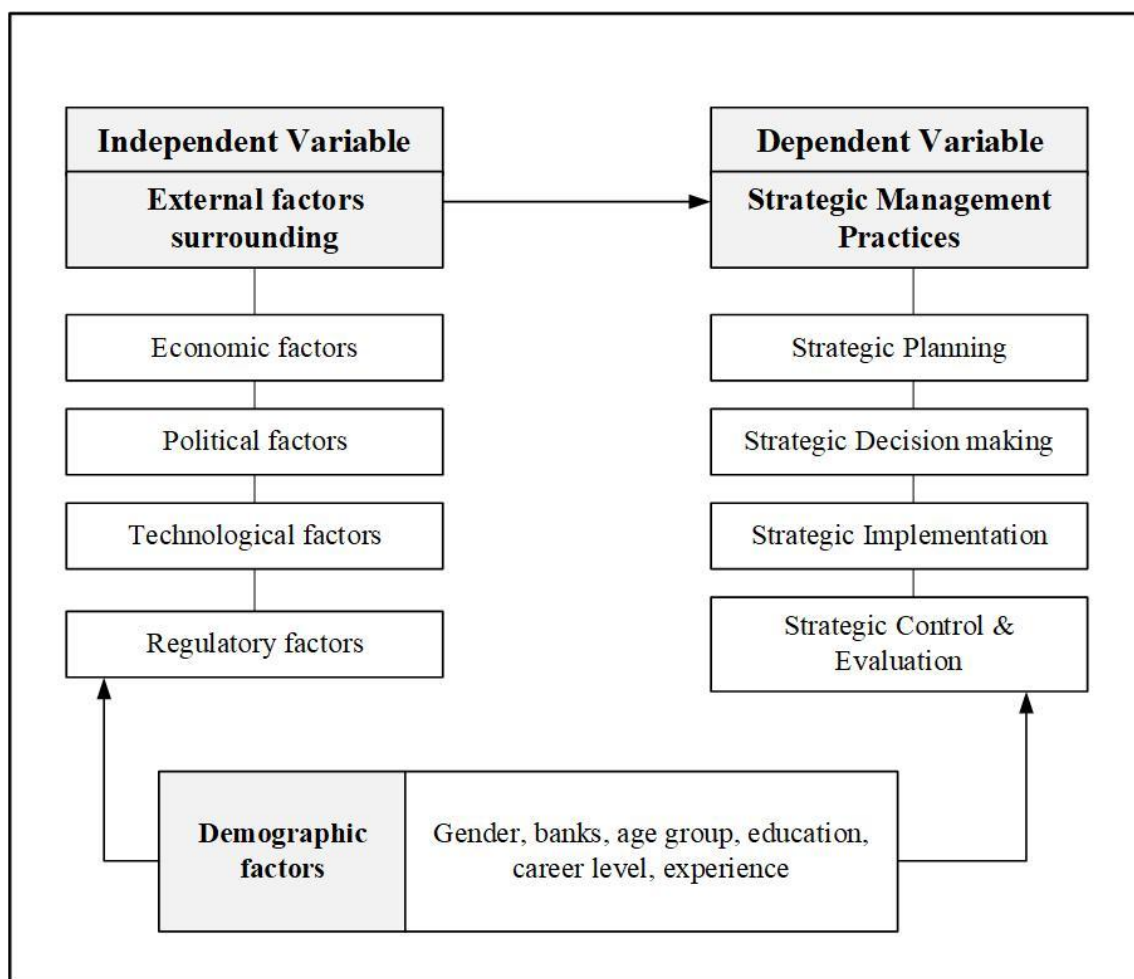


Figure 1.1: Study Framework

## 1.10 Study Terminology

**Commercial Bank:** It is a financial institutional entity that provides its financial and banking services to individuals and groups as well as to companies and other organizations, and provides mediation services between depositors and borrowers. Banks have an important role in the economy through what they provide in facilitating the flow of money, enhancing economic growth, and providing financial and banking services and products to society (Dabbas, 2023).

**Strategic Management:** Executing tasks effectively and efficiently to attain the organization's objectives by optimizing the utilization of all available resources, encompassing the processes of planning, coordination, direction, control, organization, and leadership. (Abdel Majeed, 2021, p. 16).

**Economic factors:** These are the factors that indicate the health of the economic systems within which companies and commercial organizations operate. Economic factors have an impact on all sectors of society, and they also affect the welfare of countries. They have an impact on the ability of companies and industries to achieve an appropriate rate of return. The four most important macroeconomic forces are the economic growth rate, interest rates, currency exchange rates, and inflation (or deflation) rates (Sholla & Nazari, 2018).

The researcher will divide this thesis into five chapters to create a good flow of information. The outline of the thesis will be as follows:

### **Chapter 1: Introduction**

This chapter will explain the background of the research. It will provide the introduction with information to guide the reader through the research topic. The introduction will include the problem statement and justification of the study; research objectives, questions, hypotheses, research delimitations, research design, research limitations, and research contribution to knowledge; as well as the outline of the thesis that the researcher will include in this chapter.

### **Chapter 2: Literature Review**

This chapter will provide a review of the literature related to the problem of the study. The first section will delve into the concept of external factors: economic, political,

organizational, and technological. The second section will guide the reader to the concept and practices of strategic management, and the dimensions of its practice in commercial banks.

### **Chapter 3: Research Methodology**

This chapter will present the detailed research design in addition to the methods used. The chapter will also explain the used techniques in the analysis and the issues related to the data collection process.

### **Chapter 4: Data Analysis and Interpretation**

This chapter (the findings) will present the data analysis, discuss the results, and link the findings with previous studies in order to develop discussions and arguments.

### **Chapter 5: Conclusion and Recommendations**

This chapter will discuss and debate the recommendations and conclusions of this research.

### **References**

It contains a list of all the references on which this study was based.

### **Appendices**

It includes the appendices that must be presented in the study.

## **2 Chapter Two: Literature Review**

### **2.1 Overview**

Chapter Two reviews prior research that pertains to the factors and subjects of the current study, emphasizing the notion of strategic management along with its diverse components and dimensions. It will elucidate the primary strategies employed by commercial banks, as well as the strategic problems necessitating their adaptation to alterations in both internal and external settings. The theoretical framework on external factors influencing the performance of commercial banks will be reviewed.

### **2.2 External factors surrounding**

External factors refer to those external factors surrounding the organization that usually affect its work significantly, and the organization has a limited and low ability to control or predict these factors. (Sholla & Nazari, 2018), In the field of banking, external factors also refer to those factors that are beyond the will and ability of the bank to influence them, and these factors change according to economic, political, technological, cultural and societal changes, and in the classification of these factors is determined by Taha & Al-Makhram (2023) by the following factors:

1. Level of economic activities: International and local economic activity affects the work of banks on the practice of strategic management in them.
2. General economic policies: such as state financial policies, tax policies, and loan policies.
3. Political, economic and legislative stability.
4. And the level of spread of banking awareness in the community.

Many studies and researchers classify these factors into six main factors, namely demographic, social, cultural, political/legal, technological, and economic factors (Mazikana, 2023); (Faccia & Cavaliere, 2021) . According to Idowu & Adegoke (2014) Externalities consist of social, economic, technological, political, market, industry and



customer pressures, financial and structural factors, all of which express the limitations and constraints imposed by the external environment of the organization.

This study will focus on the influence of external factors—economic, social, political, organizational, and technological—on strategic management practices in Palestinian commercial banks, which will be elaborated upon in the subsequent section.

### **2.2.1 Economic factors**

Economic factors are an indicator and evidence of the general condition of the economic systems in which the organization operates. These factors change with time. Economic factors affect the country as a whole, the welfare of society, and the conditions of organizations operating in this country, which may have an impact on the ability of organizations and production sectors to achieve an appropriate rate of return. The most prominent influential economic factors are the economic growth rate, inflation rate, interest rates, and foreign direct investment. Economic factors have an impact on various industries and sectors, including banking services, such that an economic crisis can weaken the country's financial system in general, and thus weaken its financial and banking services sectors (Sholla & Nazari, 2018).

The increase in the GDP indicates the growth of economic activity, and is considered one of the important indicators for measuring the strength of the economy at the state level, and has a positive impact in the case of growth on all economic sectors, while the inflation rate is considered an indicator of the general rise in the prices of goods and services, and affects the purchasing power of the consumer, and inflation is considered one of the factors affecting the activity of the banking sector and the economic situation (Al-Fadhili & Moftah, 2022).

The interest rate refers to the price of the current waiver of purchasing power from the lender as collateral for the loan or as a result of the risk surrounding the amount throughout the term of the loan, which is the cash rate for the use of loanable funds (Moussaoui & Gaballah, 2019).

Foreign direct investment denotes an entity's allocation of resources to initiatives beyond its national boundaries, intending to exert influence over the management of those initiatives. Foreign investment manifests in several forms, including the establishment of

entirely new projects, ownership of assets in existing facilities and organizations abroad, or through mergers and acquisitions. The International Monetary Fund defines foreign direct investment as ownership of 10% or more of a business organization's capital shares, which must be associated with the capacity to influence the organization's management (Al-Hamalawy, 2016).

The researcher believes that economic factors in the external environment are vital components that have a direct and indirect impact on the efficiency and effectiveness of the work of organizations in achieving their goals, and fluctuations in economic indicators such as economic growth, inflation, exchange rates and interest can constitute opportunities that can be exploited or threats that must be worked on to address their effects, which are indicators that have a role in the stability and flexibility of organizations.

### **2.2.2 Political factors**

These are the factors that require direct government intervention and have an impact on economic companies in particular. These factors include political, tax, labor, and environmental laws, as well as restrictions on trade movements such as customs tariffs and incentive systems, in addition to the political stability of the country. Political factors may also include goods and services that governments support or do not want to offer in their markets. These factors ultimately have an impact on societal sectors such as health, education, and the infrastructure of society as a whole. (Adagba & Shakpande, 2017).

The surrounding political factors clarify and determine the strategic paths and direction that must be adhered to in the strategic projects and programs carried out by organizations, especially banks, as they are greatly affected by the political and security situation and stability, which represent factors that must be taken into account in the application of strategic management (Al Nuaimi, 2021).

According to the United Nations Security Council, political stability is the engine of economic reform, which promotes the values of a society based on trust, which is an indispensable condition for achieving economic and political development. (UNSC, 2015).

Political instability as one of the influencing political factors enables it to increase the financial risks facing banking, as it is a way to bring about regulatory changes and financial and commercial disputes, and shifts in government policies resulting from government instability have a significant impact on the work of commercial banks (Shabir et al., 2024).

The policies developed by the state are among the factors affecting the work of organizations in general, and on the banking sector and commercial banks in particular, and they are policies that the state develops to achieve its goals, and these policies include the public spending policy, spending policies, which lead to the emergence of new groups in society that achieve higher income, and spending on public projects usually leads to an increase in the incomes of the groups benefiting from them (Yakubu & Abokor, 2020).

In addition to the above, there is an impact of the tax policies imposed by the state on banking, which have repercussions on reducing deposits as well as reducing or increasing the surplus on consumer spending, and tax policies affect the prices of goods and services, which have an indirect impact on banking, public lending policies, issuance of financial bonds, treasury bonds and other policies (Taha & Al-Makhram, 2023).

From the above, the researcher believes that there is great importance of political factors on the business environment in general, especially in the banking sector, which is directly affected by the policies in force in the state, as government interventions in the formulation of tax policies, labor laws, environmental protection and commercial legislation constitute a regulatory framework that has a role in the stability of the economy in general, and political stability has a major role in enhancing confidence between investors and the work environment, as well as its role in supporting and developing the economy.

### **2.2.3 Technological factors**

The technological factors affecting strategic management practices refer to those factors associated with the development of technology and communication techniques, and this development has led to major changes in the field of business in general, and in the banking sector in particular, so that banks moved from working in traditional ways to better ways of innovation and technological development that has implications for

improving efficiency at work, and through the employment of information technology at work, banks and financial institutions have achieved many benefits, the most important of which is achieving vertical expansion of the scope of Banking practices as a result of the changing nature of banking and the intensification of the competitive environment, and through the use of modern technology, banks will be able to develop new banking services for current and future markets, as well as be able to develop new applications for existing banking services, improve the quality of banking services provided, and reduce costs (Irshaid, 2017).

Digital banking can be defined as those services that the banking system performs in a paperless manner, which makes it easier for customers to access typical banking activities and perform these activities online, which means that there is no need for the customer to visit the bank branches (Nepal & Nepal, 2023).

When talking about technological factors and digital banking, it is necessary to mention security, which is a topic of great importance, as the security of websites, privacy and reputation they enjoy, have a direct and important impact on customer confidence and obligations in the bank's digital transactions (Ananda et al., 2020).

#### **2.2.4 Regulatory factors**

The Bank's regulatory system is complex, due to interrelated aspects and needs to keep pace with the innovations of the banking sector, and it is essential to understand the regulatory implications for the applications and practice of the Bank's strategic management (Nayak, 2021).

The regulations of banks vary from one country to another, and are usually determined by the competent regulatory authorities in the country, and banks must abide by them to meet the standards of trust and safety of customers, and there are regulations related to areas related to the national security of the state, such as anti-terrorism, anti-money laundering and bank fraud investigation, and the most prominent of these regulations are: Central Bank regulations, basic capital regulations, liquidity, risk management ... etc (Sheikha, 2024).

Compliance is also part of the regulatory factors of banks, and compliance refers to strict compliance with banking laws and instructions issued by the official authority that

supervises and manages the banking sector, and compliance is part of the control process as it is the process of ensuring the bank's compliance with the application of all laws, regulations and circulars issued by the Central Bank in the country (Ali & Ibrahim, 2019). In the Palestinian case, we are talking about the Palestinian Monetary Authority.

According to Kori et al. (2020) The regulations for banks in general and for commercial banks differ from one country to another, and are usually determined by the competent regulatory authorities in the country, and therefore banks operating in this country must adhere to them to meet the standards of trust and safety for customers, in addition to the existence of regulations related to national security, such as regulations that combat terrorism and money laundering, and regulations that limit bank fraud.

In the researcher's opinion, the regulatory framework in commercial banks ensures transparency in banking activities between banks, investors, individuals and all stakeholders, and it is the mechanism followed by the state in preserving the interests of everyone in accordance with the mechanisms it provides to reduce the risks that may result from passive trading, money laundering or other illegal practices.

### **2.3 Strategic Management**

The origins of the term strategy go back to the roots of the Greek word (Strategos) meaning general, which refers to the use of this term in military and wars, a concept in its content that talks about the formations of armies and the distribution of resources of armies in war and the movement and transfer of military blocs and armies to confront enemies and get out of military ambushes with the least losses, or to avoid weaknesses in wars or seize opportunities as a result of the weakness of the enemy (Dhlamini, 2022).

Following the conclusion of World War II and the shift of business from a stable to a dynamic environment characterized by heightened competitiveness, the necessity for strategic concepts in business became apparent. This term has become linked to commerce and industry, with numerous individuals offering varying definitions for it. Strategy can be defined as a series of methodical actions undertaken by a corporation in reaction to a particular circumstance it encounters. Hanasini Athapaththu, 2016.

Strategic management as a concept refers to one of the branches of management that is concerned with developing the strategic vision, setting goals, formulating and

implementing strategies in the organization, which requires the adoption of strategic concepts and mechanisms to correct and correct deviations, if any, in the organization's strategies, and is defined as the art and science of forming, implementing and evaluating multifunctional decisions that make the organization able to achieve its goals (Rasheed & Othman, 2021).

Strategic management is characterized as a methodical process of formulating, executing, assessing, and supervising strategies to attain both the immediate and enduring goals of an organization. This method enables managers to formulate initiatives that bolster the organization's long-term competitive edge. (I. et al., 2024).

Through the previous definitions, the researcher believes that all these definitions focused on that strategic management is an administrative process based on planning, development, implementation, evaluation and supervision, but for strategies to move the organization from reality to a better reality, through which it seeks to improve its competitiveness and advantage compared to other organizations in the same field, but in the long term.

Strategic management, as articulated by Rajnoha & Lorincova (2015), is a process that encompasses the formulation of organizational goals, operational principles, and objectives, with the identification of the requisite strategy and leadership to attain those goals. Strategic management encompasses several fundamental steps, including: defining company objectives, establishing policies and goals, devising strategies to attain the objectives, and efficiently managing the organization.

Bryson & George (2020) define strategic management as the process of guiding an organization's endeavors to attain desired outcomes by assessing the external environment to identify opportunities and challenges, evaluating internal resources and capabilities, and formulating a vision and mission that inspires achievement. This process entails establishing goals and objectives, evaluating them, and selecting the suitable approach to attain those goals.

Researcher could conclude from the previous definition From the previous definition, strategic management depends on environmental analysis above all, and the researcher believes that this stage is the stage of collecting data and information about all the external or internal factors and influences surrounding the organization that affect its work and its continuity in providing products or services, and then the company's

resources and capabilities are managed and directed towards its goals in the presence of the filtered information of risks, opportunities, weaknesses or potential threats.

Strategic management involves the planned use and allocation of resources to implement key initiatives taken by executives to improve corporate performance in specific situations and environments on behalf of stakeholders. (Kennedy, 2020).

Strategic management is defined as the process by which senior management of an organization or company sets and implements key objectives and initiatives for the benefit of stakeholders, taking into account available resources and analyzing the internal and external environments in which the organization competes (Alharbi, 2024a). Thus, strategic management according to this concept plays a prominent role in facilitating the formulation and drawing of strategies aimed at achieving the goals of the organization and implementing effective strategies to reach and achieve these goals.

According to Candra Susanto et al. (2023) Strategic management refers to the process of establishing an organization's goals, operating principles, strategies, and leadership to achieve those goals. This concept involves several stages, including defining purpose and objectives, setting policies, and developing strategies with the aim of achieving the best competitive position for the organization.

The researcher posits that strategic management, as defined, is a process executed by organizational management aimed at enhancing the overall, organizational, and strategic condition of the entity. This involves assessing future requirements based on an analysis of internal and external environments that influence the organization's operations and direction, as well as identifying strengths, weaknesses, potential opportunities, and threats. Consequently, senior management is equipped to establish strategic objectives, develop policies, and formulate strategies. By which the organization's goals and objectives can be attained, enhancing its advantages and competitive standing to maintain continuity amid unpredictable working conditions.

### **2.3.1 The significance of strategic management**

Strategic management has the ability to adapt to changing conditions and uncertainties that organizations are exposed to as a result of changes in their external and internal environment, which makes them seek to change a part or parts or processes or

organizational structures, and redirect and correct their paths. Hence, the importance of strategic management in business organizations emerges, as it helps in several matters, the most important of which are (Khemesh, 2019):

- Maximizing the benefit and satisfaction of stakeholders by improving the organization's performance and returns as a result of effective strategic management.
- Carrying out or maintaining the organization's mission, and the task is usually the reason for the organization's existence and the basis for its work strategies.
- Maintaining the competitive advantage and growth of the organization and helping it in sustainability and continuity, especially under difficult circumstances.

It can be said that one of the main roles of strategic management in the organization is its success in fully integrating the various functional areas within the organization, and ensuring the harmony of these areas and working in harmony with each other in the interest of the organization, and strategic management is a continuous planning, control, analysis and evaluation of everything that is necessary and useful for the organization in achieving its goals and reaching its goals, and perhaps innovation and technological and creative developments today, require organizations to think and make quick and correct strategic decisions to ensure survival and continuity in work (Stamevska et al., 2019).

A number of factors can be identified that push organizations today to adopt strategic management, the most important of which are (Al Nuaimi, 2021):

1. Strategic management assists senior management in the organization in the field of strategic decision-making, by understanding and analyzing internal and external environmental changes and influences.
2. Developing and developing strategic thinking methods, especially with regard to the future of the organization and ways to seize the available opportunities and the processes required to invest them.
3. Formulate clear and understandable strategies that can identify ways to respond and adapt to influencing and surrounding factors.



4. Adopting more effective and efficient means and mechanisms for control, coordination, follow-up and evaluation of strategic performance, allowing the organization to address deviations, strengthen its strengths and address weaknesses.

Stamevska et al. (2019) argue that Strategic planning, which is part of strategic management, provides the ability to improve the organization's transition from its current state to a better position it wants to be in, through quantifiable and qualitative goals that measure whether the work is proceeding as planned or there are deviations that can be detected and corrected.

A study by Hejazi (2024) revealed a positive correlation between strategic management and the enhancement of employees' administrative competence. The findings indicated that the formulation of strategic plans in Islamic banks had a medium relative weight of 65.04%, whereas the implementation and application of strategic management exhibited a high weight of 71.05%. Suwais and Al-Qobaj (2021) assert a direct association between strategic leadership practices and organizational performance attainment.

### 2.3.2 Strategic Management Application Requirements

According to (Arabano et al., 2021), (Al-Qahtani et al., 2018):

- **Appropriate organizational structure:** that is compatible with the organization's strategy and achieves its objectives, and is able to identify and clarify the relative importance of core activities and complementary and supporting activities, and is able to accurately define the responsibilities and powers of units and employees without causing any conflict.
- **Organizational culture:** The existence of an organizational culture based on involving employees in work planning and decision-making, welcoming their initiatives and proposals, encouraging them to innovate, and providing them with material and moral incentives, are important requirements for the application of strategic management.

- **Qualified Human Resources:** The degree to which these resources possess the capabilities and skills necessary to carry out strategic management operations significantly affects the strategic success of the organization.
- **Adequacy of financial resources:** For the success of strategic management, it is necessary to analyze the financial situation of the organization before embarking on any strategy.
- **Supporting Information and Communication Systems:** Any organization needs in the stages of strategic management a modern and advanced electronic communication network with a degree of accuracy and speed, in addition to its need for information systems capable of providing the necessary knowledge about the internal and external environment of the organization.

According to Taboli & Rahmani (2014), the adequacy of the organizational structure is judged by the degree of centralization, which indicates who has the right to make decisions in the bank, the degree of complexity, which indicates the degree of specialization and division of tasks and activities, the degree of formality, which indicates the extent of reliance on laws, regulations, decisions and instructions, and the degree of flexibility, which indicates the possibility of changing the structure by adding, deleting, modifying or merging administrative units.

In the field of organizational culture, (Arabano, Salim, & Abdul Rahim, 2021) Discusses The importance of the conviction of the management and employees of the organization of the importance of strategic direction, and that the focus is not only on achieving profitability, but also to keep pace with developments, especially technological and compatibility with other environmental variables, in addition to supporting the idea of introducing new and innovative activities through which competitive advantage is achieved.

### **2.3.3 Strategic Management Practices**

According to (Lekara & Hamilton, 2021), Strategic management consists of four basic elements, through which processes are strengthened and specific organizational objectives are achieved, and these elements include environmental survey (internal and external), strategy formulation, which includes strategic planning, strategy

implementation, strategy evaluation and monitoring, and these elements came in the following figure (2.1), which illustrates the hierarchy and interaction of these elements among themselves:

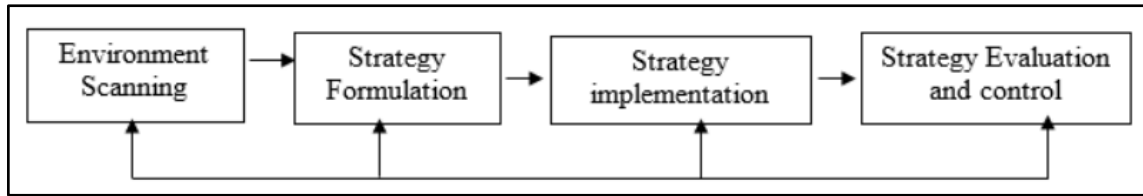


Figure 2.1: Basic Elements of Strategic Planning

Thompson & Strickland (2003: 461) elucidate in their strategic management model that effective strategy implementation hinges on two dimensions: leadership, which is pivotal for the successful execution of the organization's strategy, and organizational culture, which undergirds and reinforces the strategy. Their model delineates five stages of strategic management: formulating the strategic vision and business mission, establishing objectives, devising the strategy to attain these objectives, executing and finalizing the strategy, and assessing and monitoring changes while making requisite adjustments.

Pearce & Robinson (2011) presented a strategic management model consisting of eleven interrelated processes interacting with each other, components that start with the company's mission and social responsibility and end with continuous strategic control and improvement. The following figure shows the Pearce & Robinson model:

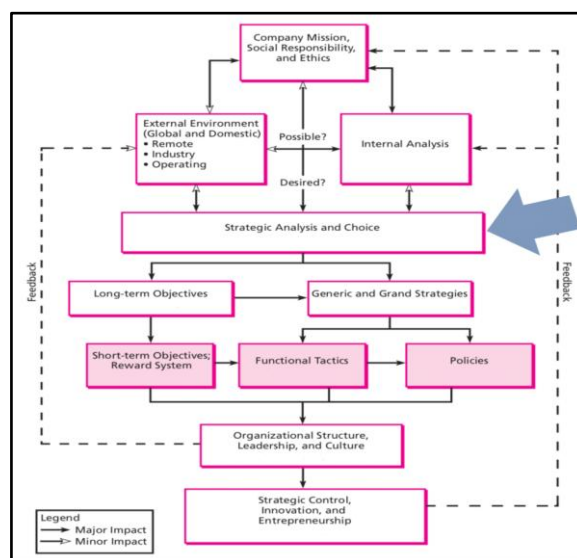


Figure 2.2: The strategic management model proposed by Pearce & Robinson

According to Sammut-Bonnici (2015) The stages of strategic management are classified into:

- Phase I: Strategic assessment, the initial stage of the strategic management process, necessitates a comprehensive evaluation of the organization's internal and external environments. This evaluation is grounded in the analysis of the SWOT matrix, which delineates the organization's strengths and weaknesses, alongside the opportunities and dangers present in the external environment. The primary elements of the internal analysis encompass the organization's resources, including infrastructure, machinery, capital, human resources, and distribution networks, which can be synthesized and enhanced to evolve into capabilities. The external environment comprises characteristics beyond the organization's control; yet, it necessitates examination to reformulate and arrange the organization's strategy for effective engagement. Organizations are influenced by various forces, including political, economic, social, and technological factors, collectively represented in the PESTS matrix, as well as legal, environmental, demographic, ethical, and organizational pressures.
- Phase II: Strategic Activity Planning: The extensive array of strategic plans will encompass a roadmap for the company's business, corporate, competitive, international, cooperative, and acquisition strategies.
- Phase III: Execution of strategic initiatives necessitates two primary competencies: leadership and corporate governance.
- Phase IV: outcomes of strategic initiatives.

Al-Shdifat (2020) contends that despite variations in their job and process delineations, all these models concur on four phases of strategic management. This aligns with Maleka (2014), and the stages are:

- The first stage: the stage of strategic analysis.
- The second stage: the stage of strategic planning.
- The third stage: the strategic implementation phase.
- Fourth stage: strategic control phase.

According to I. et al. (2024) Strategic management practices are:

- Strategy Formulation.

- Strategy Implementation
- Strategy Evaluation

Based on the strategic management practices included in the studies Maleka (2014) and Al-Shdifat (2020) and I. et al. (2024), In this study, these practices will be adopted with the addition of strategic decision-making practices in accordance with Gagan Deep (2023) The practices of strategic planning, strategic decision-making, strategy implementation, and strategic control and evaluation will be addressed.

#### **2.3.4 Strategic Planning**

Kabeyi (2019) states that the term strategic planning emerged in the 1950s and has since gained popularity as a purported solution to organizational challenges. It is a process centered on goals, objectives, and strategies derived from policies, programs, and activities designed to achieve organizational aims and desired outcomes.

Rasouli et al. (2020) define strategic planning as a process that involves evaluating the organization's requirements, environmental factors, and customer relationships, as well as analyzing organizational strengths and weaknesses, to establish the organization's mission, objectives, and strategies.

Strategic planning is defined as the process of establishing the organization's long-term goals and objectives, along with formulating the requisite plans to achieve these goals. Al Jabri, 2020, Kabeyi (2019) describes it as a methodical process that entails establishing an organization's mission, vision, and values, examining internal and external surroundings, and formulating strategies and policies to attain these objectives.

Strategic planning is defined as a crucial process for preparing the implementation of an organization's mission. It establishes an effective strategic framework for decision-making regarding resource allocation, addressing challenges, and capitalizing on opportunities, ultimately leading to the identification of the necessary strategy for organizational decision-making. De Andreis, 2019.

Gandrita (2023) asserts that strategic planning necessitates ongoing enhancement to ensure stability with markets and stakeholders, achievable through program development and implementation, identification of areas for improvement, precise performance evaluation, comprehension of stakeholder perspectives, and reporting across

financial, social, and environmental dimensions. Optimal outcomes are facilitated by robust engagement from individuals who collaborate closely, which is crucial for the organization's operational performance.

The researcher posits that strategic planning is fundamentally the alignment of organizational strengths and constraints within its business environment. This necessitates the collection, examination, and analysis of environmental data, precise identification of the company's strengths and weaknesses, and the establishment of a clear mission alongside attainable objectives. Furthermore, it demands creativity and innovation from the organization's managers and those responsible for the strategic planning process, as well as their strategic thinking capabilities.

Kabeyi (2019) asserts that the culmination of the strategic planning process is a documented strategic plan that functions as a blueprint for the organization's future, facilitating the establishment of realistic organizational direction, goals, and objectives. The strategic planning process is intended to generate original and creative concepts that establish the foundation for the organization's future, indicating that an effective strategic plan must be grounded in such ideas.

According to (Bani Hamdan & Idris, 2019) The strategic planning process is based on four important elements:

1. Futuristic decision-making: Therefore, there is a need to identify alternatives that can be followed in the future.
2. Process: Strategic planning is a process that begins with setting goals, then policies, and then ways to reach strategies to implement goals and achieve goals.
3. Philosophy: Strategic planning is a direction and approach to the management process, which can only be achieved through the existence of a well-established philosophy among managers based on the adoption of this approach to work.
4. Structure: The structure of the strategic planning process helps senior management to transform master plans into specific decisions towards achieving the ultimate goals.

Several research models discuss the components of the strategic planning process, according to Hamidi & Zahaf (2017) These components are: vision and mission development, formulation of strategic objectives, strategic analysis.

According to what he quoted de la Cruz et al. (2023) About the David Fried model, which is the strategic model that sees strategic planning as an objective approach, where it is necessary to describe and analyze qualitative and quantitative data to make the best possible decisions in light of uncertainty, which can be achieved through three basic stages: The first stage in which the actual goal, objectives and strategies are determined, and at this stage data is collected that can reveal strengths, weaknesses, organizational opportunities and threats, and the second stage according to this model is the implementation of the strategy, The organization defines policies dedicated to motivating its employees to allow for the effective distribution of resources and the introduction of a new culture for the implementation of the strategies developed in the previous phase, and the third and final stage is the evaluation of strategic planning, and measuring the results of this planning in a way that makes progress clear through measurable indicators.

As for the model Kaufman-Herman's, it is based on three steps for strategic planning, the first step provides a definition of the scope, which is a step related to determining the ideal vision, and the second step according to this model is to collect data and study the needs to achieve success, and this stage includes identifying values and tasks as external factors, and the factors represented in strengths, weaknesses, differences, short and long-term tasks are examined and discussed, opportunities and risks are identified, policies are extracted and action plans are developed, and the third stage is Implementation and evaluation phase, where the strategy is implemented and evaluated through indicators that allow continuity and review as needed (Kaufman & Herman, 1991).

The study by Tefera & Abebe (2024) on the influence of strategic planning on the performance of public commercial banks in Eastern Ethiopia revealed a robust and favorable correlation between strategic planning and overall bank performance. The correlation coefficient for this relationship was 88.3%, and the coefficient of determination was 0.779, signifying that strategic planning substantially accounts for the variance in the overall performance of banks. The strategy formation dimension and environmental analysis were identified as the most significant factors influencing performance. Research on resource.

In this study, and according to the studies and models, the researcher will study strategic planning through three stages: defining the vision and mission, formulating strategic objectives, and environmental and strategic analysis.

#### **2.3.4.1 Vision Statement and Mission:**

Vision data and mission data depend on the basic ethical values of the organization and are necessary for its success because it gives it direction, these data lead to long-term goals that determine where the organization wants to reach in its competitive case, and the vision is directed towards the future, which is the state of the goal that embodies the long-term ambition of the place that the organization wants to reach in the future compared to its competitors, and the organizational vision is usually expressed through a simple one-line statement, These types of data provide a strategic achievement goal that may be ideal or fairly normative for real-world constraints, but it inspires the organization to overcome barriers in a coordinated effort, so the vision statement is the main driver of organizational innovation, employee commitment and motivation, effectiveness, and success in the competitive arena. (Bowen, 2018).

According to (Hamidi & Zahaf, 2017)The vision is defined as the image of the future, which is the dream that those in charge of the organization wish to reach and achieve, and this image must be not far from the reality from which the organization will start, meaning that it can be achieved in a specific period of time.

The vision forms the basis of the organization's mission, where the mission statement outlines the business in which the organization intends to compete, the message in the organization is more realistic than the vision, and the message must be inspiring and relevant to all stakeholders associated with the organization. (Sultan & Othman, 2021).

Djordjevic (2021) argues that the mission statement is the basis for priorities, strategies, plans and work tasks, and is the starting point for the design of administrative functions and, above all, for the design of administrative structures.

#### **2.3.4.2 Strategic goals and objectives**

After defining the vision statement, the next step is defining strategic objectives, and the vision statement is one of the key inputs to this process. The vision statement defines the strategic objectives and goals of the organization. Setting strategic objectives translates the strategic vision into specific performance objectives. Defining strategic



objectives is an essential element in strategy formulation. All objectives must meet the SMART criteria to be effective, and the SMART methodology is a widely used technique for formulating meaningful objectives.(B et al., 2017).

The objectives must contain a set of characteristics, the most important of which is that these objectives are clear and measurable, specific to evaluate decisions, have a specific time dimension for implementation, and be appropriate to the capabilities and capabilities of the Organization, flexible and changeable. (Alharbi, 2024).

#### **2.3.4.3 Environmental scanning:**

This stage includes activities related to the analysis of the internal and external environments, through two dimensions, the first is the mission environment, which is called the competitive or sectoral environment, and the other dimension is the general environment, or the environment of society, and includes political, economic, social and technological environmental components, and in the internal environment the organizational structure and organizational culture of the organization are analyzed, and data on resource allocation is analyzed and collected, and given the data collected through the environmental survey, the organization has information about Environmental opportunities and threats through the external environment survey, and through the internal environment survey, the organization is able to identify its strengths and weaknesses, and at this stage some appropriate tools can be used to conduct such a survey, in the case of an external environmental survey, the PEST matrix can be used, but in the case of the internal environmental survey of the organization, the SWOT matrix can be used (Al-Muhammadi, 2020).

#### **2.3.5 Strategic decision-making**

Although not all employees in organizations today are at strategic levels, the decisions of each employee ultimately affect the success of the organization's strategy, and it can be said that a set of decisions that are all aimed in one direction, can lead the organization to achieve competitive advantage. (Bayo & Akintokunbo, 2022).

Strategic decisions differ from other administrative and organizational decisions in that they deal with a long-term future, and these decisions have characteristics represented in: scarcity, they are unusual and do not usually have a precedent, and they also have consequences, in the sense that large resources are committed towards them and require a great deal of commitment from workers at all organizational levels to achieve the goals of them, in addition to that these decisions are characterized by guidance, that is, they set precedents and guidance for fewer decisions and future actions at all levels of the organization (Hunger & Wheelen, 2011).

The process of strategic decision-making is one of the logical and systematic steps taken by decision-makers to choose a possible path or approach for the better and towards success, in line with the expectations of the organization and its strategic objectives. (Eromafunu et al., 2022).

According to (Ukosh et al., 2022) strategic decision-making requires analyzing the internal and external environmental factors of the organization. The decision-making process goes through several stages, which can be summarized in studying and diagnosing the work environment, then identifying and classifying the available alternatives, and finally making the optimal decision and following up on its evaluation. Strategic decisions are considered costly decisions, so their failure may sometimes lead to the termination of the organization's existence.

The researcher believes that strategic decisions are the fate of strategic planning, which is an inevitable result of the data and information provided by the internal and external environment, which through its analysis shows many things that must be made strategic decisions based on them.

#### **2.3.5.1 Risk management**

Risk management is defined as an organized, integrated and systematic process at the organizational level based on identifying, analyzing, evaluating, addressing and monitoring risks towards achieving the organizational objectives of the organization (Kamioka & Cronin, 2020).

Risk management is an element of strategic management in the organization, which is used in all activities and sections of the organization according to a comprehensive and

integrated methodology that seeks to reduce and reduce risks and their effects on the organization (Filyppova, et al., 2019).

Risk management is the process of identifying risks and planning and taking measures and actions to manage these risks, and specific risks are evaluated to identify important risks, and large risks refer to the risks that prevent companies from achieving business goals or risk disrupting the basic processes in the work of the organization, and then the best way to reduce risks is planned, so the possibility of identifying large risks does not It makes the organization able to not only manage risks, but also able to allocate resources efficiently to manage these risks (Rabihah, 2013).

According to Karunathilake et al. (2020) Modern risk management focuses not only on reducing or avoiding risks, but also on an in-depth understanding of the risks they face and exploiting potential opportunities that may open up. By adopting this approach, organizations can increase their capacity to adapt to environmental changes and create sustainable value for stakeholders.

Norrahman (2023) argues that risk management is not only a technical process for identifying and managing risk, but also an integral part of an organization's strategy that can provide significant added value, by implementing effective risk management, enabling the organization to improve current opportunities while mitigating potential threats that may hinder the achievement of its goals. Ansyari (2024) points out that the systematic and comprehensive risk identification process, organizations develop a better understanding of their operating environment, better identify potential threats and opportunities, and prepare to deal with uncertainty and change, therefore, the implementation of risk management at the risk identification stage not only helps protect organizational value, but also supports the achievement of long-term goals and organizational sustainability amid market dynamics and complex business environment.

According to the above, making strategic decisions is usually risk-based and uncertain, which requires effective risk management capable of describing potential risks and giving solutions and plans to avoid them and avoid their effects.

### **2.3.5.2 Resource allocation**

The issue of resource allocation is one of the important issues in the business environment. Resource allocation is a decision issue. Decision makers (DM) allocate future resources available to a number of administrative and organizational units, which are usually referred to as decision-making units, in order to improve performance in the business organization. (Nasrabadi et al., 2012).

Research on resource allocation originated in the late 1960s, as academics aimed to attain a more accurate comprehension of the investment decision-making process, encapsulated in financial models of capital budgeting. Financial models concentrate on quantitative evaluations of predefined investment alternatives accessible to a corporation, facilitating optimal decision-making. Nevertheless, these models failed to consider human behavior or organizational attributes. To address this deficiency and incorporate financial assessment inside an organizational framework, management scholars undertook field studies grounded on particular observations and formulated descriptive process models (e.g., Bower, 1970; Bromiley, 1986; King, 1975) (Maritan & Lee, 2017).

When examining resources from a strategic viewpoint and evaluating sources of competitive advantage, two fundamental assumptions can be made. Firstly, companies within the same industry may differ in the resources they have. This heterogeneity in resources may endure over time, as the resources utilized to execute strategies are not entirely allocated among enterprises, indicating that they are not exchanged in factor markets and are challenging to aggregate or replicate (Aminazahra & Chege, 2020).

Singoro (2021) asserts that organizations typically reorganize and allocate their resources to generate value, a process known as resource allocation, which pertains to how organizations distribute their resources across various significant projects or tasks. This technique is crucial for organizations as they allocate particular resources to various tasks. The significance of this process is underscored by the necessity of planning, managing, and allocating resources across various projects, which are critical for project success. This necessitates the integration of capabilities to address time constraints, limitations, and resource scarcity. Time is pivotal in the execution of an organization's strategies, and the availability and timely allocation of resources significantly influence the organization's performance in the labor market (Ng'ang'a et al., 2024).

### **2.3.6 Strategic implementation**

Strategy implementation refers to the way an organization develops, uses and integrates its organizational structure, control systems and culture to pursue a strategy that leads to achieving its goal, putting it in a leading competitive position and achieving the best possible performance. (Kuhe et al., 2021).

In the opinion of the researcher, and with some simplicity in interpretation, strategic implementation is the translation of strategic planning, environmental surveys and strategic efforts made by the organization on paper into integrated organizational work to achieve the goals and objectives of the organization, which requires changes in the organizational structure of the organization to suit the changes that will be brought about by the strategic transition process of the organization through the application of its planned strategies, and a good strategy without proper implementation, is a bad strategy or no strategy at all.

According to Tawse & Tabesh (2021), the process of implementing the strategy refers to a dynamic, continuous, repetitive and complex process, which is the result of multiple processes and different activities of managers and employees in the organization, to transform its strategic plans into reality that achieves its goals and objectives set out in the strategic plan.

Aziz Dasan (2022) posits that the strategic implementation process positively influences organizational performance. Numerous factors affect the efficacy of strategy implementation, with the alignment between organizational objectives and activities being paramount. Additionally, initiatives that convert strategic objectives into projects and programs, along with factors pertaining to organizational leadership and the effectiveness of communication across administrative and operational levels, are critical.

### **2.3.7 Strategic control and evaluation**

The stage of strategic control and evaluation is considered the stage in which appropriate standards and indicators capable of evaluating financial and non-financial strategic performance are prepared, in order to match the strategic performance achieved

with what has been set in the strategic plan, while identifying defects and deviations, if any, and taking appropriate corrective decisions (Al-Tai & Qadadah, 2020).

Although the general concept of strategic control is to match what is achieved on the ground with what has been drawn in the strategic plan, with the discovery and correction of defects to ensure the achievement of the strategic objectives of the organization and move them to the better reality to which it aspires, some believe that this last stage of strategic management is only the beginning of continuous work, and that its results and outputs constitute the beginning of a new phase of building a better strategy that the organization is following based on plans According to Al-Nuaimi (2016), this stage can only be succeeded with the availability of three main elements (Al Nuaimi S. , 2016):

- 1. The presence of motivation for strategic control:** by ensuring the desire and belief of all administrative levels and employees in the importance of strategic control.
- 2. Efficiency of the control system:** It is necessary to have an integrated information control system that is efficient and effective that allows for the speed and accuracy of reports, performance results, proposals and required treatments.
- 3. Accuracy of standards:** It is essential that control be carried out according to well-prepared standards derived primarily from the mission, goals and objectives of the organization.

Strategic control as a stage of strategic management, can be seen as a process that mediates a number of continuous interactions between environmental variables and the internal dimensions of the organization, as the overall environment of the organization is a key pillar of the strategic control stage, as a result of continuous and renewed changes in it (Jamar, 2021).

There are several levels of strategic control (Moghaddam, 2020):

- 1. Strategic control:** It is a control that is exercised at the level of the strategy as a whole and is related to the overall performance of the organization, and this control is exercised by the senior management of the organization.

2. **Tactical control:** It is a control exercised at the level of business units, and it is control related to the strategic planning system, exercised by the middle management of the organization.
3. **Operational control:** It is a control exercised at the level of operational strategies and is related to the control of short-term plans, and its responsibility is the responsibility of the executive management.

Based on the above, the researcher believes that strategic monitoring and evaluation is one of the most important stages of strategic management. It is a stage that overlaps with all the other previous stages, and perhaps this is what makes it a continuous and renewable stage at all levels of strategic management, according to the researcher's opinion.

#### **2.4 Commercial banks in Palestine**

Following the formation of the Palestinian National Authority pursuant to the Oslo Accords and the ratification of the Paris Protocol governing trade relations with the occupying state in 1994, the Palestine Monetary Authority was instituted to execute and oversee monetary policies in Palestine. As of 2024, the total number of banks operating in Palestine is 13, comprising 7 local banks and 6 international banks (Association of Banks in Palestine, 2024).

It is significant to note that the local banking sector comprises four commercial banks and three Islamic banks, whereas the expatriate banks are exclusively commercial. Collectively, these banks operate a network of 378 branches and offices, with 321 located in the West Bank. The Palestinian banking system employs approximately 7,500 individuals, of whom 38% are female. According to financial statements, the Palestinian banking system's profit reached approximately \$163 million by the conclusion of the second half of 2023 (Association of Banks in Palestine, 2023).

The Palestinian banking sector was established prior to the Israeli occupation, with the Arab Bank in Palestine being registered on May 21, 1930, with a capital of 15,000 Palestinian pounds, the prevalent currency at that time. Mr. Abdul Hameed Shoman served as the inaugural Chairman of the Board of Directors, and the bank commenced operations in Jerusalem on July 14, 1930. The establishment of the Arab Bank aimed to

play a significant role as a partner in social development during that period. Economic conditions in the region (Arab Bank, 2024).

This study intends to investigate the influence of external influences on strategic management practices within commercial banks, given their crucial role in the Palestinian economy. This highlights the significance of these aspects in enhancing the performance of banks and the quality of services offered to Palestinian citizens.



### **3 Chapter Three: Methodology**

#### **3.1 Overview**

In this chapter, the researcher will review the comprehensive research plan, in addition to the adopted methodology, and the techniques used in the analytical part of the study will be explained, including the challenges facing the data collection process.

#### **3.2 Research Methodology**

In this chapter, the research design, population, sample size, data collection, questionnaire design and content, instrument validity, pilot study, and data processing and analysis methods will be reviewed.

#### **3.3 Research Strategy**

The research strategy employs a descriptive analytical approach, which seeks to gather facts and data regarding a certain event or scenario and analyze them accurately. The quantitative approach was employed, utilizing measuring tools developed in accordance with validity and reliability requirements. The data obtained from this method are statistically analyzed, enabling the conclusions to be generalized to the original research population (Dagar, 2019).

This methodology was employed due to its alignment with the study's criteria for data collection from the target audience, classification and analysis of the data, and extraction of insights to attain the study's objectives and address its questions.

#### **3.4 Framework of the Research Methodology**

scientific paper should be understandable, definite, and concise – this is a rule that is repeated like a mantra in many handbooks and by university professors alike (Guides,

2020). This research must prove this truth through good planning and organizing in addition to choosing the most suitable way for data collection and research strategy. As stated by McMeekin et al. the advantages of using methodological frameworks are numerous: they can improve activity consistency, reliability, and reporting, improve quality of the research, standardize approaches, and optimize the truthfulness of study results (McMeekin et al., 2020).

Saunders et al. (2008) labeled a model named as the 'Research Onion Model'; the model classifies research into six layers. It entails philosophies, methodologies, strategies, options, timeframes, techniques, and processes (MacLean, 2013).

At the beginning of the research, this 'Research Onion Model' provided a clear path to outline for the best methods and strategies to use. As it stimulates knowledge and generates ideas for finding an answer to the research questions. The researcher applied the principles of the Research Onion Model broadly to each research question.

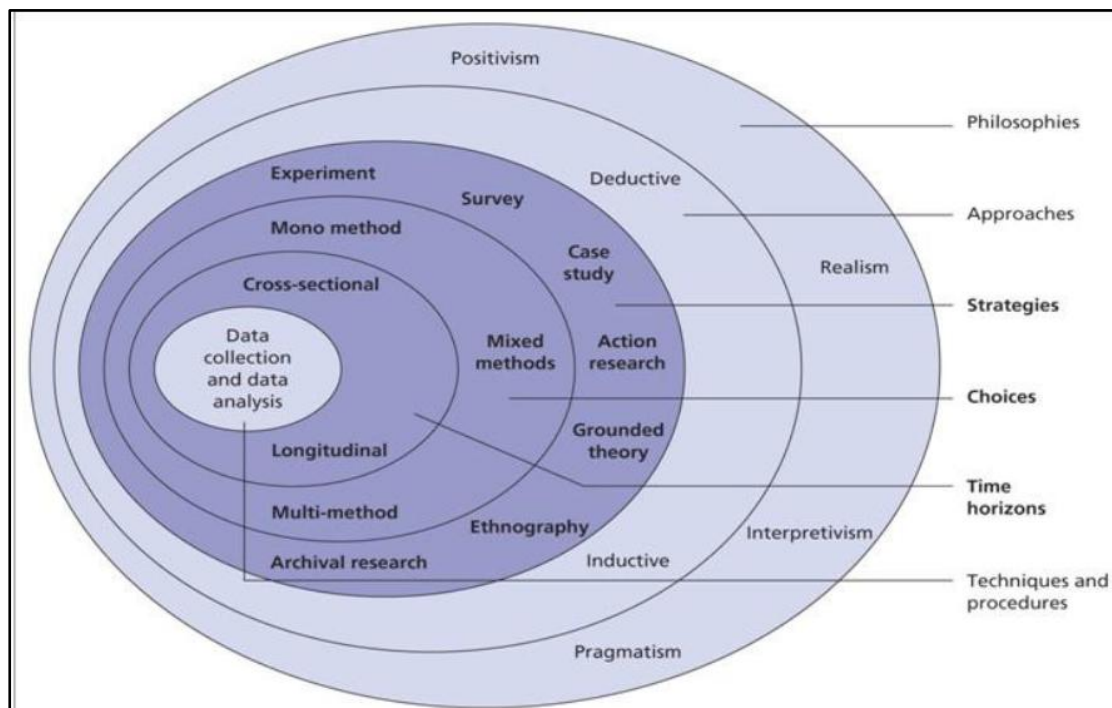


Figure 3.1: Research Onion Model (Saunders et al. (2008))

This study's methodology, which includes the development of questionnaires, the validation of structured questionnaires, and the data collection, can be expansively divided into six major stages, as explained below:

### **Stage one – Theme Development:**

The first stage included problem definition, objective development, hypotheses development, and conceptual model development.

### **Stage two – Literature Review:**

Literature was identified on the strategic national plans (2017-2020, 2021-2022), and what is related to the perception of empowerment and Palestinian youth institutions. Foundations for developing the research framework for this study. The literature review yielded a set of factors related to each component, and a pilot study subsequently modified those components.

### **Stage three – Pilot Study:**

The researcher executed a pilot study with 30 employees to pre-test the survey and refine it before to finalization. The pilot study facilitated the refinement of the questionnaire prior to the dissemination of the major survey. The questionnaire items also contribute to the study objectives. Consequently, based on the results of the pilot study, the researcher revised the survey. Nonetheless, the alteration was negligible.

### **Stage four – The Main Questionnaire:**

To reach this stage, the researcher used the quantitative approach as a main component of this study. To obtain reliable and expressive quantitative results, one questionnaire was applied to youth institutions in the Palestinian governorates.

### **Stage five – Statistical Analysis and Research Findings:**

The researcher employed descriptive and analytical tools (SPSS) to assess the acquired data. The analytical instruments employed include percentages, means, and standard deviations. The researcher employed factor analysis to assess validity, utilized Cronbach's alpha for reliability statistics, and applied nonparametric testing.

### **Stage six – Conclusions and Recommendations**

## **3.5 Design of the Study**

The research design pertains to the strategic framework of the study, facilitating the attainment of the desired outcomes through the resolution of the research question. It

encompasses the holistic strategy employed by the researcher to cohesively integrate the various elements of the study, ultimately addressing the research problem. This design serves as the blueprint for data collection, measurement, and analysis (Hunziker & Blankenagel, 2021).

Creswell (2014) defines mixed studies as those that include parts of both quantitative and qualitative methodologies, positioning them between the two approaches.

This study employed a mixed-methods approach, utilizing qualitative data obtained from secondary sources, including books, prior studies, and scientific articles. For the quantitative aspect, a questionnaire was administered to the participants. The qualitative methodology enabled the researcher to achieve a more profound understanding of the relationships between the variables in this study.

### **3.6 Research Location**

The study was conducted on commercial banks in Palestine, which employ a total of 7,579 individuals in the banking sector. The commercial banks in Palestine were chosen, and a questionnaire was administered to employees of these institutions using a convenience sampling method.

### **3.7 Research Population, Sample and Sampling Procedure**

A sample is a representative portion of the population chosen for analysis. A sample must be taken as screening the entire population is unfeasible. Sampling methodologies are categorized into "probability" and "non-probability" samples. Probability sampling enables the researcher to extrapolate the sample results to the target population. Simple random sampling, systematic random sampling, stratified random sampling, and cluster sampling are all classifications of probability sampling (Acharya et al., 2013).

The research population comprises employees in commercial banks in Palestine, including staff, department heads, and department managers, totaling 7,579 individuals, as reported by the Palestinian Banks Association for the year 2023. The quantitative

method depends on obtaining samples from the population by random sampling, with the sample size determined by Stephen Thompson's equation, resulting in 365 research items.

### 3.8 Instruments of the Study

This study utilized two primary data sources. The secondary source comprised a survey of existing literature, studies, and research undertaken by other scholars, concentrating on the domains and factors pertinent to the current investigation. The sources also encompassed peer-reviewed scientific journals, novels, magazines, and websites.

The primary data source was obtained from the study population via a questionnaire, which comprises a series of interconnected questions designed to fulfill the study's objectives. This tool was selected for data collection to systematically elicit facts, opinions, or specific ideas from respondents regarding the study's subject and aims, without researcher intervention.

The following table (3.1) shows the hypotheses of the study and the nature of the statistical test used in its test:

Table 3.1: Summary of Data Analysis Technique

#	Research Hypotheses	Data Technique Analysis
H <sub>1</sub>	There is a significant relationship between external factors (economic, political, regulatory, and technological) and the strategic management practices of commercial banks in Palestine.	Pearson Correlation test
H <sub>2</sub>	The degree of influence of external factors on strategic management practices varies among commercial banks in Palestine	Standard Regression
H <sub>3</sub>	Commercial banks in Palestine employ different strategies to adapt their strategic management practices in response to changes in external factors.	Multiple Regression

### 3.8.1 Questionnaire Design

The initial draft of the questionnaire was designed to be modified based on experimental outcomes. The supervisor and four reviewers revised and improved the questionnaire's structure. The questionnaire included an introductory letter detailing the study's goal, the confidentiality of information to improve response rates, and the response method.

The questionnaire is employed in descriptive, explanatory, or causal studies, particularly in descriptive research, to solicit the perspectives, preferences, or motivations of the study sample and its community. Its popularity stems from its ability to efficiently gather general responses from a sample prior to dissemination to the broader study population (Tan, 2022).

The five-point Likert scale was utilized to assess the variables, with values spanning from “strongly agree” (5) to “strongly disagree” (1). The researcher utilized the relative evaluation model to analyze the data analysis results, examining participants' responses according to the averages of their selections on the five-point Likert scale. The averages are presented in Table 3.2 as follows (Pimentel, 2010):

Table 3.2: Interpretation of the mean according to the Likert scale

Range Value	Score	Likert Scale	Verbal Interpretation	Shortcut Degree
1.00-1.80	1	Strongly Disagree	Very low	V. L
1.81-2.60	2	Disagree	low	L
2.61-3.40	3	Neutral	Moderate	M
3.41-4.20	4	Agree	High	H
4.21-5.00	5	Strongly Agree	Very high	V. H

The researcher developed the questionnaire, which was according to the following divisions:

- Demographic data of the study sample: It included data related to the bank, gender, age group, educational qualification, job position, and years of experience.
- External environmental factors: They were measured through paragraphs that measure economic, social, political, organizational, and technological factors.

- Strategic management practices: They were measured through paragraphs that measure strategic planning practices, strategic decision-making practices, strategy implementation practices, and control and evaluation practices.
- Open questions: These include four questions that revolve around the study problem and the respondents are asked to answer them according to their opinions and in some detail.

The following table (3.3) shows the division of the questionnaire paragraphs into the study axes:

Table 3.3: Distribution of the questionnaire and its paragraphs on the study axes

#	Axis	Item
1.	Demographic data	6
2.	External environmental factors	
	Economic factors	10
	Social factors	9
	Political Factors	9
	Organizational factors	8
	Technological factors	8
3.	Strategic Management Practices	
	strategic planning practices	9
	strategic decision-making practices	8
	strategy implementation practices	8
	control and evaluation practices	8

### 3.8.2 Pilot Study

The experimental study, also known as preliminary studies, is conducted before the basic study, when a problem, process or phenomenon is not studied in a particular community, and this study is often conducted on a small scale, which constitutes the first contact with the reality to be analyzed. (DŹWIGOŁ, 2020).

An experimental study was executed by administering a questionnaire to a selection of 30 research subjects from the study population, who were subsequently eliminated from the primary study sample to ensure the accuracy and reliability of the responses.

The validity of the questionnaire indicates the extent to which the scale accurately reflects the topic it purports to assess; there are two primary dimensions of health - exterior and internal. External validity pertains to the capacity to generalize study findings

to different populations and contexts, ensuring that the study's conditions accurately reflect the scenarios and temporal aspects relevant to the application of the results (Roberts, Priest, & Traynor, 2006).

Using factor analysis, the validity of the questionnaire structure can be tested, and if the questionnaire is structurally valid, then all items combined represent the basic construction (Rattray & Jones, 2007).

The tool's validity was statistically confirmed utilizing the Statistical Package for the Social Sciences (SPSS) V27, developed by IBM, through factor analysis of the questionnaire items to assess the correlation of each item with its respective dimension. The questionnaire is deemed valid if the extraction of items exceeds 0.50, with results presented in Table 3.4:

Table 3.4: Results of factor analysis test for study questionnaire items

Item	Extraction	Item	Extraction	Item	Extraction	Item	Extraction
1	.687	21	.600	41	.792	61	.780
2	.579	22	.641	42	.818	62	.596
3	.711	23	.702	43	.713	63	.710
4	.789	24	.556	44	.814	64	.777
5	.615	25	.648	45	.727	65	.707
6	.741	26	.849	46	.713	66	.705
7	.578	27	.572	47	.771	67	.917
8	.706	28	.555	48	.730	68	.672
9	.870	29	.836	49	.848	69	.829
10	.854	30	.754	50	.576	70	.906
11	.707	31	.741	51	.749	71	.729
12	.879	32	.878	52	.682	72	.755
13	.773	33	.808	53	.844	73	.862
14	.825	34	.776	54	.619	74	.687
15	.726	35	.802	55	.915	75	.882
16	.916	36	.797	56	.703	76	.719
17	.782	37	.750	57	.869	77	.790
18	.787	38	.613	58	.820		
19	.661	39	.836	59	.854		
20	.590	40	.520	60	.554		

According to Table (3.4), all paragraphs of the questionnaire had saturation ratings exceeding (0.50), indicating that they collectively measure their intended constructs, hence confirming the validity of the questionnaire.

Cronbach's alpha is a statistic frequently referenced by authors to demonstrate that tests and metrics developed or utilized for research projects are appropriate for their



intended purpose. Cronbach's alpha is frequently utilized in research as an indicator of trustworthiness (Taber, 2018).

The reliability of the study measures the compatibility and consistency of its results if it is redistributed and applied more than once under the same current conditions, and to ensure reliability, the internal consistency coefficient of accuracy was calculated by testing the Cronbach alpha coefficient, and its results were as shown in the following table (3.5):

Table 3.5: Cronbach's alpha test results for the study questionnaire axes

No.	Axis	Item	Alpha Value
1	Economic Factor	10	.650
2	Social Factors	9	.647
	Political Factors	9	.857
	Organizational Factors	8	.716
	Technological factors	8	.652
	<b>External environmental factors</b>	<b>44</b>	<b>.888</b>
3	strategic planning practices	9	.769
	strategic decision-making practices	8	.702
	strategy implementation practices	8	.884
	control and evaluation practices	8	.921
	<b>Strategic Management Practices</b>	<b>33</b>	<b>.928</b>
<b>All item reliability</b>		<b>77</b>	<b>.915</b>

The results from Table 3.5 indicate a high stability rate for the study's resolution, as evidenced by a Cronbach alpha value of 0.915, reflecting a confidence level of at least 91.5%. Notably, the axis of strategic management practices exhibited the highest stability, with a coefficient of 0.928, while the axis concerning external environmental factors had a stability coefficient of 0.888. The instrument demonstrates good to excellent stability across its axes, allowing for reliable results even when redistributed after a specified duration, provided the sample remains comparable to the current study sample and the research conditions are consistent.

### 3.8.3 Data Analysis Technique

To examine the hypotheses in the study, inferential statistics were employed, specifically the standard regression test, which demonstrates the association among variables, the extent of influence within the relationship, and the determination coefficient

of these relationships. This method serves as a quantitative analytical tool that elucidates the behavior of variables based on data from other variables (Welc & Esquerdo, 2018).

To ascertain the significance of the research hypotheses evaluated through this technique, the researcher focused on the importance level indicated by the regression model outputs. Specifically, if the significance value is  $p=0.00$  or less than  $0.05$  ( $p < 0.05$ ), the researcher can conclude the acceptance of the alternative research hypotheses. Additionally, the value of  $R$  was also considered. To assess the strength of the association between variables and the  $R$ -Square value indicating the impact of the independent variable on the dependent variable, the computed Beta value was utilized to ascertain the magnitude of this influence.

The subsequent table presents the explanation of the  $R$  coefficient data utilized in the investigation (Sayago, Asuero, & Gonzalez, 2006):

Table 3.6:  $R$  value interpretation

No.	Correlation coefficient value $R$	Interpretation of correlation
1.	$R=0$	No relationship
2.	$0.00 < R < 0.25$	Low relationship
3.	$0.25 \leq R < 0.75$	Moderate relationship
4.	$0.75 \leq R < 1$	High relationship
5.	$R=1$	Very high relationship

### 3.8.4 Demographic Characteristic of Participants

The study questionnaire was administered to a carefully chosen sample of employees in commercial banks in Palestine, totaling 7,579 individuals. The sampling method employed followed the approach of Stephen Thampson, wherein a random sample was drawn from the study population comprising 365 male and female employees. A total of 302 questionnaires were retrieved for analysis, resulting in a retrieval rate of 82.7% is statistically acceptable, and the distribution of the study population by demographic characteristics is presented in the following table (3.7):

Table 3.7: Distribution of demographic data of the study sample

Variables	Value	$f$	%
Bank	Bank of Palestine	33	10.9%
	Arab Bank	194	64.2%

Variables	Value	<i>f</i>	%
	Palestinian Investment Bank	6	2.0%
	National Bank	16	5.3%
	Housing Bank	15	5.0%
	Cairo Amman Bank	16	5.3%
	Other Banks	22	7.3%
<b>Total</b>		<b>302</b>	<b>100.0%</b>
Gender	Male	241	79.8%
	Female	61	20.2%
<b>Total</b>		<b>302</b>	<b>100.0%</b>
Age group	Less than 25 years	206	68.2%
	From 25 - 35 years	67	22.2%
	Over 35 years	29	9.6%
<b>Total</b>		<b>302</b>	<b>100.0%</b>
Education	Diploma or below	4	1.3%
	Bachelor's	286	94.7%
	Postgraduate	12	4.0%
<b>Total</b>		<b>302</b>	<b>100.0%</b>
Career level	Employee	220	72.8%
	Head of Department	52	17.2%
	Department Manager	30	9.9%
<b>Total</b>		<b>302</b>	<b>100.0%</b>
Years of experience	5 years or less	242	80.1%
	6-10 years	29	9.6%
	11-15 years	13	4.3%
	15+ years	18	6.0%
<b>Total</b>		<b>302</b>	<b>100.0%</b>

The data from the preceding table indicate that the largest proportion of the study sample consists of individuals employed at the Arab Bank, accounting for 64.2% of the sample. This is followed by the Bank of Palestine, with participants comprising 10.9% of the study sample. In contrast, the Palestine Investment Bank represents the smallest percentage at 2.0%. These findings suggest that the Arab Bank and the Bank of Palestine are the most prominent institutions within the Palestinian context.

The sample exhibited a male representation of 79.8%, compared to 20.2% for females. Regarding age distribution, the predominant group was individuals under 25 years old, comprising 68.2% of the sample, suggesting a tendency among banks to recruit younger workers. Conversely, the age group over 35 years constituted the lowest percentage at 9.6%, which may be attributed to the preference for younger employees. Maintaining employees for extended periods is more expensive for the bank and its financial system.

The data indicates that the highest percentage of individuals possess a bachelor's degree at 94.7%, whereas only 1.3% hold a diploma or lower. This distribution is deemed logical by the researcher, particularly given that employment in banks in Palestine necessitates a university degree.

The highest percentage of representatives by job level was among employees, at 72.8%, while the lowest was for department managers, at 9.9%. Regarding years of experience, the highest percentage was for individuals with 5 years or less, at 80.1%, whereas the lowest percentage was for those with 11-15 years of experience, at 4.3%.

### **3.8.5 Non-parametric Test**

Non-parametric approaches are generally employed to analyze populations that exhibit a sequential order. These strategies may be essential when the facts are organized in a specific manner but lack definitive numerical values. Non-parametric approaches possess the advantage of imposing fewer assumptions, hence broadening their applicability compared to parametric methods. These strategies are especially efficacious in situations where understanding of the given issue is constrained. Furthermore, because to their reliance on fewer assumptions, non-parametric approaches demonstrate greater efficacy. Their simplicity constitutes an additional rationale for their utilization.

#### **3.8.5.1 Mann-Whitney Test**

Using this test to look for statistically significant variations between two means among the participants, broken down by gender, in terms of the average responses to the research questions.

If there were significant differences in how the male and female samples responded to the research questions related to the gender variable, the Mann-Whitney U test may explain them:

Table 3.8: Results of Mann-Whitney test for differences in T.D of external environmental factors attributed to gender

<b>Axes</b>	<b>sex</b>	<b>N</b>	<b>Mean Rank</b>	<b>Sum of Ranks</b>	<b>Sig.</b>
T. D* of economic factors	Male	241	151.06	36406.50	.862
	Female	61	153.22	9346.50	
	Total	302			
T.D of Social Factors	Male	241	148.38	35758.50	.212
	Female	61	163.84	9994.50	
	Total	302			
T.D of Political Factors	Male	241	140.51	33862.50	.000
	Female	61	194.93	11890.50	
	Total	302			
T. D of Organizational Factors	Male	241	142.75	34402.50	.000
	Female	61	186.07	11350.50	
	Total	302			
T. D of Technological factors	Male	241	134.32	32370.00	.000
	Female	61	219.39	13383.00	
	Total	302			
T. D of External environmental factors	Male	241	138.56	33393.50	.000
	Female	61	202.61	12359.50	
	Total	302			

From the results of the previous table, we find that there are no statistically significant differences in the total degree of economic factors attributed to sex, which was shown by the results of the Mann-Whitney test, where the value of Sig = 0.862, which is higher than the value of the acceptable significance (0.05), as well as the case with regard to the total degree of social factors, where the results did not show significant differences attributed to sex, which means that males and females agree on the level of importance of these factors and their reality, while other factors, we find through the value of Sig=0.000 that there are differences due to sex, and these differences in the total degree of political factors were attributed to females, which is indicated by the high Mean Rank value, which amounted to (194.93), and this can be explained by the fact that females are more concerned than males with regard to the current political conditions, but with regard to the total degree of organizational factors, there were also differences in favor of females, and these differences indicated great importance for females in organizational

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\* . T. D: Total Degree

affairs more than males, as well as the differences. The mean rank score for all technological variables significantly favored females, standing at 219.39.

As for the total degree of external factors, differences were observed attributable to sex, with (Sig=0.000), which is lower than the accepted standard value (0.05), and Mean Rank value for these differences (202.61), which is in favor of females.

Table 3.9: Results of Mann-Whitney test for differences in T.D. of strategic management practices attributed to gender

<b>Axes</b>	<b>sex</b>	<b>N</b>	<b>Mean Rank</b>	<b>Sum of Ranks</b>	<b>Sig.</b>
T. D of strategic planning practices	Male	241	159.50	38440.50	.001
	Female	61	119.88	7312.50	
	Total	302			
T. D of strategic decision-making practices	Male	241	149.65	36066.50	.459
	Female	61	158.80	9686.50	
	Total	302			
T. D of strategy implementation practices	Male	241	144.31	34778.00	.004
	Female	61	179.92	10975.00	
	Total	302			
T. D of control and evaluation practices	Male	241	143.76	34647.00	.002
	Female	61	182.07	11106.00	
	Total	302			
T. D of Strategic Management Practices	Male	241	148.89	35882.00	.301
	Female	61	161.82	9871.00	
	Total	302			

The results clearly show that there were no statistically significant differences at the significance level (0.05) in the total degree of strategic management practices attributed to gender. The value of Sig=0.301, which is higher than the accepted standard value (0.05), indicates that there is agreement between males and females about the level of these practices in commercial banks in Palestine.

At the level of the dimensions of these practices, the results show that there are differences in the total degree of strategic planning practices, and these differences were in favor of males according to the value of Mean Rank, which amounted to (159.50) for males, and its statistical significance, which amounted to Sig=0.001, as well as showing significant differences in the total degree of strategy application practices, where the value of Sig=0.004 and these differences were in favor of females at the expense of males, and the value of Mean Rank for these differences for females (179.92), while no significant differences were observed in the total degree of strategic decision-making, where the

value of Sig=0.459, which is higher than the accepted standard value (0.05), which indicates the homogeneity of male and female opinions towards the total degree of strategic decision-making in commercial banks in Palestine.

### 3.8.5.2 Kruskal-Wallis Test

This test was used to find out whether there were statistically significant differences in the averages of the study sample's answers regarding the study variables that are attributed to the variables of the bank in which the respondent works, educational qualification, job level, and number of years of experience.

Table 3.10: Summary of the study hypotheses related to external environmental factors and differences in the bank in which the respondent works

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of economic factors is the same across categories of Bank.	Independent-Samples Kruskal-Wallis Test	.001	Reject the null hypothesis.
2	The distribution of T.D of Social Factors is the same across categories of Bank.		.000	Reject the null hypothesis.
3	The distribution of T.D of Political Factors is the same across categories of Bank.		.000	Reject the null hypothesis.
4	The distribution of T. D of Organizational Factors is the same across categories of Bank.		.000	Reject the null hypothesis.
5	The distribution of T. D of Technological factors is the same across categories of Bank.		.000	Reject the null hypothesis.
6	The distribution of T. D of External environmental factors is the same across categories of Bank.		.000	Reject the null hypothesis.
The significance level is .050				

The findings presented in the preceding table (3.10) indicate the presence of statistically significant differences at the 0.05 level of significance concerning the overall impact of external environmental factors, as well as across all dimensions of these factors, which can be attributed to the banking institutions in which the respondents are employed. These differences were notably significant, with sig values for all dimensions falling

within the range of sig = 0.001 to o sig = 0.000. To further elucidate the sources of these differences, a pairwise comparison test was conducted, the results of which are detailed in the subsequent table (3.11).

Table 3.11: Pairwise comparisons of the T.D of external environmental factors related to the bank

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of External environmental factors	Arab Bank-Housing Bank	-51.559	-2.203	.028
	Arab Bank-Other Banks	-66.776	-3.399	.001
	Arab Bank-Palestine Investment Bank	-85.942	-2.374	.018
	Arab Bank-Bank of Palestine	90.829	5.524	.000
	Arab Bank-Cairo Amman Bank	-126.932	-5.589	.000
	Arab Bank-National Bank	-146.151	-6.435	.000

The results in the preceding table demonstrate statistically significant disparities among the dimensions of the examined banks, reflecting variations in economic, social, political, organizational, and technological factors, as well as overall differences in external influences. These disparities may affect the strategic management practices of these banks, necessitating consideration during the formulation of their banking and financial policies.

The analysis of external factors indicates that these disparities favored the Arab Bank over most other banks, highlighting the bank's greater attentiveness to external circumstances compared to other commercial banks operating in Palestine.

Table 3.12: Summary of the study hypotheses related to strategic management practices and differences in the bank in which the respondent works

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of strategic planning practices is the same across categories of Bank.	Independent-Samples Kruskal-Wallis Test	.001	Reject the null hypothesis.
2	The distribution T. D of strategic decision-making practices is the same across categories of Bank.		.000	Reject the null hypothesis.
3	The distribution of T. D of strategy implementation practices is the same across categories of Bank.		.000	Reject the null hypothesis.



#	Null Hypothesis	Test	Sig.	Decision
4	The distribution of T. D of control and evaluation practices is the same across categories of Bank.		.000	Reject the null hypothesis.
5	The distribution of T. D of Strategic Management Practices is the same across categories of Bank.		.000	Reject the null hypothesis.
The significance level is .050				

The results of the Kruskal-Wallis test indicate statistically significant differences at the 0.05 level in the overall degree of strategic management practices within commercial banks. These differences are associated with the specific bank where the respondents are employed. The significance values for all dimensions, as well as the overall degree, ranged from sig=0.000 to 0.001, both of which are below the acceptable significance threshold of 0.05. This finding confirms the existence of differences in the strategic management practices among these banks.

To find out the sources of these differences, the Pairwise Comparisons test was relied upon, the results of which were as in the following table (3.13):

Table 3.13: Pairwise comparisons of the T.D of strategic management practices related to the bank

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of Strategic Management Practices	Other Banks-Housing Bank	57.870	1.980	.048
	Arab Bank-National Bank	-48.768	-2.148	.032
	National Bank-Housing Bank	-68.983	-2.199	.028
	Arab Bank-Other Banks	-59.882	-3.049	.002
	Arab Bank-Cairo Amman Bank	-72.487	-3.192	.001
	Bank of Palestine-Housing Bank	-87.203	-3.208	.001
	Arab Bank-Housing Bank	-117.751	-5.033	.000

The preceding table elucidates that the disparities in the T.D of strategic management practices predominantly favored the Housing Bank, to the detriment of other unspecified banks, with these disparities approaching a significance value of Sig=0.048. Furthermore, the Arab Bank also exhibited advantages over the majority of other banks, while the Bank of Palestine held a favorable position relative to the Housing Bank.

Table 3.14: Summary of the study hypotheses related to external environmental factors and differences in the age

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of economic factors is the same across categories of age.	Independent-Samples Kruskal-Wallis Test	.275	Retain the null hypothesis.
2	The distribution of T.D of Social Factors is the same across categories of age.		.042	Reject the null hypothesis.
3	The distribution of T.D of Political Factors is the same across categories of age.		.000	Reject the null hypothesis.
4	The distribution of T. D of Organizational Factors is the same across categories of age.		.000	Reject the null hypothesis.
5	The distribution of T. D of Technological factors is the same across categories of age.		.000	Reject the null hypothesis.
6	The distribution of T. D of External environmental factors is the same across categories of age.		.000	Reject the null hypothesis.
The significance level is .050				

Based on the findings presented in the preceding table and the data derived from the Kruskal-Wallis test, it is evident that statistically significant differences exist at the 0.05 significance level concerning the overall degree of external environmental factors influencing the operations of commercial banks in Palestine. The significance value recorded is Sig=0.000, which is below the threshold for acceptable significance. This suggests that variations in the importance and impact of external factors among these banks can be attributed to the age group of the respondents, with these differences manifesting across all dimensions of external factors. Excluding the economic factors, which yielded a significance value of Sig=0.275, a figure that does not attain statistical significance at the 0.05 level, the investigation into the origins of these discrepancies necessitated consideration of the results from the Pairwise Comparisons test, as illustrated in the subsequent table (3.15):

Table 3.15: Pairwise comparisons of the T.D of external environmental factors related to the age

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of External environmental factors	Less than 25 years - More than 35 years	-66.035	-3.813	.000
	Less than 25 years - 25 - 35 years	-81.697	-6.653	.000

The results presented in Table 3.15 indicate significant differences favoring individuals under 25 years of age compared to those over 35 years and those aged 25-35 years, with a significance level of sig=0.000. This suggests that younger individuals possess a greater awareness of the influence of external factors at work than their older counterparts, who, due to their age, have accumulated more experience, leading to increased confidence in managing external influences on their work.

Table 3.16: Summary of the study hypotheses related to strategic management practices and differences in the age

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of strategic planning practices is the same across categories of age.	Independent-Samples Kruskal-Wallis Test	.378	Retain the null hypothesis.
2	The distribution T. D of strategic decision-making practices is the same across categories of age.		.000	Reject the null hypothesis.
3	The distribution of T. D of strategy implementation practices is the same across categories of age.		.000	Reject the null hypothesis.
4	The distribution of T. D of control and evaluation practices is the same across categories of age.		.000	Reject the null hypothesis.
5	The distribution of T. D of Strategic Management Practices is the same across categories of age.		.000	Reject the null hypothesis.
The significance level is .050				

The preceding table (3.16) indicates statistically significant differences at the 0.05 significance level regarding the overall degree of strategic management practices associated with the age group of the sample participants. These differences are substantial, as evidenced by a significance value of sig=0.000, which is below the

significance threshold (0.05). This suggests variations among employees in commercial banks in Palestine concerning strategic management practices, with all dimensions exhibiting such differences, except for strategic planning practices, which recorded a significance value of sig=0.378. This indicates consensus on strategic planning practices, with no differences observed in this domain. To ascertain the sources of these differences in the total degree of strategic management practices, the results of the Pairwise Comparisons test, presented in the subsequent table (3.17), were utilized:

Table 3.17: Pairwise comparisons of the T.D of strategic management practices related to the age

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of Strategic Management Practices	Less than 25 years - More than 35 years	-92.411	-5.337	.000
	Less than 25 years - 25 - 35 years	-99.721	-8.122	.000

The prior findings indicate that individuals under the age of 25 exhibited more favorable outcomes compared to those over 35, as well as those aged 25 to 35. These differences were statistically significant, with a p-value of 0.000, which is below the conventional significance threshold of 0.05. This suggests that there are meaningful disparities favoring the younger demographic concerning the T.D of strategic management practices in commercial banks in Palestine. This demographic possesses contemporary academic and scientific insights regarding these practices, owing to their recent graduation from universities.

Table 3.18: Summary of the study hypotheses related to external environmental factors and differences in the education

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of economic factors is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.614	Retain the null hypothesis.
2	The distribution of T.D of Social Factors is the same across categories of Education.		.397	Retain the null hypothesis.
3	The distribution of T.D of Political Factors is the same across categories of Education.		.005	Reject the null hypothesis.

#	Null Hypothesis	Test	Sig.	Decision
4	The distribution of T. D of Organizational Factors is the same across categories of Education.		.011	Reject the null hypothesis.
5	The distribution of T. D of Technological factors is the same across categories of Education.		.019	Reject the null hypothesis.
6	The distribution of T. D of External environmental factors is the same across categories of Education.		.002	Reject the null hypothesis.
The significance level is .050				

The results in Table (3.18) indicate statistically significant differences at the 0.05 level concerning the overall impact of external environmental factors, attributed to the scientific qualifications of the study sample. These differences were significant with a p-value of sig=0.002. All dimensions of external factors exhibited such differences, except for the economic and social dimensions, which had significance values of sig=0.614 and sig=0.397, respectively. The values above the conventional threshold of 0.05, signifying consensus among the study sample about these parameters, irrespective of their varying educational qualifications.

In order to identify the sources of differences in the total degree of external factors attributed to the scientific qualification of the study sample, the results of the Pairwise Comparisons test were relied upon and the results were as in the following table (3.19):

Table 3.19: Pairwise comparisons of the T.D of external environmental factors related to the education

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of External environmental factors	Bachelor's - Postgraduate	-72.187	-2.806	.005
	Bachelor's - Diploma or below	96.395	2.193	.028

The previous table (3.19) indicates that individuals with a bachelor's degree experience a greater total degree of external factors compared to those with postgraduate qualifications, with a significance level of sig=0.005, which is statistically significant. This disparity may be attributed to the fact that bachelor's degree holders typically occupy executive and middle management positions, which involve more direct interaction with

external factors, unlike postgraduate degree holders who often engage in supervisory or higher management roles. Supreme.

Significant differences were observed favoring individuals with a diploma or less compared to those with a bachelor's degree. Although the differences were not substantial, with a significance value of  $\text{sig}=0.028$ , this can be elucidated based on the interpretations provided in the preceding category.

Table 3.20: Summary of the study hypotheses related to strategic management practices and differences in the bank in which the respondent education

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of strategic planning practices is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.352	Retain the null hypothesis.
2	The distribution T. D of strategic decision-making practices is the same across categories of Education.		.007	Reject the null hypothesis.
3	The distribution of T. D of strategy implementation practices is the same across categories of Education.		.000	Reject the null hypothesis.
4	The distribution of T. D of control and evaluation practices is the same across categories of Education.		.000	Reject the null hypothesis.
5	The distribution of T. D of Strategic Management Practices is the same across categories of Education.		.000	Reject the null hypothesis.
The significance level is .050				

The results presented in the preceding table indicate that there are statistically significant differences in the overall degree of strategic management practices within commercial banks in Palestine, linked to the academic qualifications of the respondents. The significance value recorded is  $\text{sig}=0.000$ , which is below the standard threshold of 0.05. However, no significant differences were found in the overall degree of strategic planning practices concerning academic qualifications, with a significance value of  $\text{sig}=0.352$ . The value exceeds the accepted threshold of 0.05, suggesting consensus among the study sample regarding the level and reality of strategic planning practices in Palestinian commercial banks, despite varying scientific qualifications. In contrast, the

other dimensions exhibited noticeable differences. To identify the sources of these differences, the results from the Pairwise Comparisons test were utilized, which are detailed as follows.:

Table 3.21: Pairwise comparisons of the T.D of strategic management practices related to the education

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of Strategic Management Practices	Diploma or below - Postgraduate	-118.625	-2.396	.017
	Bachelor's - Postgraduate	-113.043	-4.474	.000

The results in the table (3.21) above indicate that the T.D of strategic management practices in commercial banks in Palestine is statistically significant in favor of those with diplomas and below and bachelor's degrees, at the expense of those with a postgraduate qualification. The values of sig. are 0.017 and 0.000, respectively, which are significant indications. These differences can be attributed to the fact that those with these qualifications work at the executive levels and therefore have a greater exposure to strategic management practices and their applications in reality.

Table 3.22: Summary of the study hypotheses related to external environmental factors and differences in the Career level

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of economic factors is the same across categories of Career level.	Independent-Samples Kruskal-Wallis Test	.339	Retain the null hypothesis.
2	The distribution of T.D of Social Factors is the same across categories of Career level.		.349	Retain the null hypothesis.
3	The distribution of T.D of Political Factors is the same across categories of Career level.		.122	Retain the null hypothesis.
4	The distribution of T. D of Organizational Factors is the same across categories of Career level.		.877	Retain the null hypothesis.
5	The distribution of T. D of Technological factors is the same across categories of Career level.		.300	Retain the null hypothesis.

#	Null Hypothesis	Test	Sig.	Decision
6	The distribution of T. D of External environmental factors is the same across categories of Career level.		.064	Retain the null hypothesis.
The significance level is .050				

The results presented in Table 3.22 indicate that there were no statistically significant differences at the 0.05 significance level regarding the overall impact of external environmental factors on the operations of commercial banks in Palestine. This finding is attributed to the functional level of the study sample, as evidenced by a significance value of 0.064, which exceeds the acceptable threshold of 0.05. This suggests a consensus among the study sample concerning the levels and realities of these external factors, despite variations in their functional levels, and these results are consistent across all examined factors. The study sample demonstrated consensus regarding them, albeit their varying functional levels.

Table 3.23: Summary of the study hypotheses related to strategic management practices and differences in the bank in which the respondent Career level

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of strategic planning practices is the same across categories of Career level.	Independent-Samples Kruskal-Wallis Test	.018	Reject the null hypothesis.
2	The distribution T. D of strategic decision-making practices is the same across categories of Career level.		.015	Reject the null hypothesis.
3	The distribution of T. D of strategy implementation practices is the same across categories of Career level.		.000	Reject the null hypothesis.
4	The distribution of T. D of control and evaluation practices is the same across categories of Career level.		.000	Reject the null hypothesis.
5	The distribution of T. D of Strategic Management Practices is the same across categories of Career level.		.000	Reject the null hypothesis.
The significance level is .050				

The results presented in Table 3.23 indicate statistically significant differences at the 0.05 level of significance regarding the overall degree of strategic management



practices in commercial banks in Palestine, attributed to the functional level variable. The significance value of these differences is Sig=0.000, confirming the presence of differences in the overall degree of these practices across varying functional levels within the study sample. Furthermore, it is observed that these differences are evident across all dimensions of the strategic management practices examined, warranting further investigation into the sources of these differences. The findings from the Pairwise Comparisons test were utilized, as presented in the subsequent table (3.24):

Table 3.24: Pairwise comparisons of the T.D of strategic management practices related to the Career level

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of Strategic Management Practices	Employee-Head of Department	-84.494	-6.277	.000
	Department Manager-Head of Department	55.813	2.788	.005

The previous table (3.24) demonstrates that the differences were overwhelmingly in favor of employees over those at the head of department. The significance of these differences was significant, with Sig=0.000, which is below the acceptable value of 0.05. This suggests that employees have a greater understanding of strategic management practices as a result of their direct interaction with work procedures. Conversely, the head of the department is a supervisory position. Consequently, there were differences in favor of the head of the department over the director of the department, which can be attributed to the same reason. The manager's duty is typically to plan and participate in the development of policies and strategies, not their practical application, while the chief of the department is more involved in the implementation of strategic strategies and practices on the ground.

Table 3.25: Summary of the study hypotheses related to external environmental factors and differences in the bank in which the respondent experience

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of economic factors is the same across categories of Experience.	Independent-Samples Kruskal-Wallis Test	.004	Reject the null hypothesis.
2	The distribution of T.D of Social Factors is the same		.037	Reject the null hypothesis.

#	Null Hypothesis	Test	Sig.	Decision
	across categories of Experience.			
3	The distribution of T.D of Political Factors is the same across categories of Experience.		.000	Reject the null hypothesis.
4	The distribution of T. D of Organizational Factors is the same across categories of Experience.		.002	Reject the null hypothesis.
5	The distribution of T. D of Technological factors is the same across categories of Experience.		.000	Reject the null hypothesis.
6	The distribution of T. D of External environmental factors is the same across categories of Experience.		.000	Reject the null hypothesis.
The significance level is .050				

The previous table (3.25) indicates statistically significant differences at the 0.05 level in the average responses of the study sample regarding the total degree of external environmental factors influencing the operations of commercial banks in Palestine, attributed to years of experience. The significance of these differences was found to be sig=0.000, which is below the acceptable threshold of 0.05, suggesting that variations in the study sample are influenced by years of experience. These differences were observed across all dimensions of external factors studied; however, the smallest differences were noted in social factors, with a sig value of 0.037, indicating a closer alignment in these differences among the study sample concerning the social factors affecting the operations of these banks.

The sources of the differences in the overall score were identified using the results of the Pairwise Comparisons test, as presented in Table (3.26):

Table 3.26: Pairwise comparisons of the T.D of external environmental factors related to the experience

Dimension	Sample 1-Sample 2	Test Statistic	Std. Test Statistic	Sig.
T. D of External environmental factors	5 years or less-over 15 years	-58.097	-2.723	.006
	5 years or less-11-15 years	-72.039	-2.898	.004
	5 years or less-6-10 years	-86.261	-5.027	.000

The analysis of the previous table (3.26) reveals that individuals with 5 years of experience or less exhibited more favorable outcomes compared to all groups with greater experience. The significance values for these differences ranged from sig=0.000 to 0.006, suggesting that variations exist based on years of experience regarding the overall impact of external environmental factors on the operations of commercial banks in Palestine. This phenomenon can be attributed to the fact that those with fewer years of experience are often recent university graduates, possessing more contemporary scientific concepts, which makes them more susceptible to external influences than their more experienced counterparts.

Table 3.27: Summary of the study hypotheses related to strategic management practices and differences in the bank in which the respondent experience

#	Null Hypothesis	Test	Sig.	Decision
1	The distribution of T. D of strategic planning practices is the same across categories of Experience.	Independent-Samples Kruskal-Wallis Test	.483	Retain the null hypothesis.
2	The distribution T. D of strategic decision-making practices is the same across categories of Experience.		.000	Reject the null hypothesis.
3	The distribution of T. D of strategy implementation practices is the same across categories of Experience.		.000	Reject the null hypothesis.
4	The distribution of T. D of control and evaluation practices is the same across categories of Experience.		.000	Reject the null hypothesis.
5	The distribution of T. D of Strategic Management Practices is the same across categories of Experience.		.000	Reject the null hypothesis.
The significance level is .050				

The results presented in the preceding table (3.27) indicate statistically significant differences at the 0.05 level of significance regarding the overall degree of strategic management practices among commercial banks in Palestine. These differences are linked to the years of experience of the study sample, with a significance value of sig=0.000. Notably, these differences were observed across all studied dimensions, with the exception of the dimension related to strategic planning practices, which exhibited a significance value of sig=0.483. The value exceeds the accepted significance level of

(0.05) To identify the source of these differences, the results from the Pairwise Comparisons test were utilized, as presented in the following table (3.28):

Table 3.28: Pairwise comparisons of the T.D of strategic management practices related to the experience

<b>Dimension</b>	<b>Sample 1-Sample 2</b>	<b>Test Statistic</b>	<b>Std. Test Statistic</b>	<b>Sig.</b>
T. D of Strategic Management Practices	5 years or less-over 15 years	-75.438	-3.537	.000
	5 years or less-6-10 years	-89.063	-5.191	.000
	5 years or less-11-15 years	-103.263	-4.155	.000

The previous table indicates that the differences favored individuals with five years of experience or less, negatively impacting groups with greater experience. The significance of these differences was substantial, with all groups showing a p-value of (0.000), which is below the acceptable threshold of (0.05).

## 4 Chapter Four: Results

### 4.1 Overview

This chapter is devoted to analyzing data, testing hypotheses, and discussing the results of the study. The data were analyzed using SPSS V.27, including descriptive and inferential statistical tools.

This chapter also deals with the quantitative analysis of the questionnaire and testing of the research questions and research hypotheses.

### 4.2 Analysis of the Research Questions

***Q1: What are the key external factors that influence the strategic management practices of commercial banks in Palestine?***

To answer the first question of the study, the following sub-questions were answered:

***Q1-1: What is the reality of the economic factors affecting the strategic management practices of commercial banks in Palestine?***

Through the SPSS program, descriptive data related to the first question were extracted in terms of the mean, standard deviation, and calculated t values, as well as the statistical significance and relative weight of the questionnaire items related to the first sub-question and the direction of the respondents' response:

Table 4.1: Descriptive statistical data on economic factors affecting strategic management practices of commercial banks in Palestine

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
EC1	The overall state of the Palestinian economy has a significant impact on our bank's strategic planning process.	4	0.55	31.502	.000	80.0%	H

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
EC2	Changes in the economic growth rates in Palestine significantly affect the strategic decision-making process of our bank.	3.71	0.864	14.184	.000	74.2%	H
EC3	Fluctuations in interest rates are a key factor in our Bank's strategy execution activities.	3.97	0.881	19.071	.000	79.4%	H
EC4	Monitoring foreign exchange rate movements is critical to evaluating our bank's strategic performance.	4.05	0.362	50.291	.000	81.0%	H
EC5	Analysis of macroeconomic indicators (such as inflation and unemployment) is an essential part of our bank's strategic management practices.	3.83	0.86	16.803	.000	76.6%	H
EC6	Volatility in local and regional economic conditions is the main driver of our bank's strategic adjustment efforts.	3.5	0.705	12.329	.000	70.0%	H
EC7	Our bank's strategic investment decisions are greatly influenced by the prevailing economic climate in Palestine.	3.87	0.79	19.151	.000	77.4%	H
EC8	Changes in the availability and cost of capital significantly affect the allocation of strategic resources to our bank.	3.82	0.527	27.172	.000	76.4%	H
EC9	A high degree of uncertainty in the external environment affects performance indicators.	4.08	0.796	23.626	.000	81.6%	H
EC10	International requirements to protect banks from money laundering and graft hinder the bank's work.	3.84	0.806	18.199	.000	76.8%	H
<b>D. T of Economic factors</b>		<b>3.86</b>	<b>0.26</b>	<b>57.742</b>	<b>.000</b>	<b>77.2%</b>	<b>H</b>

The findings presented in the preceding table indicate that the T.D of the level and reality of economic environmental factors influencing the operations of commercial banks in Palestine is notably high, with a mean of 3.86 and a standard deviation of 0.260, reflecting a low value that signifies the consensus among the study sample. Furthermore, the relative weight of this degree reached 77.2%, a substantial percentage that underscores the significance of economic factors and their impact on the functioning of commercial banks in Palestine.

These results align with those presented by Shatilo (2020), which underscored the significance of economic considerations affecting strategic management operations at the company level. A study by Sholla and Nazari (2018) underscored the significance of economic considerations in the strategic management of commercial banks in Albania.

The researcher asserts that economic factors are crucial in the Palestinian context, due to the declining economic conditions in the occupied Palestinian territories and the adverse political situation that negatively impacts the economy and the living standards of Palestinian citizens. The Palestinian economy is generally regarded as non-independent and is typically influenced by the policies of the Israeli occupation.

Commercial banks operating in Palestine must possess a profound awareness of economic fluctuations at both local and international levels, and should prioritize the analysis of economic data to inform strategic decision-making, thereby ensuring the attainment of the bank's objectives and enhancing its performance levels.

An examination of the paragraphs addressing economic factors reveals a significant response from the study sample, with relative response weights ranging from 70.0% to 81.6%. The highest response was recorded for paragraph E9, indicating a strong consensus among the study sample regarding the considerable uncertainty in the external environment, which impacts the bank's performance indicators. Additionally, paragraph EC1 received a high response rate of 80.0%, while paragraph EC4 achieved a relative weight of 81.0%. These findings underscore the critical importance of monitoring the overall economic conditions of the Palestinian economy and exchange rates, as both are pivotal external economic factors influencing the operations of commercial banks in Palestine.

The lowest response was EC6, with a response rate of 70.0%, indicating that variations in local and regional economic conditions primarily drive banks' strategic

adaptation efforts, underscoring the necessity for these banks to implement adaptive strategies in response to such changes.

***Q1-2: What are the actual socioeconomic elements influencing the strategic management practices of commercial banks in Palestine?***

Descriptive data pertaining to the first question were extracted using the SPSS program, including the mean, standard deviation, and calculated t values, alongside the statistical significance and relative weight of the questionnaire items associated with the second sub-question and the respondents' response direction:

Table 4.2: Descriptive statistical data on social factors affecting strategic management practices of commercial banks in Palestine

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
EX1	Changes in the demographics of our target customer base significantly affect our bank's strategic planning.	3.95	0.539	30.764	.000	79.0%	H
EX2	Shifts in cultural values and standards of our customer segments are a key consideration in our strategic decision-making process.	3.75	0.615	21.331	.000	75.0%	H
EX3	Monitoring social trends and lifestyle changes in Palestine is essential for the successful implementation of our Bank's strategies.	3.87	0.817	18.463	.000	77.4%	H
EX4	The education and skill levels of the local workforce significantly influence our bank's strategic approach to talent management.	3.86	0.88	16.944	.000	77.2%	H
EX5	Addressing the evolving expectations and preferences of our bank's stakeholders is a key driver for evaluating our strategic performance.	3.8	0.833	16.655	.000	76.0%	H
EX6	Changes in social responsibility and sustainability concerns of our customers affect our bank's strategic position.	3.33	0.698	8.164	.000	66.6%	M



No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
EX7	The availability and quality of social infrastructure (such as healthcare and education) in our target markets affect our bank's strategic expansion plans.	3.93	0.781	20.707	.000	78.6%	H
EX8	Shifts in societal attitudes towards banking and finance affect our bank's strategic communications and stakeholder engagement.	3.97	0.742	22.796	.000	79.4%	H
EX9	Social values and religious beliefs (the belief that banks operate in usury) affect strategic performance.	3.37	0.712	9.129	.000	67.4%	M
<b>D. T of Social factors</b>		<b>3.75</b>	<b>0.393</b>	<b>33.571</b>	<b>.000</b>	<b>75.0%</b>	<b>H</b>

The results presented in the preceding table indicate that social environmental factors significantly influence the operations of commercial banks, with a mean score of 3.75 and a standard deviation of 0.393. The calculated t-value of 33.571 demonstrates a strong consensus among the study sample regarding the significance and impact of these factors on the functioning of commercial banks in Palestine.

Paragraphs (EX1) and (EX8) exhibit the highest response values within the study sample, with relative weights of (79.0%) and (79.4%) respectively. This underscores the significance of demographic factors and evolving societal attitudes towards banking services in the strategic planning and management practices of commercial banks in Palestine.

The analysis indicates that paragraph (EX6) received a moderate level of approval, with a relative weight of 66.6%. This reflects a medium endorsement of social responsibility and sustainability issues in strategic planning practices. Additionally, paragraph (EX9), which addresses social values and religious beliefs, achieved a mean response rate of 67.4%.

The study sample indicates that social and cultural changes, along with related factors, significantly influence strategic management practices in commercial banks in Palestine. Consequently, it is essential to prioritize these factors during the stages of strategic management.

***Q1-3: What is the reality of the political factors affecting the strategic management practices of commercial banks in Palestine?***

Through the SPSS program, descriptive data related to the first question were extracted in terms of the mean, standard deviation, and calculated t values, as well as the statistical significance and relative weight of the questionnaire items related to the third sub-question and the direction of the respondents' response:

Table 4.3: Descriptive statistical data on political factors affecting strategic management practices of commercial banks in Palestine

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
PO1	Changes in political leadership and government policies in Palestine significantly affect our bank's strategic planning.	3.77	0.835	15.992	.000	75.4%	H
PO2	The level of political stability in the region is a key factor in our bank's strategic decision-making.	4.07	0.886	21.038	.000	81.4%	H
PO3	Monitoring the political and regulatory climate is essential to successfully implement our bank's strategies.	3.54	0.788	11.975	.000	70.8%	H
PO4	The political relations between Palestine and neighboring countries greatly affect our bank's strategic approach to international expansion.	3.83	0.728	19.907	.000	76.6%	H
PO5	Changes in the fiscal and monetary policies of the government have a significant impact on the evaluation of the strategic performance of our bank.	3.36	0.79	8.011	.000	67.2%	M
PO6	The political ideology and priorities of the ruling government influence our bank's strategic position and product/service offerings.	3.8	0.503	27.699	.000	76.0%	H
PO7	The political and legal framework governing the banking sector in Palestine has a significant impact on the allocation of strategic resources to our bank.	3.83	0.764	18.979	.000	76.6%	H

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
PO8	Shifts in the political landscape and power dynamics in the region shape our bank's strategic approach to stakeholder management and public relations.	3.85	0.925	16.049	.000	77.0%	H
PO9	Political instability and fragility of power affect the strategic management of the Bank in terms of development, expansion and diversity of services.	3.83	0.722	19.916	.000	76.6%	H
<b>D. T of Political Factors</b>		<b>3.76</b>	<b>0.454</b>	<b>29.298</b>	<b>.000</b>	<b>75.2%</b>	<b>H</b>

The results from the preceding table indicate that the overall influence of political factors on commercial banks operating in Palestine is substantial, with a mean of 3.76 and a relatively low standard deviation of 0.454. The calculated t-value for this influence is notably high at 29.298, with a significance level of 0.000. Furthermore, the relative weight of this influence is 75.2%, underscoring the significance of these factors in the strategic management practices of these banks.

A study corroborates the findings of Taha & Al-Makhram (2023), demonstrating a substantial impact of political factors and political stability on the growth of bank deposits. Additionally, it addresses Sadiku's (2022) examination of the critical role of political factors in significantly influencing strategic management.

The researcher posits that the political climate in Palestine influences every facet of life, significantly impacting not only strategic management practices in banks but also all sectors and enterprises. Palestine's persistent political instability necessitates that business organizations adapt their operations in response to the fluctuating political landscape.

The analysis of the questionnaire responses regarding political factors indicates that all items were significant, with the highest response being for item (PO2), which received a relative weight of (81.4%). This demonstrates a strong consensus among the study participants on the importance of political stability as a key factor influencing strategic management and its practices in commercial banks operating in Palestine.

Paragraph (PO5) exhibited the lowest responsiveness, with a relative weight of 67.2%. This average degree signifies the significance of alterations in fiscal and monetary policies and their influence on the strategic management practices of commercial banks

in Palestine. Nonetheless, these changes retain their importance within the broader context of political factors.

***Q1-4: What is the reality of the Organizational factors affecting the strategic management practices of commercial banks in Palestine?***

Through the SPSS program, descriptive data related to the first question were extracted in terms of the mean, standard deviation, and calculated t values, as well as the statistical significance and relative weight of the questionnaire items related to the fourth sub-question and the direction of the respondents' response:

Table 4.4: Descriptive statistical data on organizational factors affecting strategic management practices of commercial banks in Palestine

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
OR1	Changes in banking regulations and compliance requirements significantly affect our bank's strategic planning and decision-making.	3.38	0.635	10.509	.000	67.6%	M
OR2	The level of regulatory oversight and enforcement in the banking sector is one of the key considerations in our strategic risk management.	3.43	0.636	11.665	.000	68.6%	H
OR3	Monitoring and adapting to the evolving regulatory environment is essential for the successful implementation of our Bank's strategies.	3.47	0.699	11.683	.000	69.4%	H
OR4	Regulatory requirements for capital adequacy, liquidity and asset quality significantly affect the allocation of strategic resources to our bank.	3.45	0.669	11.696	.000	69.0%	H
OR5	Changes in our regulatory guidelines for product development and innovation affect the evaluation of our bank's strategic performance.	3.99	0.391	43.890	.000	79.8%	H

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
OR6	The regulatory framework for customer protection and data privacy shapes our bank's strategic approach to customer engagement and service delivery.	4.21	0.615	34.150	.000	84.2%	V.H
OR7	Regulatory requirements for corporate governance and risk management significantly affect our bank's strategic organizational structure and decision-making processes.	3.91	0.73	21.665	.000	78.2%	H
OR8	Regulatory changes in reporting and disclosure standards for financial institutions affect our bank's strategic communications and stakeholder management.	3.75	0.811	16.182	.000	75.0%	H
<b>D. T of Organizational factors</b>		<b>3.69</b>	<b>0.372</b>	<b>32.652</b>	<b>.000</b>	<b>73.8%</b>	<b>H</b>

The results presented in the preceding table indicate that the total degree of organizational factors influencing strategic management practices in commercial banks in Palestine is high, with a mean of 3.69 and a standard deviation of 0.372. The calculated t-value for this degree is notably high at 32.652, accompanied by a strong statistical significance of 0.000. Furthermore, the relative weight measuring this degree is 73.8%, underscoring the significance of organizational factors in the strategic management practices of these banks.

The paragraph measuring regulatory factors, specifically paragraph (OR6), received a notably high response score of (84.2%). This score underscores the significance of the regulatory framework for customer protection and data privacy as a strategic approach for the bank. It highlights the bank's commitment to safeguarding customer data, aligning with global trends in strategic management practices.

The lowest response was recorded in paragraph (OR1), with a relative weight of (67.6%). This mean degree indicates changes in banking regulations and compliance requirements. Despite the significance of compliance, commercial banks in Palestine perceive the current regulations as stable and not as challenging as other factors

concerning data protection and privacy within their regulatory frameworks during strategic management practices.

Commercial banks in Palestine exhibit significant interest in product development and innovation, as indicated in paragraph (OR5) with a relative weight of 79.8%. This high degree reflects a strong alignment between regulatory frameworks and the banks' support for innovation and the advancement of financial products. Additionally, paragraph (OR4) reveals a response rate with a relative weight of 69.0%, underscoring the necessity of allocating strategic resources to banks, particularly amid economic uncertainty.

***Q1-5: What is the reality of the technical factors affecting the strategic management practices of commercial banks in Palestine?***

Through the SPSS program, descriptive data related to the first question were extracted in terms of the mean, standard deviation, and calculated t values, as well as the statistical significance and relative weight of the questionnaire items related to the fifth sub-question and the direction of the respondents' response:

Table 4.5: Descriptive statistical data on technical factors affecting strategic management practices of commercial banks in Palestine

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
TE1	Developments in digital banking technologies significantly affect our bank's strategic planning and product/service development.	3.56	0.787	12.280	.000	71.2%	H
TE2	The pace of technological change in the financial services sector is a key factor in our bank's strategic decision-making process.	3.8	0.712	19.472	.000	76.0%	H
TE3	Investing in and implementing new technologies is essential for the successful implementation of our bank's strategies.	3.54	0.776	12.018	.000	70.8%	H
TE4	The availability and quality of technological infrastructure (such as	3.85	0.801	18.397	.000	77.0%	H

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
	internet and mobile networks) in our target markets significantly affect our bank's strategic expansion plans.						
TE5	Changes in customer preferences and expectations for digital banking affect the evaluation of our bank's strategic performance.	3.99	0.515	33.273	.000	79.8%	H
TE6	Emerging fintech innovations and the threat of disruptive technologies shape our bank's strategic position and competitive strategies.	3.34	0.621	9.632	.000	66.8%	M
TE7	The technological capabilities and digital skills of our workforce significantly influence our strategic approach to talent management and organizational development.	3.39	0.686	9.813	.000	67.8%	M
TE8	Cybersecurity risks and data privacy concerns are key drivers of our bank's strategic focus on risk management and information governance.	3.62	0.763	14.104	.000	72.4%	H
<b>D. T of Technological factors</b>		<b>3.63</b>	<b>0.41</b>	<b>26.833</b>	<b>.000</b>	<b>72.6%</b>	<b>H</b>

The results from the preceding table indicate that the total score for technological factors is notably high, with a mean of 3.63 and a standard deviation of 0.410. The calculated t-value for this score is 26.833, indicating strong significance. Additionally, the relative weight of this score is 72.6%, underscoring the importance of technological factors in the strategic management practices of commercial banks in Palestine.

The findings align with those of Sholla & Nazari (2018), which highlighted the significance of technological factors in banking operations, particularly within commercial banks. The researcher asserts that technology has emerged as a crucial component for commercial banks in Palestine, which continuously strives to attain a competitive edge in delivering financial and banking services by enhancing customer experience through technological advancements and adapting to related developments.

The paragraphs assessing these factors indicated that the highest agreement was found in the study sample (TE5), which achieved a relative weight of 79.8%. This high level underscores the significant importance of customer expectations in informing banking strategy, as well as their preferences and expectations regarding modern digital banking services.

The lowest response in the study sample was the (TE6) paragraph, which had a mean relative weight of (66.8%). This indicates a diminished perception among banks regarding emerging financial innovations as significant challenges.

The results indicated a significant correlation between the availability of robust technological infrastructure, including the Internet and communication networks, and the strategic expansion plans of commercial banks. This was further substantiated by the response to paragraph (TE4), which received a relative weight of (77.0%).

Table 4.6: Descriptive statistical data on external environmental factors affecting strategic management practices of commercial banks in Palestine

<b>Rank</b>	<b>Dimension</b>	<b>Mean</b>	<b>S. D</b>	<b>t</b>	<b>Sig.</b>	<b>Relative Weight</b>	<b>DOA</b>
1	D. T of Economic factors	3.86	0.26	57.742	.000	77.2%	H
3	D. T of Social factors	3.75	0.393	33.571	.000	75.0%	H
2	D. T of Political Factors	3.76	0.454	29.298	.000	75.2%	H
4	D. T of Organizational factors	3.69	0.372	32.652	.000	73.8%	H
5	D. T of Technological factors	3.63	0.41	26.833	.000	72.6%	H
	<b>D.T of External environmental factors</b>	<b>3.74</b>	<b>0.254</b>	<b>50.902</b>	<b>.000</b>	<b>74.8%</b>	<b>H</b>

The previous table indicates that the total degree of external factors influencing strategic management practices in commercial banks is considerable, with a mean of (3.74) and a high relative weight of (74.8%). This underscores the significance of external factors and their substantial impact on the strategic management practices of these banks.

The most significant factors influencing commercial banks were economic factors, which held the highest importance at 77.2%. This was followed by political factors, which had an importance level of 75.2%, and social factors, which were rated at 75.0%. These figures underscore the critical role of social and cultural influences in shaping the strategic directions of commercial banks in Palestine. Conversely, technological factors were



deemed the least important, with a relative weight of 72.6%, followed by regulatory factors at 73.8%.

***Q2: To what extent do these external factors (e.g., economic, political, regulatory, technological) affect the strategic management practices of commercial banks in Palestine?***

The second question is answered by testing the hypotheses in the study.

Through the results of the third hypothesis test of the study, the answer to the second question of the study is achieved, where the results of the fourth hypothesis test showed that the extent of the impact of these factors was significant in relation to technological factors as well as organizational factors, which are the two largest factors in the extent of their impact on strategic management practices in commercial banks in Palestine.

***Q3: What are the similarities and differences in the strategic management practices among commercial banks in Palestine in response to external factors?***

To answer the first question of the study, the following sub-questions were answered:

***Q3-1: What are the similarities and differences in the strategic planning practices of commercial banks in Palestine in response to external factors?***

Metadata pertinent to the third question were extracted using the SPSS program, including mean, standard deviation, calculated t-values, statistical significance, and relative weight of the questionnaire paragraphs associated with the first sub-question, along with the direction of respondents' responses.:

Table 4.7: Descriptive statistical data on the extent of similarity and difference in strategic planning practices of commercial banks in Palestine in response to external factors

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
PL1	Our bank has a well-defined formal strategic planning process that includes all relevant stakeholders.	3.9	0.689	22.707	.000	78.0%	H
PL2	Our strategic planning process includes a thorough analysis of the Bank's internal strengths and	3.89	0.44	35.080	.000	77.8%	H

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
	weaknesses, as well as external opportunities and threats.						
PL3	Our strategic plans align with the organization's mission, vision and core values, and are regularly reviewed and updated.	3.76	0.679	19.488	.000	75.2%	H
PL4	Our strategic planning process prioritizes and effectively allocates resources (financial, human and technological) to support the implementation of our strategic initiatives.	3.91	0.818	19.275	.000	78.2%	H
PL5	Our strategic plans include clearly defined objectives and KPIs that are used to measure and evaluate strategic progress.	3.77	0.538	24.905	.000	75.4%	H
PL6	Our bank's strategic planning process examines and actively addresses potential risks and contingency plans to mitigate them.	3.9	0.896	17.398	.000	78.0%	H
PL7	Our bank's strategic planning process is flexible and adaptable to respond to changing market conditions, customer needs and competitive dynamics.	3.97	0.798	21.057	.000	79.4%	H
PL8	Our bank's strategic planning process involves regular communication and collaboration with key internal and external stakeholders.	3.85	0.603	24.605	.000	77.0%	H
PL9	Due to political conditions and high uncertainty, banks are reluctant to make long-term plans.	3.92	0.772	20.804	.000	78.4%	H
<b>T.D Of strategic planning practices</b>		<b>3.87</b>	<b>0.3</b>	<b>50.525</b>	<b>.000</b>	<b>77.4%</b>	<b>H</b>

The results presented in the preceding table indicate a similarity among commercial banks regarding their engagement with external factors in strategic planning practices. The mean total score for these practices was 3.87, accompanied by a standard deviation

of 0.300. The calculated t-value was notably high, suggesting a consensus in this domain, while the relative weight of this score was substantial at 77.4%.

The analysis of strategic planning practices reveals that the paragraph (PL7) received the highest consensus among the study sample, with a relative weight of (79.4%). This underscores the significance of commercial banks' ability to adapt to market changes and customer needs, which is crucial in the dynamic and continuously evolving financial environment.

The paragraph (PL3) recorded the lowest response within the study sample, achieving a relative weight of 75.2%. This high percentage suggests that commercial banks in Palestine are committed to the periodic and continuous review and updating of their strategic plans, emphasizing the importance of aligning these strategies with the institutional values of the banks.

There is a consensus in strategic planning practices regarding the comprehensiveness and prioritization of plans, which includes a careful analysis of internal and external factors. This is evident in paragraphs (PL1, PL2, PL3), all of which received high relative weights.

There is a consensus regarding the flexibility of the strategic planning practices of these banks, as well as a consensus on communication and cooperation with stakeholders, as evidenced by the approval of paragraph (PL8), which received a high relative weight.

***Q3-2: What are the similarities and differences in the Strategic Decision-Making Practices of commercial banks in Palestine in response to external factors?***

Using the SPSS program, metadata pertaining to the third question were extracted, including mean, standard deviation, calculated t-values, statistical significance, and relative weight of the questionnaire items associated with the second sub-question, along with the direction of respondents' responses:

Table 4.8: Descriptive statistical data on the extent of similarity and difference in strategic decision-making practices of commercial banks in Palestine in response to external factors

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
DE1	Our bank's strategic decision-making is guided	4.01	0.857	20.484	.000	80.2%	H

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
	by a clear and well-defined governance framework.						
DE2	Strategic decisions in our bank are made based on a thorough analysis of relevant data, market intelligence and industry trends.	3.61	0.62	17.173	.000	72.2%	H
DE3	Our senior management team actively participates in strategic discussions and collaborates to reach informed decisions.	3.99	0.819	21.074	.000	79.8%	H
DE4	Strategic decisions in our bank take into account potential risks, trade-offs and long-term impacts before executing them.	3.79	0.551	25.080	.000	75.8%	H
DE5	Our strategic decision-making process is flexible and responsive to changing market conditions and customer needs.	3.42	0.7	10.360	.000	68.4%	H
DE6	Strategic decisions in our bank are effectively communicated to all relevant stakeholders, ensuring alignment and acceptance.	3.91	0.715	22.221	.000	78.2%	H
DE7	Our strategic decision-making process involves taking into account ethical and social responsibility factors.	3.83	0.681	21.284	.000	76.6%	H
DE8	Strategic decisions in our bank are regularly evaluated, and lessons learned are incorporated into future decision-making.	3.46	0.699	11.365	.000	69.2%	H
<b>T. D of strategic decision-making practices</b>		<b>3.75</b>	<b>0.298</b>	<b>43.838</b>	<b>.000</b>	<b>75.0%</b>	<b>H</b>

The results presented in Table 4.8 indicate a significant consensus among the study sample regarding strategic decision-making practices. The mean score for the overall degree of these practices was 3.75, accompanied by a standard deviation of 0.298. Additionally, the calculated t-value was notably high at 43.838, and the relative weight

reached 75.0%, demonstrating the study sample's agreement on the level of strategic decision-making practices.

The analysis of the paragraphs assessing strategic decision-making practices reveals consistently high responses from the sample, with means ranging from 3.42 to 4.01. These values indicate a general agreement among the study sample of commercial banks in Palestine regarding strategic decision-making processes. Notably, paragraph DE1 received the highest response, with a relative weight of 80.2%, highlighting the importance of governance and clear procedures in strategic decision-making. Similarly, paragraph DE3, with a relative weight of 79.8%, underscores the active involvement of senior management in strategic discussions.

The study sample's responses indicate that commercial banks in Palestine implement an effective and comprehensive strategic decision-making process, characterized by collaboration between senior management and employees, alongside continuous risk assessment. However, there is a necessity to improve the evaluation process, as evidenced by the lowest response to paragraph (DE8), despite its significant relative weight of 69.2%.

***Q4-3: What are the similarities and differences in the Strategy Implementation Practices of commercial banks in Palestine in response to external factors?***

Using the SPSS program, metadata pertaining to the third question were extracted, including mean, standard deviation, calculated t-values, statistical significance, and relative weight of the questionnaire items associated with the third sub-question, along with the direction of respondents' responses.:

Table 4.9: Descriptive statistical data on the extent of similarity and difference in strategy implementation practices of commercial banks in Palestine in response to external factors

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
IM1	Our bank has a well-defined and well-organized process for implementing strategic initiatives and plans.	3.87	0.706	21.441	.000	77.4%	H
IM2	Clear roles, responsibilities and accountability measures are defined for the successful	3.36	0.656	9.557	.000	67.2%	M

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
	implementation of our strategic initiatives.						
IM3	Adequate resources (financial, human, technological) are allocated to support the effective implementation of our strategic plans.	3.72	0.532	23.487	.000	74.4%	H
IM4	Our bank has effective project management and change management practices in place to ensure the successful deployment of strategic initiatives.	3.57	0.701	14.113	.000	71.4%	H
IM5	Key Performance Indicators (KPIs) and metrics are used to monitor and evaluate the progress and results of our efforts in strategic implementation.	3.96	0.643	25.864	.000	79.2%	H
IM6	It supports the Bank's organizational culture and management practices and enables the effective implementation of strategic plans.	3.96	0.441	37.951	.000	79.2%	H
IM7	There is continuous communication and cooperation between different departments and teams to ensure the smooth implementation of strategic initiatives.	3.15	0.932	2.716	.007	63.0%	M
IM8	Our Bank regularly reviews and adjusts its approach to strategic execution to address emerging challenges and take advantage of new opportunities.	3.08	0.874	1.580	.115	61.6%	M
<b>T. D of strategic implementation practices</b>		<b>3.58</b>	<b>0.36</b>	<b>28.104</b>	<b>.000</b>	<b>71.6%</b>	<b>H</b>

The previous table indicates that the total score for the level of strategy implementation achieved a high relative weight of 71.6%. The mean for this level was recorded at 3.58, accompanied by a standard deviation of 0.360. Additionally, the calculated t-value was notably high at 28.104, suggesting a significant degree of similarity

and compatibility among commercial banks in Palestine regarding the level of strategy implementation.

Upon examining the paragraphs that assess the extent of strategy implementation, it is evident that the majority exhibit high response rates. This observation highlights both the commonalities and variances among banks regarding their strategy implementation practices. Notably, these banks demonstrate a shared strength in the organization of their implementation processes, as evidenced by paragraph (IM1), which recorded a relative weight of (77.4%), indicating a significant level of effectiveness, alongside paragraph (IM6). The response rate was recorded at 79.2%, indicating that there are well-defined structures for the implementation of strategic plans within commercial banks. Furthermore, the organizational culture inherent in these banks effectively supports the strategic implementation process.

There is a notable agreement among these banks concerning the use of performance indicators related to strategy implementation, as highlighted in paragraph (IM5) with a relative weight of (79.2%). This demonstrates a consistent approach to tracking progress through key performance indicators (KPIs), reflecting robust practices in performance monitoring across these institutions.

The paragraphs indicating differences and disparities within the study sample pertained to roles and responsibilities, as evidenced in paragraph (IM2), which presented a relative weight of (67.2%). This mean percentage highlighted a disparity in the definition of roles and responsibilities, along with the level of accountability. This suggests that certain commercial banks may encounter difficulties in clearly defining roles and responsibilities, particularly in contrast to other banks that possess more flexible and robust organizational structures and greater resources.

The findings reveal a notable disparity among banks regarding communication and cooperation between departments. This is evidenced by the data presented in paragraph (IM7), which received a relative weight of (63.0%), reflecting a mean percentage. The results demonstrate a distinct variation in the levels of cooperation among departments and teams across different banks, suggesting the presence of gaps in communication and collaboration processes at various administrative levels in certain institutions.

Paragraph (IM8) highlighted the variations and inconsistencies among certain banks regarding their review processes and strategic adaptations. The relative weight of

this paragraph was recorded at (61.6%), representing a mean estimate. This suggests that some banks fail to conduct regular and effective reviews and updates of their implementation plans. Consequently, this indicates challenges in these banks' abilities to adapt to changes and emerging issues when compared to their counterparts.

***Q4-4: What are the similarities and differences in the Strategy evaluation and control Practices of commercial banks in Palestine in response to external factors?***

Through the SPSS program, metadata related to the third question were extracted in terms of mean, standard deviation, calculated t-values, as well as statistical significance and relative weight of the questionnaire paragraphs related to the fourth sub- question, and the respondents' response direction:

Table 4.10: Descriptive statistical data on the extent of similarity and difference in strategic evaluation and control practices of commercial banks in Palestine in response to external factors

No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
EV1	Our bank has a well-defined and comprehensive performance management system to monitor the achievement of strategic objectives.	3.75	0.473	27.368	.000	75.0%	H
EV2	Key Performance Indicators (KPIs) and metrics are regularly reviewed and amended to ensure they remain relevant and aligned with our strategic priorities.	3.96	0.52	32.065	.000	79.2%	H
EV3	Our bank has established clear accountability and reporting mechanisms to monitor the progress and performance of strategic initiatives.	4.01	0.461	38.202	.000	80.2%	H
EV4	Corrective actions and contingency plans are implemented immediately to address any deviations from the strategic plan.	3.99	0.509	33.697	.000	79.8%	H
EV5	Our control and evaluation practices enable the timely identification and	3.43	0.803	9.317	.000	68.6%	H



No.	Item	Mean	S. D	t	Sig.	Relative Weight	DOA
	management of strategic risks.						
EV6	The results of our strategic assessments are effectively communicated to all relevant stakeholders, including the Board of Directors and senior management.	3.39	0.686	9.813	.000	67.8%	M
EV7	Our monitoring and evaluation practices foster a culture of continuous improvement and learning.	3.84	0.931	15.633	.000	76.8%	H
EV8	Insights and lessons learned from our strategic monitoring and evaluation processes are systematically applied.	3.33	0.757	7.524	.000	66.6%	M
<b>T. D of strategic evaluation and control practices</b>		<b>3.71</b>	<b>0.418</b>	<b>29.525</b>	<b>.000</b>	<b>74.2%</b>	<b>H</b>

The results presented in the preceding table indicate a significant level of disagreement regarding the overall degree of strategic evaluation among commercial banks in Palestine. The mean measuring this degree was 3.71, accompanied by a standard deviation of 0.418. The calculated t-value stood at 29.525, reflecting a relatively high value. Additionally, the relative weight of this degree was 74.2%, categorizing it as a high grade.

The study sample demonstrates a consensus regarding the presence of clear mechanisms for accountability and reporting, as indicated in paragraph (EV3) with a response rate of 80.2%. This percentage reflects agreement on the establishment of banks to implement transparent accountability and reporting mechanisms for monitoring the progress and performance of strategic initiatives.

The results indicate that banks are willing to make periodic adjustments to key performance indicators (KPIs) to align with strategic objectives. This reflects the banks' commitment to regularly monitor and update their performance indicators, as evidenced by a response rate of 79.2%, which is considered high.

Furthermore, a similarity exists in the prompt implementation of corrective actions and contingency plans by these banks to address deviations from strategic plans. This

reflects the robustness of their corrective practices, as indicated in paragraph (EV4), which received a relative weight of (79.8%).

The results indicated differences in opinions regarding the evaluation of the strategy, particularly concerning strategic risk management, as referenced in paragraph (EV5) with a relative weight of (68.6%). This suggests variability in banks' capacity to identify and manage strategic risks effectively. Additionally, the findings revealed variations in the effective communication among stakeholders, as noted in paragraph (EV6). The response rate was 67.8%, indicating a variance in the effectiveness of communicating strategic evaluation results to stakeholders, including the Board of Directors and senior management. This suggests that some banks exhibit stronger communication effectiveness than others.

The results indicated variations in the systematic application of lessons learned, as noted in paragraph (EV8), which exhibited a minimal relative weight. This reflects a moderate degree of application by certain banks of the outcomes derived from effectively evaluating strategies in comparison to others.

Upon addressing the sub-questions of the third question, the response to the fourth main question can be derived from the results presented in Table (4.11):

Table 4.11: Descriptive statistical data on the extent of similarity and difference in strategic management practices of commercial banks in Palestine in response to external factors

Rank	Dimension	Mean	S. D	t	Sig.	Relative Weight	DOA
1	T.D of strategic planning practices	3.87	0.3	50.525	.000	77.4%	H
2	T. D of strategic decision-making practices	3.75	0.298	43.838	.000	75.0%	H
4	T. D of strategy implementation practices	3.58	0.36	28.104	.000	71.6%	H
3	T. D of control and evaluation practices	3.71	0.418	29.525	.000	74.2%	H
	<b>T. D of Strategic Management Practices</b>	<b>3.73</b>	<b>0.255</b>	<b>49.760</b>	<b>.000</b>	<b>74.6%</b>	<b>H</b>

The data presented in the previous table indicates a significant consensus regarding the extent of strategic management practices in commercial banks in Palestine. This is evidenced by a mean value of 3.73 and a low standard deviation of 0.255, reflecting

uniform agreement among the banks. Additionally, the calculated t-value for this degree was 49.760, with a relative weight of 74.6%.

The analysis of strategic management processes among commercial banks in Palestine reveals that strategic planning practices ranked highest, with a relative weight of 77.4%. This was followed by strategic decision-making practices at 75.0%, and strategic evaluation practices at 74.2%. The lowest ranking, indicating variability among the study sample, was observed in the application of strategy, which had a relative weight of 71.6%.

The response to the third question in the study questionnaire indicated that the primary challenges confronting banks in implementing their plans were as follows:

- Political and economic instability: The current economic and political situation poses significant challenges to the work of commercial banks in Palestine, including the Israeli occupation and its negative policies.
- Lack of financial and human resources: Banks operating in Palestine suffer from insufficient resources to implement their strategic plans, especially with regard to financing and highly trained and skilled human cadres.
- Resistance to change: It is one of the internal challenges facing commercial banks through the resistance of their employees to the radical changes required by strategies, which leads to a gap between planning and implementation.
- Changes in regulations and instructions: which often lead to complications in implementation processes and dispersion of efforts towards achieving strategic goals.

### **4.3 Testing study hypotheses**

The following will test the main hypotheses of the study by using the appropriate statistical tests for each hypothesis:

***H<sub>11</sub>: There is a significant relationship between external factors (economic, political, regulatory, and technological) and the strategic management practices of commercial banks in Palestine.***

To validate the previous hypothesis, a Pearson Correlation test was conducted between external factors and strategic management practices and the results were as shown in the following matrix:

Table 4.12: Correlation matrix between the variables of external factors affecting the practice of strategic management in commercial banks operating in Palestine

		strategic planning practices	strategic decision- making practices	strategy imple- mentation practices	evaluation and control	Strategic Manage- ment Practices
Economic factors	Pearson Correlation	.012	.018	.147*	.129*	.114*
	Sig. (2- tailed)	.832	.759	.011	.025	.049
	N	302	302	302	302	302
Social factors	Pearson Correlation	-.143*	.369**	.128*	.259**	.217**
	Sig. (2- tailed)	.013	.000	.026	.000	.000
	N	302	302	302	302	302
Political Factors	Pearson Correlation	-.123*	.334**	.157**	.240**	.215**
	Sig. (2- tailed)	.032	.000	.006	.000	.000
	N	302	302	302	302	302
Organizational factors	Pearson Correlation	.153**	.105	.408**	.186**	.296**
	Sig. (2- tailed)	.008	.068	.000	.001	.000
	N	302	302	302	302	302
Technological factors	Pearson Correlation	-.152**	.337**	.317**	.391**	.326**
	Sig. (2- tailed)	.008	.000	.000	.000	.000
	N	302	302	302	302	302
External environmental factors	Pearson Correlation	-.090	.377**	.348**	.373**	.359**
	Sig. (2- tailed)	.118	.000	.000	.000	.000
	N	302	302	302	302	302
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

The results from the preceding matrix indicate a statistically significant relationship between the total degree of external factors and the total degree of strategic management practices. The correlation coefficient between these two variables is 0.359\*\*, suggesting a medium and positive correlation that highlights the influence of external factors on the strategic management practices of commercial banks in Palestine.

Our analysis reveals no relationship between external factors and strategic planning practices, indicated by a correlation coefficient of -0.090, which is weak and not statistically significant. Conversely, a statistically significant relationship exists between the total degree of external factors and strategic decision-making practices, characterized by a positive medium-strength correlation coefficient of 0.377\*\*.

The survey responses indicate that the primary external factors influencing the strategic decision-making process in the bank are as follows:

- Analysis of data and market trends: Commercial banks in Palestine rely on the analysis of financial statements and market trends to ensure the right informed decisions based on realistic economic conditions.
- Technological factors and innovation: Innovation and adaptation to modern and evolving technology are central to banks' strategies to adapt to the potential and rapid changes surrounding them.
- Political-economic factors: These represent domestic and international political and economic conditions that directly affect decisions such as interest rate, inflation and growth.
- Regulatory factors, which include laws in banks, regulations, changes in financial policies, and the entry of new competitors, all of which influence the decision-making strategies of commercial banks in Palestine.
- Social and cultural factors, including the conditions of the development of customers' lifestyles and financial awareness, which affect market requirements and the process of strategic decision-making.
- Institutional factors, which include the Bank's vision and mission, organizational culture, available financial resources, capital and liquidity.

The findings indicate that the total degree of external factors is individually associated with the implementation practices of the strategy, with a correlation coefficient of (0.348\*\*). Additionally, there is a relationship between the total degree of external factors and the practices of strategic control and evaluation, evidenced by a correlation coefficient of (0.373\*\*). This underscores the influence of external factors on these practices individually.

The responses from the study sample regarding the open question on mechanisms for identifying and addressing deviations in strategic plan practices indicate that the sample identified several prominent mechanisms, which are as follows:

- Continuous monitoring, by monitoring performance on a regular basis, and comparing the actual results with what was planned, which allows to quickly identify any deviations from the set strategic goals, and thus the possibility of finding solutions to them effectively and quickly.
- Internal audit procedures: which is considered one of the effective mechanisms in reviewing the performance of management and branches, through conducting international visits to detect any defect in implementation.
- Periodic meetings: by conducting periodic meetings that discuss reviewing progress, evaluating short, medium and long-term goals, and taking the necessary precautionary measures to ensure progress in the right direction.
- Contingency plans: through the development of plans and precautionary procedures in the event of deviations from the set plans, which would ensure and contribute to the correction of the strategic course quickly and effectively.

Taha and Al-Makhram (2023) demonstrated a strong correlation between external factors and deposit development, aligning closely with the findings of the current study. Sadiku (2022) demonstrated the significance of external factors in various forms on strategic management within business organizations, findings that corroborate the results of the current study.

The results confirm the first main hypothesis of the study, indicating a statistically significant relationship between external factors (economic, social, political, organizational, and technological) and strategic management practices in commercial banks in Palestine.

***H<sub>12</sub>: The degree of influence of external factors on strategic management practices varies among commercial banks in Palestine.***

To validate the previous hypothesis, a linear standard regression test was performed, the results of which were as shown in the following table (4.13):

Table 4.13: Linear regression model between strategic management practices and external factors affecting the work of commercial banks in Palestine

<b>Independent</b>	<b>Dependent</b>	<b>R</b>	<b>F</b>	<b>F Sig.</b>	<b>t</b>	<b>Sig.</b>
External environmental factors	Strategic Management Practices	0.450	15.066	.001	10.742	.001
R- Square= 0.203						

The data presented in the previous table indicate a regression relationship between the total degree of external factors—namely economic, social, political, organizational, and technological factors—and strategic management practices in commercial banks. The correlation coefficient for this relationship is 0.450, suggesting a positive association. This implies that as the external environmental factors change and exert influence, there is a corresponding increase in the effectiveness of strategic management practices among commercial banks operating in Palestine.

The R-Square value indicates that external environmental factors account for 20.3% of the variation in strategic management practices among commercial banks in Palestine. Conversely, 79.7% of the variation is attributable to other, unexamined factors not addressed in this study.

The findings align closely with the research conducted by Taha and Al-Mukhram (2023), which demonstrated a significant correlation between external factors and the growth of bank deposits in commercial banks. The coefficient of determination for this relationship was high, at 87.5%.

The F value of 15.066 indicates substantial variation in this model, with a significance level of 0.001. This underscores the relevance of the statistical model and confirms that the relationship between external environmental factors and strategic management practices is both real and statistically significant.

The results indicate that the second hypothesis has been validated.

***H<sub>13</sub>: The strategic management practices of commercial banks in Palestine are influenced by the specific external factors prevalent in the Palestinian context.***

To verify the validity of the third hypothesis, a multiple standard regression test was performed, to identify the level of influence of external environmental factors individually and the extent of their impact on strategic management practices and which is more influential, the results were discussed in the following table:

Table 4.14: Multiple regression model showing the extent of the impact of external factors on strategic management practices in commercial banks in Palestine

Independent	Dependent	R	Beta	t	Sig.
Economic factors	Strategic Management Practices	0.450	-.123	-1.974	.049
Social factors			.181	3.195	.002
Political Factors			-.063	-.857	.392
Organizational factors			.256	4.536	.000
Technological factors			.353	5.237	.000

The previous table indicates that technological factors are the most significant influences on strategic management practices in commercial banks in Palestine. The calculated t-value of 5.237 demonstrates a strong impact of these factors on the effectiveness of such practices, while the statistical significance further underscores their importance, as evidenced by the beta value. Improvements in technological external factors yield a 35.3% impact on the effectiveness and practices of strategic management within the bank. Organizational factors also exhibit a significant influence, with a 25.6% effect on strategic management practices for each unit of enhancement. This relationship is substantiated by a calculated Beta value and a t-value of 4.536, exceeding the tabular value of 1.96 at a significance level of 0.05.

The analysis of social factors reveals a relatively low impact, evidenced by a calculated t-value of 3.195, which is statistically significant at 0.002. Changes in these factors by one unit account for an 18.1% influence on the strategic management practices of the banks. Conversely, economic factors exhibited a negative impact, with a calculated t-value of -1.974 and a weak statistical significance of 0.049, alongside the corresponding Beta value. The negative value of (-0.123) suggests that changes in economic factors by one unit will adversely impact strategic management practices by at least 12.3% in commercial banks operating in Palestine.

The model indicated no significant effect of political factors when analyzed individually, as evidenced by a t-value of 0.857, which is below the critical threshold of 1.96 at a significance level of 0.05. Consequently, political factors do not exert an individual influence; rather, the presence of other external environmental factors is necessary to observe their impact on strategic management practices.

The results confirmed the validity of the third main hypothesis of the study, indicating that the strategic management practices of commercial banks in Palestine are



influenced by specific external factors within the Palestinian context, except for the political situation, which must be considered alongside other factors for this influence to manifest.

## **5 Chapter Five: Discussion**

### **5.1 Overview**

In this chapter of the study, the researcher will conduct a summary of the most prominent findings by answering her questions and testing hypotheses according to the objectives of the study, commenting on these results, stressing the need for the results to reach the achievement of the objectives of the study that the researcher developed in the first chapter, with reference to discussing the need for further research on this topic.

### **5.2 Findings Related to the first Objective**

The primary objective of this study was to identify the principal external factors influencing the strategic management practices of commercial banks in Palestine. Through the examination of research questions and the testing of hypotheses, it was determined that external factors significantly impact these practices, particularly economic and political factors. These elements serve as critical drivers in the management of commercial banks, necessitating flexibility and ongoing adaptation to changes in order to improve effective strategic management.

The findings indicated that external factors influencing strategic management practices in commercial banks in Palestine are of significant importance, with an arithmetic average total score of 3.74. This score reflects a high level of relevance for these factors and their impact on strategic management practices. Furthermore, economic factors emerged as the most critical influences on these practices, underscoring the necessity for commercial bank management to monitor local and international economic conditions. Political factors play a significant role, indicating that political stability and the effectiveness of government policies are crucial in shaping the strategic management practices and orientations of commercial banks in Palestine. Additionally, social, cultural, technological, and organizational factors are also important in guiding the strategic management directions of these banks.

The researcher believes that the impact of economic factors is logical, given that the banking sector in Palestine operates in an unstable economic context, affected by changes in currencies, inflation, and regional trade relations. These variables are not merely external variables, but rather constitute a fundamental driver that forces banks to develop flexible and dynamic plans, which reflects the need for continuous preparation to confront fluctuations in local and international markets.

The findings indicate that social factors, particularly demographics and societal changes, play a crucial role in shaping strategic management and planning practices within banks. The data reveal a moderate level of social responsibility and sustainability concerns among these banks, quantified at 66.6%. Additionally, religious values and beliefs were assessed with an average importance of 67.4%. Consequently, commercial banks in Palestine must exhibit flexibility and adaptability to demographic and societal changes to enhance their performance and broaden their services in alignment with societal aspirations.

The researcher believes that banks in Palestine realize the importance of strengthening their relationship with the community by providing services that meet local needs and take into account religious and social values. However, the commitment to social responsibility at a moderate level may be explained by the existence of challenges in allocating sufficient resources for sustainability initiatives. The researcher also finds that the community culture towards banks must be confronted with efforts to strengthen and develop it, especially when it comes to women, who usually feel fear for their money, as a result of multiple factors such as political instability and lack of confidence in government financial policies in light of the aforementioned state of instability.

Political stability significantly influences strategic management practices and is crucial for formulating and developing business strategies. The findings indicate that while changes in fiscal and monetary policies have been moderate, they remain important in shaping the strategic directions of banks.

From the researcher's point of view, the significant impact of political factors, such as political instability and government policies, is an indicator that the Palestinian context, which suffers from occupation and political divisions, has a direct impact on banks' strategic decisions. This highlights the need for banks to adapt to this reality and operate within an unstable political framework.

The findings indicate the significance of regulatory factors in safeguarding data privacy. Furthermore, commercial banks demonstrate a strong commitment to implementing international data protection practices as strategic partners for customers. The results also reveal a moderate perception of the stability of banking regulations, suggesting that commercial banks do not view changes in these regulations as a challenge to their strategic objectives at this time. Additionally, the importance of fostering innovation and developing financial and banking products within a supportive regulatory framework is highlighted. Consequently, the findings in the banking sector underscored the necessity of strategically allocating resources amid economic uncertainty, with a strong emphasis on this aspect.

Technological factors play a crucial role in the strategic management of commercial banks in Palestine. It is essential to prioritize the fulfillment of customer expectations regarding digital services and the adequacy of technological infrastructure. However, the influence of emerging financial innovations on their strategic management practices remains limited at present.

The researcher believes that today technology has developed significantly, and factors related to artificial intelligence have entered the world of technology and communications, which banks and the banking sector in general must keep pace with and try to benefit from in diversifying and providing financial products and services, and facilitating access to them by customers.

From the above, the researcher believes that banks have shown an ability to deal with these factors to some extent, but they need to expand the scope of their strategies to include financial innovation and increase focus on enhancing their social and economic role in society.

### **5.3 Findings Related to the second Objective**

The second objective of the study was accomplished through the examination of the first and second hypotheses. The findings indicated a positive correlation between the external factors—namely economic, political, social, organizational, and technological—and the strategic management practices in commercial banks in Palestine. This relationship exhibited medium strength, was influential, and held statistical significance.

The relationship between external factors and strategic management practices in commercial banks shows a correlation coefficient of (0.359). This indicates a medium-strength correlation, suggesting a moderate and clear influence of these external factors on the strategic management practices employed by these banks.

The results indicated that external factors, when considered collectively, do not have a direct individual impact on strategic planning practices. However, these factors collectively exert a significant influence on strategic management practices overall. Furthermore, a positive correlation exists between external factors and strategic decision-making practices, as evidenced by a correlation coefficient of 0.377. This underscores the significance of external factors in the strategic decision-making processes of commercial banks, highlighting the key elements that influence these practices. The results indicated a relationship between the combined external factors and strategic implementation, revealing a medium-strength correlation between the two variables, with a correlation coefficient of (0.348). This underscores the significance of external factors in influencing the achievement levels of the strategic objectives of these banks, alongside the practices of strategic evaluation and control. The factors exhibit a moderate level of influence, as indicated by a correlation coefficient of 0.373. This finding underscores the significance of external factors in the monitoring and evaluation of the strategic management strategies employed by these banks.

The study sample highlights several key mechanisms employed to address strategic deviations, including continuous monitoring, internal audits, periodic meetings, contingency plans, and risk management. These practices are utilized by commercial banks in Palestine to ensure proper implementation of strategies and prompt resolution of any deviations.

From the above, we see that Palestinian banks have good risk management structures, but they need to enhance their ability to innovate and anticipate events in advance to ensure flexibility and sustainability in the long term.

#### **5.4 Findings Related to The Third Objective**

The findings indicated that external factors exerted an average influence on strategic management practices within commercial banks in Palestine. The correlation

coefficient between the combined external factors and strategic management practices was calculated at 0.450, suggesting that the management of commercial banks in Palestine enhances management practices by addressing external factors. The findings indicate that external factors—economic, political, social, organizational, and technological—account for at least 20.3% of the variation in the enhancement of strategic management practices. Consequently, commercial banks in Palestine adjust to these external influences by improving their strategic management practices. However, additional factors also play a role in this adaptation, warranting further investigation and future research to elucidate their significance.

### **5.5 Findings Related to the fourth Objective**

This study's fourth objective is to compare and contrast strategic management practices among commercial banks in Palestine in relation to external factors. Following the response to the third question, a significant consensus emerged among the respondents concerning strategic management practices in commercial banks operating in Palestine. The agreement attained a high level, with a relative weight of 74.6%, indicating a significant degree of similarity in practices among commercial banks in Palestine.

The results indicate that the most prevalent similar and compatible practices among banks are strategic planning practices, followed by strategic decision-making practices, and then strategic evaluation and control practices. In contrast, there is a notable disparity in strategy implementation practices, which recorded the lowest percentage among the other practices, with a relative weight of 71.6%.

The findings indicate that the primary challenges confronting commercial banks in Palestine include political and economic instability, particularly due to the Israeli occupation and its policies. These factors significantly hinder the execution and realization of strategic plans within these banks. Additionally, issues such as insufficient financial resources, a shortage of qualified personnel, employee resistance to necessary changes for strategy implementation, and other influencing factors further complicate the execution of these strategies.

## 5.6 Recommendations

The current study outlines several recommendations, including:

1. The Implementing dynamic strategies that can be adjusted in response to rapid changes in the economic and political landscape in Palestine, as well as enhancing strategic flexibility in commercial banks' operations. For example, a strategy can be adopted to enhance flexibility based on diversifying banking products and services to meet customers' needs in light of market fluctuations, as well as adopting strategies based on designing proactive scenarios and alternative plans to deal with potential crises.
2. The study emphasizes the necessity of continuously tracking and assessing local and international economic developments through regular written reports to enhance banks' capacity to make well-informed strategic decisions.
3. Establishing a future department in commercial banks specializing in strategic management and its practices, as this department is ineffective in many of these banks today.
4. It is essential to monitor the political landscape and the ever-evolving circumstances within the Palestinian context to maintain the continuity and sustainability of banking operations in the face of challenges. Additionally, there is a necessity to develop innovative strategies and mechanisms to effectively tackle these challenges.
5. Increasing investment in enhancing and advancing technological infrastructure to align with the expectations and needs of customers in financial and banking services, while evolving these services towards digital solutions.
6. It is essential to prioritize external environmental factors, particularly economic and political aspects, while continuously conducting political, economic, and technical analyses to enhance strategic decision-making in commercial banks in Palestine.
7. It is essential to enhance banks' capabilities in data analysis and data-driven decision-making, considering the significance of these elements in strategic decision-making and the need to adapt to evolving market trends.

8. Continuous monitoring mechanisms and periodic evaluation of strategic performance must be enhanced to ensure alignment with objectives and prevent deviations.
9. The study suggests enhancing the utilization of continuous control tools and mechanisms, internal audits, periodic meetings, contingency planning, and risk management to ensure effective strategy implementation and timely resolution of any deviations.

## **5.7 Future Studies**

- Impact of Dynamic Strategies on Bank Resilience in Palestine
- Technological Advancements and Customer Satisfaction in Palestinian Banking
- Data-Driven Decision-Making in Palestinian Commercial Banks
- Evaluating the Role of Adaptive Strategies in Enhancing the Resilience of Palestinian Commercial Banks Amidst Economic and Political Instability



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## Appendices

### Appendix 1: Study Questionnaire



#### **Arab American University**

#### **Faculty of Graduate Studies**

Dear Employee.

I invite you to participate in a research study focusing on the relationship between external factors and strategic management practices in commercial banks: a case study of Palestine. The purpose of this study is to gain a better understanding of the impact of external environmental factors on strategic management practices. Your participation in this study is entirely voluntary.

The study involves completing a questionnaire that takes approximately five minutes to complete, which includes data related to external environment factors and strategic management practices. You will be asked to assess whether or not you agree with each statement on the Likert scale, your responses will remain confidential and anonymous, and your participation in this study will have no impact on your work or relationship with the organization.

If you choose to participate, please complete the questionnaire and return it thankfully to the researcher.

Thank you for your time and participation in this study. Your contribution is valuable and will contribute to a better understanding of the study of the relationship between external environment factors and strategic management practices.

Sincerely,

Researcher: Dana Barghouti

The first part of this questionnaire represents your profile, while the second and third parts represent the independent and dependent variables sought by this study.

Part I Demographics

Please check the appropriate answer:

**Your Bank:**  Bank of Palestine  Arab Bank  Palestine Investment Bank  The National Bank  Housing Bank  Cairo Amman Bank

**Gender:**  Male  Female

**Age group:**  Under 25 years  25-35 years  old over 35 years old.

**Qualification:**  Diploma or below  Bachelor' s degree  Postgraduate

**Job Level:**  Head  of Department  Head of Department

**Years of Experience:**  5 years or less  6-10 years  11-15 years  Above 15 years

Part II: Level of Externalities

The questions below aim to measure your understanding of the relationship between external environment factors and strategic management practices in your workplace, please select the appropriate response to reflect the degree to which you agree with each of the survey questions. Your response will help us determine how broad or narrow the relationship between external factors and management practices is Strategy in the bank where you work. Please keep in mind that your answers will be read on the Likert scale, where: ("I strongly agree" represents the highest value = 5, and "strongly oppose" represents the lowest value = 1. We appreciate your participation and honesty in completing the survey.

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
Definition of external environmental factors						
Economic factors						
EC1	The overall state of the Palestinian economy has a significant impact on our bank's strategic planning process.					
EC2	Changes in the economic growth rates in Palestine significantly affect the strategic decision-making process of our bank.					



No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
EC3	Fluctuations in interest rates are a key factor in our Bank's strategy execution activities.					
EC4	Monitoring foreign exchange rate movements is critical to evaluating our bank's strategic performance.					
EC5	Analysis of macroeconomic indicators (such as inflation and unemployment) is an essential part of our bank's strategic management practices.					
EC6	Volatility in local and regional economic conditions is the main driver of our bank's strategic adjustment efforts.					
EC7	Our bank's strategic investment decisions are greatly influenced by the prevailing economic climate in Palestine.					
EC8	Changes in the availability and cost of capital significantly affect the allocation of strategic resources to our bank.					
EC9	A high degree of uncertainty in the external environment affects performance indicators.					
EC10	International requirements to protect banks from money laundering and graft hinder the bank's work.					
Social factors						
EX1	Changes in the demographics of our target customer base significantly affect our bank's strategic planning.					
EX2	Shifts in cultural values and standards of our customer segments are a key consideration in our strategic decision-making process.					
EX3	Monitoring social trends and lifestyle changes in Palestine is essential for the successful implementation of our Bank's strategies.					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
EX4	The education and skill levels of the local workforce significantly influence our bank's strategic approach to talent management.					
EX5	Addressing the evolving expectations and preferences of our bank's stakeholders is a key driver for evaluating our strategic performance.					
EX6	Changes in social responsibility and sustainability concerns of our customers affect our bank's strategic position.					
EX7	The availability and quality of social infrastructure (such as healthcare and education) in our target markets affect our bank's strategic expansion plans.					
EX8	Shifts in societal attitudes towards banking and finance affect our bank's strategic communications and stakeholder engagement.					
EX9	Social values and religious beliefs (the belief that banks operate in usury) affect strategic performance.					
Political factors						
PO1	Changes in political leadership and government policies in Palestine significantly affect our bank's strategic planning.					
PO2	The level of political stability in the region is a key factor in our bank's strategic decision-making.					
PO3	Monitoring the political and regulatory climate is essential to successfully implement our bank's strategies.					
PO4	The political relations between Palestine and neighboring countries greatly affect our bank's strategic approach to international expansion.					
PO5	Changes in the fiscal and monetary policies of the government have a significant impact on the evaluation of the					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
	strategic performance of our bank.					
PO6	The political ideology and priorities of the ruling government influence our bank's strategic position and product/service offerings.					
PO7	The political and legal framework governing the banking sector in Palestine has a significant impact on the allocation of strategic resources to our bank.					
PO8	Shifts in the political landscape and power dynamics in the region shape our bank's strategic approach to stakeholder management and public relations.					
PO9	Political instability and fragility of power affect the strategic management of the Bank in terms of development, expansion and diversity of services.					
Organizational factors						
OR1	Changes in banking regulations and compliance requirements significantly affect our bank's strategic planning and decision-making.					
OR2	The level of regulatory oversight and enforcement in the banking sector is one of the key considerations in our strategic risk management.					
OR3	Monitoring and adapting to the evolving regulatory environment is essential for the successful implementation of our Bank's strategies.					
OR4	Regulatory requirements for capital adequacy, liquidity and asset quality significantly affect the allocation of strategic resources to our bank.					
OR5	Changes in our regulatory guidelines for product development and innovation					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
	affect the evaluation of our bank's strategic performance.					
OR6	The regulatory framework for customer protection and data privacy shapes our bank's strategic approach to customer engagement and service delivery.					
OR7	Regulatory requirements for corporate governance and risk management significantly affect our bank's strategic organizational structure and decision-making processes.					
OR8	Regulatory changes in reporting and disclosure standards for financial institutions affect our bank's strategic communications and stakeholder management.					
Technical factors						
TE1	Developments in digital banking technologies significantly affect our bank's strategic planning and product/service development.					
TE2	The pace of technological change in the financial services sector is a key factor in our bank's strategic decision-making process.					
TE3	Investing in and implementing new technologies is essential for the successful implementation of our bank's strategies.					
TE4	The availability and quality of technological infrastructure (such as internet and mobile networks) in our target markets significantly affect our bank's strategic expansion plans.					
TE5	Changes in customer preferences and expectations for digital banking affect the evaluation of our bank's strategic performance.					
TE6	Emerging fintech innovations and the threat of disruptive technologies shape our bank's strategic position and competitive strategies.					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
TE7	The technological capabilities and digital skills of our workforce significantly influence our strategic approach to talent management and organizational development.					
TE8	Cybersecurity risks and data privacy concerns are key drivers of our bank's strategic focus on risk management and information governance.					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
Define strategic management practices						
Strategic Planning Practices						
PL1	Our bank has a well-defined formal strategic planning process that includes all relevant stakeholders.					
PL2	Our strategic planning process includes a thorough analysis of the Bank's internal strengths and weaknesses, as well as external opportunities and threats.					
PL3	Our strategic plans align with the organization's mission, vision and core values, and are regularly reviewed and updated.					
PL4	Our strategic planning process prioritizes and effectively allocates resources (financial, human and technological) to support the implementation of our strategic initiatives.					
PL5	Our strategic plans include clearly defined objectives and KPIs that are used to measure and evaluate strategic progress.					
PL6	Our bank's strategic planning process examines and actively					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
	addresses potential risks and contingency plans to mitigate them.					
PL7	Our bank's strategic planning process is flexible and adaptable to respond to changing market conditions, customer needs and competitive dynamics.					
PL8	Our bank's strategic planning process involves regular communication and collaboration with key internal and external stakeholders.					
PL9	Due to political conditions and high uncertainty, banks are reluctant to make long-term plans.					
<b>Strategic Decision-Making Practices</b>						
DE1	Our bank's strategic decision-making is guided by a clear and well-defined governance framework.					
DE2	Strategic decisions in our bank are made based on a thorough analysis of relevant data, market intelligence and industry trends.					
DE3	Our senior management team actively participates in strategic discussions and collaborates to reach informed decisions.					
DE4	Strategic decisions in our bank take into account potential risks, trade-offs and long-term impacts before executing them.					
DE5	Our strategic decision-making process is flexible and responsive to changing market conditions and customer needs.					
DE6	Strategic decisions in our bank are effectively communicated to all relevant stakeholders, ensuring alignment and acceptance.					
DE7	Our strategic decision-making process involves taking into account ethical and social responsibility factors.					
DE8	Strategic decisions in our bank are regularly evaluated, and lessons					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
	learned are incorporated into future decision-making.					
<b>Strategy Implementation Practices</b>						
IM1	Our bank has a well-defined and well-organized process for implementing strategic initiatives and plans.					
IM2	Clear roles, responsibilities and accountability measures are defined for the successful implementation of our strategic initiatives.					
IM3	Adequate resources (financial, human, technological) are allocated to support the effective implementation of our strategic plans.					
IM4	Our bank has effective project management and change management practices in place to ensure the successful deployment of strategic initiatives.					
IM5	Key Performance Indicators (KPIs) and metrics are used to monitor and evaluate the progress and results of our efforts in strategic implementation.					
IM6	It supports the Bank's organizational culture and management practices and enables the effective implementation of strategic plans.					
IM7	There is continuous communication and cooperation between different departments and teams to ensure the smooth implementation of strategic initiatives.					
IM8	Our Bank regularly reviews and adjusts its approach to strategic execution to address emerging challenges and take advantage of new opportunities.					
<b>Strategic Evaluation and Control Practices</b>						
EV1	Our bank has a well-defined and comprehensive performance management system to monitor					

No.	Paragraph	S. Agree	Agree	Neutral	Diss Agree	S. Diss Agree
	the achievement of strategic objectives.					
EV2	Key Performance Indicators (KPIs) and metrics are regularly reviewed and amended to ensure they remain relevant and aligned with our strategic priorities.					
EV3	Our bank has established clear accountability and reporting mechanisms to monitor the progress and performance of strategic initiatives.					
EV4	Corrective actions and contingency plans are implemented immediately to address any deviations from the strategic plan.					
EV5	Our control and evaluation practices enable the timely identification and management of strategic risks.					
EV6	The results of our strategic assessments are effectively communicated to all relevant stakeholders, including the Board of Directors and senior management.					
EV7	Our monitoring and evaluation practices foster a culture of continuous improvement and learning.					
EV8	Insights and lessons learned from our strategic monitoring and evaluation processes are systematically applied.					

Part III: Open End Questions

1. In your opinion, what are the main factors that influence your bank's strategic decision-making process, and how do you ensure that these decisions are informed and aligned with your organization's long-term goals?

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.....



2. Can you share examples of how your bank's monitoring and evaluation practices can help identify and address any deviations from the strategic plan? How do these practices contribute to a culture of continuous improvement?

.....  
.....

3. What are some of the key challenges facing your bank in effectively translating strategic plans into tangible results? How did you overcome these challenges?

.....  
.....

4. In your opinion, what are the most important lessons your bank has learned about effective strategic management practices? How did you integrate these ideas into decision-making and implementation processes?

.....

.....

5. In your opinion, what gaps or areas are most important for improvement in your bank's current strategic management practices? What initiatives or changes are you considering to address these gaps and strengthen your strategic capabilities?

.....  
.....

The questions ended with sincere thanks and appreciation

Researcher: Dana Barghouti

# دراسة العلاقة بين العوامل الخارجية وممارسات الإدارة الاستراتيجية في البنوك التجارية: دراسة حالة فلسطين

دانا سامر عبد الله البرغوثي

لجنة الإشراف:

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د. نصر عبد الكريم

د. عبد الرحمن التميمي

## ملخص

هدفت الدراسة إلى التعرف على أثر العوامل الخارجية المتمثلة في العوامل الاقتصادية، السياسية، الاجتماعية، التنظيمية، التكنولوجية، على ممارسات الإدارة الاستراتيجية في البنوك التجارية في فلسطين، وتم دراسة هذه الممارسات من خلال ممارسات التخطيط الاستراتيجي، ممارسات اتخاذ القرار الاستراتيجي، ممارسات التنفيذ الاستراتيجي، وممارسات التقييم والتحكم الاستراتيجية.

لتحقيق أهداف الدراسة، تم الاعتماد على المنهج الوصفي التحليلي، وتكون مجتمع الدراسة من العاملين في البنوك التجارية في فلسطين، والذين تم تقدير عددهم وفقاً لبيانات جمعية البنوك الفلسطينية بـ (7579) موظفاً وموظفة، حيث تم اختيار عينة عشوائية ميسرة من مجتمع الدراسة اعتماداً على طريقة ستيفن ثامبسون في المعاينة، وبلغ حجم هذه العينة (365) مفردة بحثية شملت الموظفين ورؤساء الأقسام ومديري الأقسام باستخدام أسلوب العينة لستيفن تومسون، واستخدمت الدراسة الاستبانة كأداة رئيسة لجمع البيانات من عينة الدراسة، وتم استرجاع (302) استبانة قابلة للتحليل والدراسة، بنسبة استجابة بلغت (82.7%) وهي نسبة مقبولة إحصائياً.

وخرجت الدراسة بعدة نتائج أهمها: وأظهرت النتائج أن العوامل الخارجية المؤثرة على ممارسات الإدارة الاستراتيجية في البنوك التجارية في فلسطين جاءت بدرجة عالية من الأهمية، حيث بلغ المتوسط الحسابي للدرجة الكلية لهذه العوامل (3.74)، مما يشير إلى ارتفاع مستوى

الأهمية لهذه العوامل وانعكاسها على ممارسات الإدارة الاستراتيجية لديها، وأظهرت النتائج أن العوامل الاقتصادية كانت الأكثر أهمية في تأثيرها على ممارسات الإدارة الاستراتيجية، مما يعكس أهمية متابعة الأوضاع الاقتصادية المحلية والدولية لإدارة البنوك التجارية، ويبرز أهمية العوامل السياسية أيضاً، مما يعني أن وجود عدم استقرار سياسي وكفاءة السياسات الحكومية لها دور مهم في ممارسات الإدارة الاستراتيجية وتوجهات البنوك التجارية في فلسطين، مع أهمية العوامل الاجتماعية والثقافية والتكنولوجية والتنظيمية في توجهات الإدارة الاستراتيجية في البنوك التجارية في فلسطين، كما بينت النتائج أن العوامل البيئية الخارجية تفسر التباين في ممارسات الإدارة الاستراتيجية بنسبة لا تقل عن (20.3%).

وقد قدمت الدراسة عدة توصيات رئيسية، من بينها اعتماد استراتيجيات مرنة وقابلة للتكيف لمواجهة التغيرات السريعة في المشهد الاقتصادي والسياسي في فلسطين، مثل تبني استراتيجية لتعزيز المرونة تركز على تنوع المنتجات والخدمات المصرفية لتلبية احتياجات العملاء في ظل تقلبات السوق، فضلاً عن تبني استراتيجيات تركز على تصميم سيناريوهات استباقية وخطط بديلة للتعامل مع الأزمات المحتملة وأكدت على أهمية دمج المرونة الاستراتيجية في عمليات البنوك التجارية في المنطقة. بالإضافة إلى ذلك، أبرزت الدراسة ضرورة المتابعة المستمرة والدورية للتطورات الاقتصادية المحلية والدولية من خلال التقارير المكتوبة لتعزيز قدرة البنوك على اتخاذ القرارات المستنيرة والإستراتيجية.

الكلمات المفتاحية: العوامل البيئية الخارجية، ممارسات الإدارة الاستراتيجية، البنوك التجارية، القطاع المصرفي الفلسطيني.