DOCTORATE OF BUSINESS ADMINISTRATION

Investigating the Effects of Using the Balanced Scorecard on Islamic Banks' Performance

Document V

Doctorate of Business Administration

Student

Name: Ameer Hasan AlSatrawi

No: N0248547

Supervisors

Dr. Hafez Abdo and Dr. Vitor Leone

Contents

Abstract

Background: Islamic Banking follows the principles and rules of Islamic dealings; it is also governed by Sharia Law and thus adheres to stringent Sharia rules and principles. The operations of such banks are in conjunction with Islamic teachings and therefore it is compulsory that they be in harmony with the Sharia agreements. Over the last three decades, Islamic Banking has experienced global growth and now covers almost all business areas in the banking industry. On the other hand, conventional banking relies on the principle of the debtor-creditor relationship. The first relationship is between the depositors and the bank, while the second relationship exists between the borrowers and the bank. Interest is the price of credit, which reflects the opportunity cost of money. Unlike Islamic banking, conventional banks have been intensively researched by scholars from different fields, including planning, performance, modelling and economic conditions.

Aims and Objectives: The aim of the present study was to establish the impact of strategic planning on the performance of Islamic Banking. More specficically, the main purpose of this study was to examine the effect of implementing the Balanced Scorecard model on the performance of Islamic banks in Bahrain. The research covered the impact of articulating the vision and the mission of Islamic banks on their performance, and also looked at the effect of communicating the vision and mission to all stakeholders on the banks' performance. Finally, the research also assessed the impact of setting strategic goals and objectives and developing strategic implementation and feedback mechanisms on the performance of Islamic banks.

Methodology: With a view to achieving the above-mentioned objectives, the study involved a detailed review of available literature on strategic management performance tools. This review considered the pros and cons of available models, and concluded that the Balanced Scorecard is the most suitable model with which to measure strategic performance for many industries and organisations, including those from the banking sector. The literature also included a review of Bahrain's economic climate, its banking industry, and the growth of Islamic banking in Bahrain and elsewhere. The review clearly revealed that the performance targets of Islamic banks in Bahrain can be split into five dimensions (Enhancing Capital Efficiency, Reducing Cost, Enhancing Customer Service, Capturing New Opportunities, and Sharia Compliance). This is significantly correlated with the four core dimensions of the Balanace Scorecard model.

As far as the research paradigm is concerned, this study utilised the positivsm research philosophy due to the fact that it uses an agreed-upon and ground theory model, i.e. BSC. However, when it came to interpreting the results, the present study also benefited from the knowledge of the researcher, who has more than 30 years' banking experience at senior management level. This resulted in a mixed use of the positivsion and interpretivsim paradigms. The study essenetially followed a descriptive research method based on the deductive approach. The aim was to prove the hypothesis, which stated that the BSC affects the performance of Islamic banks in Bahrain. The main data gathering tool used in this research was that of semi-structured interview with a sample of 21 top senior bankers and professionals working in 15 Islamic banks and 2 regulatory bodies in Bahrain. The interview responses were coded based on a 10-point scale, following which these responses were analysed using descriptive and inferential statistics to test the research hypothesis. The study also used a particular tool for qualitative and narative analysis. In order to ensure reliability and validity, the researcher conducted pilot interviews prior to the actual study. During the pilot test, the researcher used methodoligical triangulation, which involved mixing different methods at different stages of the research, including positivism and interpretivsion, descriptive and exploratory, deductive and inductive, and qualitative and quantitative.

Results and Conclusion: The analysis from the interviews indicated that there is a positive correlation between the implementation of strategic management tools (BSC) and Islamic banking performance in Bahrain. The study also revealed that clear and strong strategy communication from top management to lower staff level enhances the success of strategic management tools implementation, which is thus reflected in the banks' performance. Furthermore, the results revealed that all four dimensions of the BSC are equally important. However, the analysis did uncover a new dimension which must be included in future studies: the Sharia Advisory Board. Finally, the results of this study indicated that despite significant differences between conventional banks and Islamic banks, the implementation of the BSC for both systems is almost identical. This finding, which relates specifically to Bahrain Banks, is in keeping with the findings from the literature review, which confirmed the same results for banking in general.

Keywords: balance score card, four dimensions; financial perspectives, customer satisfaction, internal process, learning and growth perspectives, business strategy, performance.

CHAPTER 1

INTRODUCTION

The global economy and the financial system are changing rapidly, meaning that the management of organisations must be more pro-active. Just when organisations' directors think that they have established the correct strategy for future growth and success, a new business condition emerges, such as new technology, competitors, or process/customer behaviour changes. Choosing a correct and effective strategy and creating long-term visions and planning represent the main challenges related to Islamic banking. Indeed, a firm's management should take into consideration both the internal and external situation when crafting strategy, and when implementing that strategy; management should also continually evaluate the progress being made and make the necessary adjustments when appropriate (Teece et al., 1997). According to Colak et al. (2014), the successful implementation of a strategic plan and the decisions made are wildly thought to be critical to the achievement of an organisation's goals and objectives. Bryson (2011) defined strategic planning as a "deliberative, disciplined approach to producing fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why".

Given today's dynamic economic changes and the effects of the 2008 financial crisis, most banks are trying to regularly assess their performance so as it remains in line with their corporate strategy. In order to survive and grow, banks are taking steps either to merge or expand, both of which enable them to access new markets, make both product and price more attractive, enhance customer satisfaction, and develop new strategies. As such, the management and directors of financial institutions are looking for suitable tools and techniques that enable them to investigate the internal and external costs of the products or services, access updated market data, assess product costs, analyse customer needs, predict and assess organisational performance, and ensure competitive advantage in service-related activities. Organisational performance is one of the key central issues in strategic management research. Indeed, several researchers have analysed organisational performance in terms of corporate strategy (Murphy et al., 1996; Carton and Hofer, 2006; Chenhall and Langfield-Smith, 2007).

Strategic management tools or systems are vital to the success of an organisation's strategy, as highlighted by Rohm et al. (2016, p. 55) in their comprehensive definition: "strategic management is the comprehensive collection of ongoing activities and processes that organisations use to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organisation. Strategic management activities transform the static plan into a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as requirements and other circumstances change". Another interesting study is that conducted by Iseri-Say et al. (2008), who evaluated the effect of adoption of management tools on organisational performance. Their findings showed that there is a significant positive relationship between competitive positioning, organisational integrity, performance capabilities, customer equity, financial results and adoption of management tools and techniques.

Over the past four decades, performance measurement has become an important topic, and has been developed by practitioners and academics. In today's world, developing an index to measure the performance of Islamic financial institutions is important due to growing awareness among the Muslim community. The index aids in assessing how successful Islamic banking institutions have been in achieving their objectives. The researcher's interest in this topic emerged following strong criticism aimed at the financial measures used in the performance management system. Indeed, this criticism came from many authors, who stated that the measures are short-term, they consider only past performance, and they do not consider current business conditions and environments. Indeed, this method focuses solely on tangible assets, and missing predictive power; it is unrelated at all levels of an organisation (Singh and Kumar, 2007).

Islamic banking products and services are becoming more accepted and increasingly popular around the world (Bashir, 2010). In addition, Islamic banking performance has raised concerns among many Muslim who want to practice their belief in the fundamental concepts of Islamic banking; indeed, when it comes to products and services, there is still debate surrounding the measurement tools that can be used by consumers. Islamic banks are still either unexplored or underexplored, and they face limitations when attempting to generate a better approach to performance evaluation. In order to achieve sustainable competitive advantage, Islamic banks should employ innovative approaches so as to fulfil the ever-changing needs of their customers. Innovation gives rise to customer satisfaction, which in turn strengthens the financial position of the Islamic Financial institutions (Ahmad et al., 2010). As such, Islamic financial institutions should develop effective strategies that allow them to establish a strong financial position. Indeed, key to this would be setting up long-term objectives and goals that enable the companies to reach such a vision; it would also be important for said companies to use a strategic management tool such as the BSC in order to measure and manage performance.

In his research, Evans (2005) pointed out that, in most strategic planning there exists a gap between communication, implementation and execution of the organisational strategies that are framed by the management involved. Charan and Colvin (1999) stated that although strategy execution is the responsibility of everyone involved in the organisation, the final outcome in many organisations is weak strategy execution. These companies' poor strategic implementation and sole reliance on financial measures encouraged Kaplan and Norton to develop the concept of the Balance Scorecard (BSC) (in many series of articles) as a tool to link performance measures by looking at a business's strategic vision from four different perspectives: Financial prospects, Customers, Internal Processes, and Learning and Growth. The BSC is designed to document a strategic rationality in terms of cause and effect relationships between the current activities of a corporation and its long-term success (Kaplan and Norton, 1992).

This study focused on investigating the effects of using strategic management tools such as the Balance Scorecard on Islamic Banking performance; these tools (Model) were developed by Kaplan and Norton (1992) to overcome the shortcomings of traditional financial performance measures in the contemporary business environment. The BSC, which comprises both financial performance and non-financial performance measures, is a multi-dimensional performance measurement system. The measures are derived from an organisation's overall strategy and are linked together in a series of cause-and-effect relationships.

The Balanced Scorecard concept has become a broadly recognised management tool in the financial sector. Indeed, many studies concerning strategic planning implementation using BSC have been carried out by organisations in the United States and Europe (Ittner et al., 2003; Speckbacher et al., 2003). At the same time, there has been little in the way of research on the use of strategic management tools such as BSC in Bahrain, especially in the area of Islamic banking. Wu (2012) conducted strategic implementation using the BSC in conventional banking industries, but pointed out that each organisation has its own characteristics, and thus an additional study should be conducted for each type of financial institution in order to establish which tools fit each type of business activity (Wu, 2012). It is this gap that has motivated the researcher to carry out the present study. The general objective of this research was to provide evidence related to multiple performance measures using a strategic planning management tool. The chosen tool was the Balanced Scorecard, and the study field was Islamic banks in the kingdom of Bahrain.

1.1 Background of the Research Problem

Bahrain is considered a hub of Islamic banking. It has attracted many international financial institutions and investors. Some of these institutions employ both the conventional banking system and the Islamic banking operation, e.g. HSBC and Citibank. Islamic banking has been in practice in the GCC region for almost 40 years. The first Islamic bank in the region was the Islamic Development Bank (IDB), which was established in 1975. Today Islamic banks are spread all over the world, both in Muslim and non-Muslim countries. Bahrain has played a significant role in the development of Islamic banking. The Islamic banking industry started in Bahrain in 1979 with the issuing of the first Islamic bank license for the Bahrain Islamic Bank; indeed, Bahrain is currently considered one of the most developed countries in terms of knowledge, Islamic finance products, and legal and Sharia infrastructure within the Gulf Cooperation Council (GCC) (Wilson, 2009).

The conventional banking system is in operation all over the world, and since the world is becoming increasingly global and dynamic, innovation is required to sustain the changes in the global market (Ahmed, 2010). As a result of this trend, many conventional banks have introduced the Islamic banking window, while some new Islamic banks have also been established globally. There are numerous Islamic banking transaction activities taking place all across the world, whether these be in Islamic cities such as Kuala Lumpur, or non-Islamic cities like London and New York. In all Gulf Cooperation Council (GCC) countries, there is a dual banking system, i.e. a banking system that operates under both conventional and Islamic banking operations. Due to the awareness of the Islamic banking system, and its growth over the past decade, conventional banks have made an effort to introduce Islamic banking windows to attract investors who are willing to invest their money in Sharia-compliant products. This has created strong competition between Conventional Banks and Islamic banks; indeed, this increased competition within the financial sectors, together with increasing activity in the hyper banking system, i.e. the dual banking system, has given rise to many concerns and questions regarding whether Islamic Banking will continue to grow at the same rate over the coming years. The present study highlighted the importance of using strategic management tools, and also clearly defined the vision and mission of the organisations in question while assessing their current status and competitive landscape. When using any strategic management tools, it is first vital to clearly define the strategy being employed; there must also be in place a well-thought out plan to properly and efficiently allocate resources such as time, human capital and financial resources. The emphasis of the present study was on evaluating the impact of using a strategic management tool, namely the Balanced Scorecard (BSC), on the performance of Islamic banks in the Kingdom of Bahrain.

There is a great deal of emphasis on using financial indicators to measure performance in the financial sector; indeed, this is because the key goal of many financial institutions is to generate profits (Bashir, 2010). Rogers and Wrights (2008) characterised the degree of dependence on the financial perspective of BSC as only a narrow description of the performance construct and called for the use of broad performance parameters. Certain strategic planning models emphasise the need to measure performance from other perspectives. The Balance Scorecard system stipulates that institutions should consider other elements such as learning and growth, customer satisfaction, and internal operations (Kaplan et al., 2008). Other models, such as the Key Performance (KPI) Indicator model, recommend that employee satisfaction should be considered when measuring performance, as should environment and local community perspectives (Parmenter, 2010). In light of this, the BSC model is more comprehensive when it comes to measuring bank performance, as it takes into consideration both the financial and non-financial measures.

Many conventional and Islamic banks in Bahrain use the Balanced Scorecard (BSC) model as a strategic management tool to enhance their performance; for example, the Arab Banking Corporation uses this model for both its wholesale banking unit (conventional banking) and the Islamic banking window. Another example is Gulf Finance House (GFH) Bank, which uses various strategies, such as the Boston Consultancy model and the BSC, to increase its banking performance and evaluate the staff's overall performance. Indeed, year-end bonuses are linked to the Balance Scorecard traffic light; the higher the score, the higher the annual performance bonus.

The strategic planning concept, together with its measurement and implementation tools, is significant for the players of the banking industry. With this said, however, there remains less literature evidence linking strategic planning with the performance of Islamic banks. Many studies have focused primarily on analysing these variables independently. Those studies that endeavoured to tie the concept of strategic planning to the performance of Islamic banks mainly focused on theoretical issues. The aspiration of the present research was to examine empirical data in order to establish the link between strategic planning, strategic management tools and the performance of Islamic banks.

1.2 Effects of Strategic Planning on Performance

Strategic planning is a long-term planning process that focuses on establishing the direction of an organisation as a whole so as it can achieve its organisational goals (Lodhi and Kalim, 2006). The strategic planning process focuses on identifying and developing organisational opportunities while defining the future direction of an organisation. It also assists the organisation in allocating scarce resources so as to ensure optimal impact on its mission. The product of the strategic planning process is a document known as the strategic plan. Generally speaking, strategic plans delineate an institution's intended approach to achieving its mission. Strategic planning sets up the stage for introducing change and bringing about improvements in organisational processes.

Strategic planning is critical in the banking sector. Studies have revealed that banks with well-charted roadmaps for capitalisation and growth were the most resilient and robust during the global financial crisis of 2008 (Siddiqui, 2009). The strategic plan gave these banks a bedrock and a strong foundation, thus enabling them to navigate through the turmoil and keep the core businesses intact. The strategic planning process encouraged banks to undertake an analysis of their business environments on a continuous basis, and devise actions to combat challenges and take advantage of opportunities.

Strategic planning is critical for Islamic banks, as it gives them the ability to focus on multi-dimensional business activities. While there are significant differences between Islamic and conventional banks, both types operate in a highly competitive environment (Al Ajlouni, 2009). In light of this, effective strategies should be adopted to enhance the competitiveness of all of these banks. Hence, to compete effectively in the current business world, Islamic banks should establish acceptable instruments that will enable them to cope with innovations within the financial markets. They must identify investment opportunities that offer competitive returns, an acceptable degree of risk, and that also allow them to comply with the Sharia principles.

Similarly, the concept of Islamic banking compels commercial banks to act as venture capitalists. This is because Sharia law does not allow interest charges but does permit the sharing of profits and losses (Bashir, 2001). Thus, a new set of capabilities and skills is required to deal with the technical and business risks associated with this concept of banking. Strategic planning enables Islamic banks to establish ways of harnessing the potential of the Islamic banking concept and makes it possible for them to develop the right business model.

In addition, the Islamic banking brand is economically valuable (Farook, 2009). Muslims around the world are willing to a pay premium price to make transactions that are in line/compliance with the Islamic principles. The market is relatively immature, and this has presented a huge number of opportunities for long-term growth (Farook, 2009). A market as huge as Africa, which comprises a significant Muslim population, remains largely untapped by Islamic Banking. Islamic banks can enhance their franchise value by developing strategies that entrench their market position, improve their products and geographical diversification, and increase the stability of the earnings.

It is vital that Islamic banks adopt the correct approach when focusing on their missions and relaying their strategy across the organisational processes. These processes should include mechanisms for accountability measures, linking the strategic objectives of a bank to its vision and mission, re-adjusting the annual budgets and, most critically, measuring and monitoring short- and long-term outcomes. Both professionals and scholars have suggested that, by using the Balance Scorecard (BSC), it is possible to balance the four perspectives of a bank's performance (Al-Hosaini and Sofian, 2015). The four main perspectives are financial growth, customer satisfaction, internal business operations, and learning and growth, all of which address continuous development with the support of human resources. These dimensions are very important when it comes to achieving an effective framework for performance management (Archer, 2007; Carr, 2005; Jones, 2004; Lee, 2006). The conceptions of the Balanced Scorecard, which was developed to link a business's main activities with its strategy, are all aimed at achieving the ultimate goal of organisational performance (Dkhili and Noubbigh, 2013).

1.3 Aims and Objectives

1.3.1 Aims

The literature review yielded very few studies related to the financial sector's performance in the Kingdom of Bahrain; furthermore, the search revealed no studies that had investigated the impact of using strategic management tools such as the Balanced Scorecard to assess Islamic banks in the Kingdom of Bahrain. Therefore, in order to close this market research gap, the present study aimed to investigate the effects of using a particular strategic management tool (BSC) on the performance of Islamic banks in the kingdom of Bahrain, and specifically its ability to increase the profitability and enhance the performance of these banks.

1.3.2 Research Objectives

The main objectives of this study were as follows:

1. To examine the effects of financial dimension on the on the performance of Islamic banks in Bahrain.
2. To examine the effects of customer dimension on the performance of Islamic banks in Bahrain.
3. To investigate the effects of Internal Process on the performance of Islamic banks in Bahrain.
4. To investigate the effect of learning and growth on the performance of Islamic banks in Bahrain.
5. To investigate the effect of other dimension or factors not captured by BSC model on the performance of Islamic banks in Bahrain.

1.4 Research Questions

1.4.1 Main Questions

The main research question in this study was as follows: *"What is the effectiveness of the Balance Scorecard (BSC) as a strategic management tool on the performance of the Islamic banks in Bahrain?"* The researcher aimed to find an answer to this research question by investigating the following sub questions so as to gather more details and focus on answering the primary research question.

1.4.2 Sub Questions

1. Does the financial dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
2. Does the customer dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
3. Does the internal processes dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
4. Does the learning and growth dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
5. Are there other factors that influence the implementation of the BSC to achieve positive performance in Islamic banks in Bahrain?

1.5 Link between current study and previous studies

The researcher has conducted previous research related to both the subject of the present study and to strategic planning, namely: The Significance of Strategic Planning in Islamic Banking, and The Role of Corporate Governance in the Islamic Banking industry with special reference to the Kingdom of Bahrain. The first paper showed how senior executives agreed that crafting strategy is one of the most important aspects of their job, while they also agreed with the notion that most financial institutions invest significant time and effort in scheduling their annual strategic planning processes. This process typically covers a series of business units and corporate strategy reviews with the CEO and top management personnel. However, the extraordinary reality is that not all executives think that this time-consuming process pays off, and assert that their strategic planning process yields very few novel ideas and often becomes a victim of politics.

In light of this, the researcher aimed to understand why there is an inherent mismatch between efforts and results. The evidence from research related to the planning processes points to a uniform dispiriting explanation: the annual strategy is reviewed frequently at conventional banks, but this amounts to little more than a stage on which business leaders present their performance presentations from the previous year, take risks in discussing new ideas, and above all strive to avoid the embarrassment that may emerge from discussing the risks associated with their activities. Instead of preparing the executives to handle the strategic uncertainties ahead or serve as a focal point for bringing in innovative thoughts about a company's vision and direction, the strategic planning process is more akin to a primitive tribal ritual. No one seems to be exactly sure of the practice that has been in action for years; however, everyone agrees that there is a mystic hope that something good will emerge from strategic planning meetings. In a business environment, with increased risk and financial uncertainty, developing effective strategies is not a just a need but a necessity. This research puts forth a novel process designed to get these companies the payoff they need.

The second research paper undertaken by the researcher covered the effects of corporate governance on the performance of Islamic banks by answering the question of "To what extent does corporate governance contribute to the performance of Islamic banks?" The research revealed that:

Scholars have engaged in heated debates surrounding the relationship between corporate governance and high performance among financial organisations. As pointed out in the literature review, strong governance codes and control mechanisms can compel companies' management teams and directors to focus on their core business activities. These governance codes and control mechanisms also support them in achieving their overall business goals. Corporate governance helps the directors and managers to discover business problems at an early stage and fix them before they exert a significant financial burden on the organisation. The structure of a company plays a major role in building good corporate governance.

Since there are no standards or professional bodies to set up corporate governance standards and rules, each industry is bound to have its own corporate governance code. It is neither rational nor desirable to force all organisations to abide by a single set of structures and processes. Indeed, the corporate governance codes and principles should have some degree of flexibility so as they fit each type of business and industry; they must also evolve to cater for the changing circumstances of the corporations. Moreover, the corporate governance practices should be developed in an international framework for all organisations within business activities and across countries. In the banking industry, corporate governance codes should adhere to standards set by international organisations such as the BASEL committee.

The 2008 financial crisis highlighted the effect of strong corporate governance structures on the performance of financial institutions and the projects run by these institutions. Organisations that adhered to the strong corporate governance principle were least affected by the crisis (Erkens et al., 2012). This study sought to scrutinise the effects of implementing strong corporate governance structures on the performance of Islamic banks and on the investment holding companies that are established by these banks to hold the investments.

The research revealed that there is a positive association between strong corporate governance and the performance of Islamic banks and their Investment Holding Entity (IHE).

Strong corporate governance enhances the performance of Investment Holding Entity (IHE) projects which, in turn, enhances the overall performance of the banks. This association is justified by the fact that the corporate governance structure increases the accountability of project managers and the senior management teams of the banks. This level of control and accountability limits the managers when they undertake high-risk projects.

The research also examined the impact of corporate governance on project completion time. Conversely, the results indicated that there is sufficient statistical evidence to show that strong corporate governance slows or delays the completion time of investment projects. This link is justified by the fact that a high number of control mechanisms limits the flexibility of project managers, thus slowing down the project's implementation process.

The researcher also sought to examine the impact of implementing strong corporate governance on the accountability and ethical practices of Islamic banks. The researcher did not find sufficient evidence to support a relationship between these variables. As such, the researcher concluded that, in the context of Islamic banks, there is no relationship between strong corporate governance and accountability and ethical practices. However, the researcher believes that this is an area in need of further investigation; indeed, it is hoped that this additional research will generate better insights.

The current research paper was designed in order to complement the two previous studies, both of which were conducted in the same area; in the present paper, the researcher examined the effects of using the Balance Scorecard (BSC) as a strategic management tool on the performance of Islamic banks in the Kingdom of Bahrain. The study was limited to the Islamic banks in Bahrain for many reasons:

- It is very difficult to access data outside Bahrain; indeed, those attempting to gain information are met with resistance (outside the organisation) due to cultural issues, i.e. the banks in GCC are not very transparent.
- The researcher attempted to interview a number of bankers outside of Bahrain by contacting them over the phone. Initially, all of them welcomed the idea; however, in reality all of the answers obtained from the interviews ran along the lines of "this information is confidential can't answer it". The interviews ended with the same statement – "please feel free to ask any question or queries and I will try to answer them for you".
- Bahrain is considered the hub of Islamic banking in the Middle East and has the best banking infrastructure in the region.
- The present study's focus on Islamic banking means that the effect of differences on business maturity will be eliminated between the conventional and Islamic banking sector.

1.6 Structure of the Thesis

This study was organised into five main chapters:

i. Chapter 1 is the Introduction chapter, and will provide an introduction to the background of the research problem; it will also shed light on the aims and objectives of the research. The later sections contain a brief – provided by the researcher – which details the main questions of the study. Finally, the focus of this chapter is to establish a link between the current study and previous studies in this area of research.

ii. Chapter 2 is the Literature Review, and will present various existing works related to the Effects of using Strategic management tools on the Performance of Islamic banks in the Kingdom of Bahrain. The researcher has studied the work of various other researchers in this field, and has elaborated on concepts such as conceptual difference between Islamic and conventional Banks, Islamic Banking Performance, detailed review of Strategic Planning along with Strategic Planning Models, the impact of the financial crisis on Islamic Banking Performance, a detailed review of Islamic Banking, Balanced Scorecard method of performance evaluation, Dimensions of Strategic Planning Models in the Financial Sector, the Economic Environment in Bahrain, Contribution of Islamic banks to the Banking Industry in Bahrain, and finally how Crafting and Implementing Strategies in Islamic banks might be Different from Conventional Banks. Indeed, all of these issues have been discussed at length so that those reading the paper can develop a better understanding of the subject. This section also deals with the literature gaps that have been identified; it is hoped that this will highlight the need to carry out the present study. The concluding section of this chapter examines the conceptual framework of the research; this is done to establish a link between previous research and the contribution of this research to both academia and industry.

iii. Chapter 3 is Research Methodology, and will present discussions related to the research design, sampling scope and method, and the research approach adopted in this study; all study hypotheses will also be included. Following this, discussion will switch to the research paradigm, ethical considerations, and research methods. This section also elaborates on the data gathering technique, procedures, measures and analysis.

iv. Chapter 4 is Analysis and Discussion. The chapter begins with a summary of the sample, a description of the interview methodology, and a recoding of the answers.

Following this, all analysis tools used in the present study will be explained, and hypothesis testing carried out. In addition, there will also be an exploration of descriptive analysis, thematic analysis, level of awareness of the BSC, financial measures and, finally, the limitations of the study.

v. Chapter 5 is Conclusions and Recommendations. This final chapter will provide a summary of what the researcher wanted to achieve. Hence, based on the outcome of the study, the researcher will present various recommendations to future researchers and interested parties.

This thesis also includes a bibliography that contains the sources used to collect secondary data in the research. Furthermore, an appendix is present, and contains tools such as the Balanced Scorecard (BSC) questionnaire, Interview Responses Table (Recoded Answers), Interview Responses mean, standard deviation, t-test, and Example of NVivo Output Sheet. Section E of the appendix includes various models used in the study to facilitate the analysis.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The focus of this chapter will be on previous research that has been conducted to assess the impact of strategy management tools on organisational performance. The chapter will investigate the difference between conventional banking and Islamic banking, and gauge the effect of using strategic planning on the overall performance of Islamic banks. Everyone in the world practices strategic , whether it be directly or indirectly. Indeed, we make plans on a daily basis; these plans could be on a personal level, organisation level or government level. When we wake up in the morning, we unconsciously make many decisions and plans without even realising. First thing in the morning, as soon as we open our eyes, our brain starts processing: I will wake up from the bed, brush my teeth, will take a shower, put on my blue shirt and the black suit, then I will have my breakfast…etc. This, in itself, is planning that we undertake on a daily basis without realising that we are charting out our day's plan. It is important for us to plan out the journey of our life; indeed, without a plan, life will seem aimless. If we do not plan how to get to our desired destination, then we will never know whether we have reached our goals. There is no doubt that the key to organising our life and business is strategic planning; indeed, this approach provides us with the road map needed to achieve all our goals and objectives by using the correct management tools to implement and measure our result.

Strategic planning gives us a framework for action that is embedded within the mind-set of an organisation and its employees. Strategic planning offers a basis for managers and others within the organisation to assess strategic situations. Similarly, it makes it possible to discuss alternatives in a common language and decide on actions (based on a shared set of values and understandings) that should be taken in a reasonable period of time. Strategic planning also enables an organisation's leaders to unleash the energy of the organisation to facilitate a shared vision and a shared belief so as the goals of the organisation can be fulfilled.

Furthermore, strategic planning helps an organisation to develop, organise, and better understand its clients, the environment in which it operates, and its own capabilities and limitations. According to Boyed, strategic planning must have clear strategic goals; indeed, these goals are considered one of the most important tools when it comes to managing environmental turmoil (Boyd, 1991). Accordingly, strategic goals are one of the key elements of strategic planning; they highlight the changes required to push the bank toward its vision. A strategy provides a guideline pertaining to how the goals can be achieved, while the objective explains who should do what, according to the time frame set out in the strategy schedule. We should always be asking ourselves "What changes and actions are required to move this organisation from its current position toward its future goals?" (Wells and Doherty, 1993, p. 39). Therefore, in order to assess the success of any strategy, we must use one of the strategic management tools to assess implementation and to measure the outcome of the strategy. There are many strategic management tools that could be applied when analysing and measuring performance, such as benchmarking, the Balanced Scorecard, value chain analysis, and Porter's value chain model (Jack, 2009).

Past research involving manufacturing firms (Eastlack and McDonald, 1970, p. 154; Herold, 1972, p. 96; Karger and Malik, 1975, p. 62) indicated that strategic planning results in better financial performance, measured according to 'generally accepted' financial measures (e.g., sales, net income, ROI, ROE, ROS); in contrast, studies conducted by Armstrong (1986, p. 185), Greenley (1986, p. 108) and Mintzberg (1990, p. 190) contradicted the notion of a strategic planning–superior performance relationship, and highlighted the importance of further research regarding the effect of strategic planning or using strategic management tools on organisational performance.

Increased volatility and changes in the market conditions of the business environment have rendered systematic strategic planning more difficult. Rapid changes in market conditions force us to build strategies that are achievable, flexible, innovative and creative in nature by using one of the strategic management tools to implement and measure these strategies; in this way, people dealing with Islamic banks can cope with these characteristics. According to Hamel, "for the majority of organizations, strategic planning is a calendar-driven process ... [which assumes] that the future will be to some extent like the present. The essential problem of organizations today is a failure to distinguish planning from strategizing" (Hamel, 1996, p. 71). This statement highlights the importance of clearly defining the strategic planning and strategic management tools to be used to implement, control and measure the success of the strategy. Recent times have seen many banks in the Kingdom of Bahrain devote a great deal of attention to the strategic planning concept, its process, implementation, and measuring; indeed, these banks have nominated high level executives to create independent units tasked with analysing this approach. In Bahrain, the researcher witnessed such moves being undertaken by many large financial institutions such as the AlBaraka Banking Group, the National Bank of Bahrain, Bank ABC, the Arab Banking Corporation Islamic Bank etc. They created a special strategic planning division which briefly summarises the banks' achievements and sets out future plans during the AGM meetings.

Indeed, this clearly shows that the strategy is not just a plan written on a piece of paper or a set of rules that must be followed; it must be a set of a comprehensive actions that leads managers and banks to serve the customers better than their competitors, and to move the organisation from its current status to its new, previously identified, position. The most important consideration of the strategy is the "science" of efficient use and allocation of scarce resources (Albrechts and Balducci, 2014). One of the outcomes of the 2008 financial crisis was that it highlighted the importance of the strategic planning process and measurement, and how it has become one of the most important elements for the survival of banks.

In the forthcoming section, the researcher will discuss the literature review using diversified articles and published papers related to strategic planning, and strategic management tools; discussion will also focus on the effects of using strategic management tools on banks' performance. The researcher will cover the conceptual differences between conventional banking and Islamic banking, while also highlighting the importance of strategic planning for Islamic banking. Thereafter, the researcher will put forth a brief idea about the main strategic planning models available, following which every model will be discussed in detail in the appendices section. In addition to this, discussion will switch briefly to the strategic management tools in general, before the BSC model is discussed in detail. Indeed, the BSC model is crucial given that the present study concentrates on analysing this tool's effect on Islamic banks. Furthermore, the researcher will analyse the effects of using strategic management tools on Islamic banks' overall performance using the Balanced Scorecard.

2.1.1 Economic Environment in Bahrain

Bahrain has an open economy policy, and the government is working hard to diversify the country’s economy and to stay away from the oil industry. This approach is also embraced by almost all GCC countries that are reliant on oil, and that consider oil to be the main source of income for their economy. Petroleum production and refining currently account for 77% of Bahrain's export receipts, approx. 87% of government revenues, and 19% of GDP (Barrientos, 2015). The government has invested heavily in the transportation and telecommunication sector, and in 2006 signed a Free Trade Agreement (FTA) with the USA to encourage investment in Bahrain. After the 2008 financial crisis, Bahrain’s economy started recovering, and according to Bahrain Economic Quarterly (2014), the economy of Bahrain experienced a significant acceleration in growth in 2013, when the country’s real GDP rose by 5.3%, compared to a 3.4% rise in 2012. According to the Economist Intelligence Unit, the economy grew by 4.4% in 2014, with experts predicting that, in 2015, it would experience a lower growth rate (1.8%) due to a sharp decline in oil price during the last quarter of 2014. (IIes, 2015). These experts also predicted that the hydrocarbons sector would likely continue to produce at the previous year’s levels. Indeed, the non-oil sector looks well positioned to experience significant growth thanks to several infrastructure projects which have recently gotten underway.

Bahrain continued to see strong growth in inward foreign direct investment (FDI) flows despite some erosion in the West Asia region, which saw a drop from USD48bn in 2012 to USD44bn in 2014. In total, Bahrain attracted USD989mn of FDI in 2013, which represented an 11% increase on the 2012 numbers. This was entirely due to green field investment. The FDI inflows accounted for 15.7% of fixed capital formation in Bahrain in the year 2014, which was a slight increase on the 15.1% figure of 2013. Bahrain has seen a significant build-up in its public debt since the onset of the global economic crisis; indeed, this is mainly due to strong countercyclical policies involving deficit spending since 2009. In practice, however, the actual deficit of the government budget has typically been less than expected, owing partly to conservative forecasts for the expected revenue. The 2013 final accounts showed a total deficit of BHD410mn (US$1.09bn) or 3.3% of GDP. This represented a double deficit in comparison to 2012, which accounted for BHD226.6mn (US$610mn) – the equivalent to 2.0% of GDP (IIes, 2015).

The growth of bank credit has been measured over recent months; indeed, the year over year (YoY) rate of increase for overall retail bank lending stood at 3.3% in March 2014. This marked a deceleration from the 4.3% YoY increase seen in February of 2014. Total bank loans stood at BHD7.3bn (US$19.4bln). Loan growth has been entirely driven by private sector credit, with government loans either remaining flat or declining in recent months. Business loans accounted for 60% of the total, personal loans for 37.6%, and lending to the government for 2.4%. Mortgage lending has emerged as one of the most dynamic market segments over the past year. Personal loans secured by a property mortgage rose by an annual figure of 22.7% to BHD890.1mn (US$2.36bln) in March 2014, increasing the share of total bank credit from 10.3% to 12.2% over the year 2013 numbers (Adnan, 2015).

Financial Sector contribution to GDP was 17.7% in the year 2013, thus making it the second largest economic sector after the oil sector. The total number of financial institutions operating in Bahrain stands at 404, which includes 24 Islamic Financial institutions; as of 2012, the total number of staff in the financial sector was 14,090, while the Islamic banks' total assets at the end of 2014 reached $25.1bln (CBB, 2014). This is one of the main attractions for foreign investment in Bahrain; in addition to this, it is also a tax-free country, with no tax on the income of any individual or corporation.

2.1.2 Contribution of Islamic Banks to the Banking Industry in Bahrain

Bahrain has a vibrant banking industry, making the country a major financial hub within the Middle East region. Bahrain's financial sector is considered the second largest contributor to the country's GDP after the oil and gas sector. The financial sector accounted for approx. 21% of Bahrain's GDP in 2010 (Hidayat and Abduh, 2012), although this dropped to approx. 17% in 2015. This banking system is a significant driver of the country's economy, and accounts for 85% of the total financial assets. Bahrain's banking system comprises both conventional and Islamic banks. As of January 2016, there were 404 financial institutions operating in Bahrain, of which 24 are Islamic banks. The number of Islamic banks in Bahrain is a clear indication that the country is a leading Islamic financial centre (CBB, 2014).

The development of the Islamic banking concept has made striking contributions to the advancement of Bahrain's banking industry. Imam and Kpodar (2010) argued that Islamic banks have complemented conventional banks by providing critical services to a significant portion of the Islamic population. Prior to the establishment of the Islamic banking concept, a significant portion of the country's population was locked out of the financial sector (Awan, 2009). Devout Muslims were reluctant to take up banking services because these services were not compliant with Islamic principles. The development of Islamic banking has seen this significant section of the population become involved in the country's financial industry, thus increasing savings and the amount of capital available for investment. According to Hidayat and Abduh (2012), the total assets of the Islamic banks in Bahrain have grown at a higher rate than the assets of the conventional banking system. The contribution of Islamic banks to total assets rose from 4.1% to 6.5% between 2003 and 2006.

Islamic banks have also stimulated the uptake of financial services in the country (Siddiqui, 2008). In conventional banking, the borrower assumes all the risks associated with the investment of funds. This has previously discouraged potential borrowers from acquiring financial products. However, in Islamic banking, both the bank and the borrower share the risks associated with the investment (Hidayat and Abduh, 2012). This motivates borrowers to pursue investment opportunities that they would not be willing to pursue within the parameters of conventional banking. Risk Sharing has not only stimulated acceptance of financial services, but has also spurred economic growth within the country by encouraging entrepreneurship.

Similarly, the Islamic banking concept has promoted the uptake of financial services, as it does not pay a lot of attention to the credit history of clients (Hassan and Lewis, 2007). Conventional banks pay a substantial amount of attention to the credit value of clients, as the banks are interested in interest and principal repayments (Hidayat and Abduh, 2012). Consequently, access to financial services becomes limited for people with a poor credit history. However, creditworthiness does not have many implications for Islamic banking, since this concept entails the acquisition of equity in the borrower's project rather than repayment of principal and interest.

Islamic banks have also assisted on diversifying systemic risks within Bahrain's financial system (Awan, 2009). Unlike conventional banks, Islamic banks have strong equity participation. This reduces the liquidity risks of the banks, thus protecting the financial systems within the country from systemic failures. This was evident during the 2008 financial crisis, when Islamic banks proved to be highly resilient to the crisis, thus preventing the country's banking industry from suffering adverse impacts (Hassan and Lewis, 2007).

2.1.3 Islamic Banking

Islamic banking is a banking concept that offers financial products which comply with the teachings of the holy Quran (Beck et al., 2010). More specifically, Islamic financial transactions do not include payment of interest at a predetermined rate; instead, this type of banking makes use of the profit-sharing concept. Islamic banks are relatively new institutions when compared to conventional banks. The first Islamic bank emerged in 1970 (Awan, 2009). Since this time, the number of Islamic banks has reached double digits, with these institutions becoming a key permanent feature in the global financial system. Over the years, the Islamic banking concept has established itself as a feasible alternative to financial intermediation, as well as an efficient way of bridging the gap between deficit and surplus economic units (Chachi, 2005).

The concept of Islamic banking was initiated in the Gulf Cooperation Council (GCC) by the United Arab Emirates when the Dubai Islamic Bank was established in 1975 (Jamaldeen, 2007). This milestone was soon followed by the establishment of the Islamic Development Bank in Jeddah, Saudi Arabia. Malaysia was the first country to introduce the concept of Islamic banking in Southeast Asia, where the Bank Islam Malaysia Berhad was established in 1983 (Chachi, 2005). The Islamic banking concept started in Bahrain in 1979 with the emergence of the Bahrain Islamic Bank. This type of banking filled a niche in

Bahrain and complemented the strong banking industry within the country. In 2014, Islamic banks had a market share of over 14%, with asset totalling US$25.4 billion in Bahrain's banking industry (Nazim and Kasbati, 2016).

The uptake of the concept of Islamic banking in other Arab Gulf countries was slow. The Arab Gulf government required financing to be provided on the basis of pricing and terms (Chachi, 2005). However, this attitude changed, paving the way for the expansion of the Islamic banking concept. Another major milestone in Islamic banking came about when Iran formulated initiatives to shift its entire banking system toward the Islamic banking concept in 1983. At the same time, Sudan and Pakistan employed a mixed banking system comprising both conventional and Islamic banks (Beck et al., 2010). Today, the concept of Islamic banking has expanded beyond its traditional territories into other markets, such as the United Kingdom and Africa. In 2007, the Islamic finance sector was valued at US $1tln (Imam and Kpodar, 2010), while at the end of 2014, the value of the industry was estimated at US$2.1tln. The industry experienced a growth rate (CAGR) of 17.3% between 2009 and 2014, with experts predicting that its value will surpass US$3tln by 2018 (www.mifc.com).

Islamic banks are characterised by various types of products that include demand, savings, Mudharabah specific investment, Mudharabah general investment, commodity Murabahah, Ijarah and others (Hassan and Lewis, 2007). Under the Mudharabah contract, the financial institution provides the financial resources, while the borrower provides skills and expertise. The Murabahah contract resembles the leasing arrangement that is practiced in conventional banking (Chachi, 2005). Under this contract, the bank purchases the investment goods on behalf of the client and then resells them to the client, allowing that client to make staggered payments at a given profit margin. In the Ijarah contract, the bank maintains ownership of the asset and leases it to the client. Islamic banks have developed other products such as Sukuk, which is an Islamic bond that gives the buyer of these bonds ownership shares in the projects which issue these Sukuk.

2.1.4 Features of Islamic Banks

One of the distinctive features of the Islamic banking concept is that it does not allow interest payments (Riba) (Beck et al., 2010). This principle is in line with the Quran teachings, which stipulate that only services and goods can bear a price. Islamic banks mainly rely on the principle of profit and risk sharing when it comes to both assets and liabilities. This is where profits, losses and risks are passed by the borrowers and depositors. Islamic banks invest in borrowers' projects to acquire a share of equity. This implies that the banks share the profits, losses and risks associated with the project (Moin, 2008). On the other hand, depositors get to share the profits, losses, and risks accrued by the banks by acquiring equity in borrowers' projects.

One of the main features of Islamic banks is that they adopt a strong ethical stance, as banks cannot finance activities that are prohibited by Islamic teachings or that harm the society (Haram) (Chachi, 2005). For instance, Islamic banks cannot finance a project that involves the setting up of alcohol-related businesses, since consumption of alcohol is prohibited in Islamic teachings. Such banks are also forbidden from providing financing for gambling activities. Islamic banks can only finance activities that are considered halal (acceptable by Islamic religion). These restrictions limit the variety of projects that can be financed by Islamic banks, thereby creating asset concentration risks. For example, of particular interest here is the Kuwait Finance House (KFH), which is one of the leading Islamic banks in Kuwait;

indeed, 12% of its loan portfolio is in real estate and construction (Imam and Kpodar, 2010). This concentration of assets exposes the bank to risks associated with the real estate and construction industry. The advantage of this exposure is that the bank has ownership of assets against the loans, and this highlight the need for strategic planning.

Apart from not being able to fund certain activities, Islamic banks are also expected to contribute to the development of Islamic society (Hassan and Lewis, 2007). The concept of Islamic banking is established on the principle of justice and fairness, and thus the banks are expected to promote equality within society (Moin, 2008). While the mission of conventional banks is to maximise the wealth of shareholders (maximising shareholder value), the mission of Islamic banks is to stimulate business activities and facilitate circulation and distribution of wealth (Awan, 2009). Consequently, Islamic banks do ask for collateral in exchange for money borrowed to protect the interests of the poor and ensure that funds are used in the right way. Furthermore, the banks are highly motivated to finance charity projects in order to fulfil their duty to society. When it comes to this charity financing, Zakat is one of the tools employed by Islamic banks. In nations where Zakat is not collected by the government, the banks must set up a Zakat fund; as such, the higher the performance of the Islamic banks, the higher the Zakat amount that is collected and put toward the charity fund to help the needy and poor people. This is a unique feature of Islamic Banks in terms of corporate social responsibility.

Moreover, Islamic banks are prohibited from trading products that bring about financial risk (Imam and Kpodar, 2010), as Sharia law prohibits speculation and increasing a person's wealth due to fortunate chances rather than hard work. According to Sharia law, wealth should be created through productive effort and not through gambling (Hassan and

Lewis, 2007). While unavoidable risk is allowed, the holy Quran does not allow the trading of products that carry a high level of risk (Awan, 2009). This feature tends to limit the risk propensity of Islamic banks, since the banks discourage risky investment and encourage investment in the high-tech sector, healthcare, telecoms, real estate, trade, and utilities. Islamic banks are also characterised by a large equity to capital structure (Siraj and Pillai, 2012). The Islamic banking concepts emphasise the principle of equity financing rather than lending. Hence, they end up holding large amounts of equity. A large equity to capital structure minimises risks for Islamic banks. According to Toumi et al. (2011), a large equity to capital structure enables a bank to withstand asset losses in comparison to banks with low equity to capital structures. This feature minimised damage and protected the banks during the financial crisis.

The Islamic banking concept also entails active participation by banks in managing borrowers' projects (Chachi, 2005). Since banks acquire stakes in the borrowers' project, they also become shareholders in the business. This implies that key decisions regarding the choice of the project should be approved by the bank, thus minimising the probability of project failure. This feature allows Islamic Banks to audit and sometimes control management of the fund, which minimises risk exposure.

2.1.5 Conceptual Difference between Islamic and Conventional Banks

Islamic Banking has grown rapidly over the last three decades (Hassan and Lewis, 2007). The joint balance sheet of Islamic banks expanded from US$150bn to US$1.8tln between 1990 and 2012, and is projected to reach US$4.4tln by 2020 (Uppal and Mangla, 2014). There are fundamental differences between Islamic banking and conventional banking, all of which are related to the ultimate goals of Islamic banking. The main purpose of Islamic banking is to fulfil the social requirement of the holy Quran, as opposed to reaping maximising returns on financial assets or generating the highest rate of return on shareholder equity. Islamic banking is expected to participate actively in building an Islamic society and economy (Moin, 2008). Islamic banking is established on the principal of fulfilling the divine instructions of the Islamic religion while conducting all transactions, and is built on the concept of developing society.

The most critical difference between the two banking systems is related to their respective revenue earnings. Conventional banks earn their revenue by financing profitable projects and charging interest on their lending (Siraj and Pillai, 2012). A person with a good business idea is granted a loan or financing, and thereafter he/she is required to repay the principal and interest over a specified period of time. In most cases, the person under-loan is also expected to present something as collateral before the finances are granted. Another issue is that, in Islamic banks, the bankers maintain a different relationship with their clients (Hassan and Lewis, 2007). Islamic banks are not allowed to charge interest on loans but instead establish an equity relationship with their clients' projects. The banks undertake direct investments and take part in managing the clients' projects. The banks share the profits and losses accrued by these projects according to a pre-specified ratio. Similarly, depositors also share the profits and losses generated by the bank. Depositors are the main source of capital for Islamic banks (Moin, 2008). Depositors share the profits made by the bank and also share losses when the bank incurs a loss; this type of transaction is called "Mudarabh". Another financing technique used by Islamic banks is the purchase and resale agreement, which is called "Murabaha". In this contract, the banks buy products that the clients desire and resell them to another client at a set mark-up, with a specific payment schedule in place. In this case, the most significant aspect is that the banks must have ownership of the goods before they can sell them back to the customers (Hanif, 2011).

A strong social standing is required for Islamic banks (Hassan and Lewis, 2007). Unlike conventional banks, Islamic banks cannot finance activities that conflict with Islamic principles and scholars, or are considered unethical in the holy Quran. For instance, Islamic banks cannot finance investments in pornography, alcohol or gambling as per the rules of Islam. The banks also have a strong motivation to invest in social projects, as Sharia principles require social justice. Islamic banks are more likely to support Zakat[1] payments and investments in charity projects. Islamic banks are expected to pay the Islamic tax, Zakat, which is a fixed amount totalling 2.5% of all assets (Chachi, 2005). In fact, most Islamic banks conduct Zakat calculations and advise their clients about the total Zakat due on their invested fund; thereafter, it is the choice of the client to decide if they would like the bank to deduct this fund and pay it on their behalf. Moreover, the Islamic banks are expected to invest in projects that reduce social inequality gaps and promote fairness (Moin, 2008). On the other hand, despite the increase in awareness of Corporate Social Responsibilities (CSR), conventional banks in the Middle East are least concerned with social justice issues. For example, in Bahrain, conventional banks rarely support charity organisations, while almost all Islamic banks in Bahrain fund charity projects using profit generated from transactions

1. Zakat is one of the five pillars of Islam, and is always a fixed amount. The amount of wealth which makes one liable for Zakat is called Nisaab. It is calculated on many bases; for example, for gold it would be due if the amount of gold exceeded 87.5g, and it is also due on silver, grain etc. The rate calculated is 2.5% and it must be paid as soon as it becomes due. The Zakat is used to help needy/poor people.

which are non-Sharia compliance. In addition, earnings are also generated from Zakat, and hence a certain percentage of the banks' annual profit goes to charity activities and to support general social needs. Furthermore, in 2006 the Central Bank of Bahrain established a new Fund called the Waqf (Trust), which is funded mainly by Islamic banks in Bahrain to support the research and education of Islamic banking in the country (Rahman, 2015). This fund has contributed to the development of human capital investment in the area of Islamic banking and to research concerning the creation of new Islamic finance products.

2.1.6 Performance of Islamic Banks

Enhancing the performance of employees and banking operations is the aspiration of all financial organisations. However, performance is an elusive term that may mean different things to different organisations. Though performance is a significant dependent variable in organisations, it remains a loosely and vaguely defined construct (Rogers and Wright, 2008). In an attempt to define the term performance, March and Sutton (1997) noted that organisations are seen as instruments of purpose. As such, the performance of an organisation is measured based on the purpose of said organisation. For instance, the performance of educational institutions is measured in terms of students' scores, test scores, research productivity, prestigious facilities, and rankings provided by popular organisations (Tohidi et al., 2010). On the other hand, the performance of health organisations is measured in terms of occupancy rate, mortality rate, morbidity rate, and cost recovery. Similarly, the performance of financial institutions is also measured by various indicators. These indicators include profitability ratio, liquidity ratio, efficiency ratio, risk managements, quality of asset, and organisation ratings by accredited institutions such as Moody, and the Stander and Poor rating agency (Bashir, 2007).

The measurement of organisational performance varies from one context to another, and from one discipline to another. In the financial sector, performance is mainly measured by examining the financial aspects of the organisation, such as profitability, liquidity management, risk management, and efficiency (Bashir, 2010); it is assumed that the primary goal of financial institutions is to maximise financial outcomes.

Globalisation has exposed Islamic banks to fierce competition from conventional banks (Ariss, 2010). However, due to the prohibition of interest in Islamic banking, services offered by Islamic banks have a different return and risk profile in comparison to the services offered by conventional banks. For instance, the equity relationship established by Islamic banks may expose these banks to additional losses, wherein the client's project does not record good performance, but the conventional bank charges interest regardless of whether or not the project is running profitably. However, non-Islamic Banks have realised the value of Islamic operations, and have thus incorporated Islamic financial techniques into their operations by opening various Islamic banking windows or departments. For example, HSCB has opened an Islamic banking window (Amanah), while this is also the case for Citibank; indeed, both have opened an Islamic banking window that offers all types of Islamic banking products. This implies that the conventional banks are now competing with Islamic banks both directly and indirectly. Such a situation highlights the importance of strategic planning and the role that strategic management tools can play in measuring the outcome of this strategy; it is also clear that these tools can play a big part in overcoming and preparing the Islamic banks for such competition.

The profitability of commercial institutions is measured using various financial indicators, including operating profit ratio (OPR), returns on assets (ROA), return on equity (ROE), and net profit ratio (NPR), among others. Due to their high level of equity, which is a key feature of Islamic banks, they have a strong social standing. It is assumed that their profitability is lower than that of conventional banks. This, however, is not the case; quite the contrary, the profitability levels of Islamic Banks in Bahrain and Qatar are considered excellent based on return on equity (Hassan and Lewis, 2007, p. 103). Return on equity is a profitability metric that examines the amount of profit generated by each unit of investment made by a bank's shareholders. A similar study conducted by Sirag and Pillai (2012) showed that Islamic banks have higher profitability than conventional banks; this contradiction might be due to the difference in the measure scale used by the researchers. However, Bashir (2010) noted that taxes associated with Islamic principles such as the Zakat repress the profitability of Islamic banks.

For example, after the 2008 financial crisis, liquidity became a critical measure of the performance of financial institutions. Liquidity risks originate from the likelihood that a bank may not have sufficient funds to meet its financial obligations. Liquidity is measured by various indicators such as cash and portfolio investment to deposit ratio, loan to deposit ratio (LDR), and loan to asset ratio. Banks in Bahrain and Qatar have recorded low levels of liquidity due to high investment in long-term assets (Hassan and Lewis, 2007). A study conducted by Moin (2008) on Islamic banks in Pakistan revealed that Islamic banks have a lower loan to deposit ratio, cash and portfolio investment to deposit and borrowing ratio, and loan to asset ratio when compared to conventional banks. Islamic banks are limited in terms of their choice of liquidity management tools, such as bonds and options (Siddiqui, 2008).

However, Islamic banks are able to overcome liquidity risks by holding high levels of liquidity reserves, and by creating a new Liquidity Management Center (LMC), which was established in Bahrain by a group of Islamic banks. This centre acts as a liquidity management vehicle for short term liquidity and is also a market maker for Islamic banks' Sukuk[2] (Islamic Bonds).

The Islamic banks have created certain liquidity tools, such as Sukuk, which help in securitising the assets and reselling them in the form of Suak (ownership deed). Nowadays, these Sukuk can be issued and are backed by various type of assets. For example, in 2005, the Gulf Finance House (GFH), one of Bahrain's leading Islamic investment banks, issued a Sukuk for US$120mn against its investment in the Bahrain Financial Harbor (BFH) project to finance the building of the twin tower project. Another liquidity product that is available to Islamic banks is the convertible Murabah, which is a normal Murabah, although there is an option to convert it to bank shares (equity) at present conversation rate or price. This again was issued by GFH in 2009 for the amount of US$140mn, at the present conversation rate for the bank shares ($0.33cent); indeed, this was a very successful transaction at the time.

One concept that is critical in evaluating the historical performance of Islamic banks is efficiency (Maria et al., 2014). Indeed, efficiency is a vital factor for financial institutions, as it leads to improved profitability, delivery of quality services for the customers, intermediation of substantial funds, enhanced safety of investments, and better prices for

---

[2] Sukuk is an Islamic bank bond and represents the share ownership of an asset in a project that has been pledged for this Sukuk issuance; it normally has a profit amount (interest) agreed by the lender and borrower.

financial services. A study conducted by Molyneux and Iqbal (2005) examined the efficiency of Islamic banks; in this study, the authors used stochastic estimation to analyse the efficiency of Islamic banks in several Gulf Cooperation Council (GCC) countries. The analysis revealed that Bahrain has the highest level of cost and profit efficiency among the GCC countries, and Islamic banks have marginally high levels of efficiency in comparison to conventional banks that are operating in the GCC region.

Efficiency is another measure of performance of financial institution (Hassan and Bashir, 2003). Financial institutions must have high levels of efficiency to remain competitive. Asset utilisation, income expense ratio, and operating efficiency are some of the pointers that are used to measure the efficiency of financial institutions. A study by Moin (2008) revealed that Islamic banks within the GCC region increased their asset utilisation ratio between 2003 and 2007 and surpassed the ratio recorded by conventional banks. This is an indication that Islamic banks in the GCC region have greater efficiency than conventional banks.

Another measure of performance is risk management. Risk is measured by indicators such as the debt-equity ratio, the debt to total asset ratio, and the equity multiplier. Islamic banks are expected to exhibit high risks. Due mainly to the absence of guaranteed returns on deposits, Islamic banks are often compelled to undertake risky operations in order to generate returns that are comparable with conventional banks and their customers (Maria et al., 2014). However, studies conducted to evaluate risk management among Islamic banks have tended to suggest otherwise, as pointed out by Siraj and Pillai (2012); these authors found that the equity capital structures of Islamic banks render them less vulnerable to systemic risks than conventional banks. The high liquidity reserves and capitalisation held by Islamic banks made them resilient during the global financial crisis. For example, a study by Moin (2008) revealed that conventional banks in Pakistan exhibited a high drop in debt to equity ratio between 2005 and 2007; this signifies a high level of risk. During this period, Islamic banks recorded an increase in debt to equity ratio from 5.35 times to 10.77 times. The study also showed that conventional banks had a high debt to total asset ratio between 2005 and 2007, making them riskier and less solvent than Islamic banks. Similarly, while the equity multiplier ratio increased among Islamic banks between 2005 and 2007, this ratio decreased among conventional banks. Capital structure and risk structure are key characteristics of Islamic banking, and differ from conventional banks. Indeed, with regard to the latter, more attention is required when the researcher structures a strategy or applies the strategic management tools in monitoring and implementing a strategy.

The financial instruments offered by Islamic banks such as Sukuk are highly rated by accredited agencies. For instance, instruments issued by Islamic banks in Malaysia are rated by Moody as BAA +, as well as by the Standard and Poor as BBB+ (Ji-Ling and Ching, 2012). The Dubai Islamic Bank is rated as BAA by Moody. Moody is an independent rating agency which has designed a rating system that examines and rates the stability of financial instruments offered by various institutions, including the governments of GCC nations (Gosh, 2013).

There is significant interest in evaluating the performance of Islamic banks among researchers and various mechanisms have been used to measure the performance of these institutions. Another critical element that is used to evaluate the performance of financial institutions is leverage and profitability. Leverage is a financial term that refers to techniques that are used to increase gains on financial assets (Siraj and Pillai, 2012). High leverage has a significant impact on the profitability of a financial institution and is therefore a critical indicator of performance. A study conducted by Toumi et al. (2011) aimed to compare the leverage and profitability aspect of Islamic banks with that of conventional banks; this resulted in the observation that Islamic banks mainly rely on equity in financing, while conventional banks rely on borrowed funds. They selected a sample of 545 conventional and Islamic banks from 18 countries and analysed their performance between 2004 and 2008. This data was analysed using binary logistical regression, t-test of equality of means, and discriminant analysis of leverage and profitability ratios. In the study, Islamic banks reported better performance than conventional banks in terms of leverage.

It was observed that the historical performance of Islamic banks has been commendable. The growth of Islamic banks in the past was stimulated by current account surpluses of oil-exporting nations that dominate the Muslim world (Awan, 2009). The Islamic banking concept is currently at the growth stage of the lifecycle. This indicates that there is still room for further expansion of Islamic banking. Future growth is likely to be driven by introducing structural board and macroeconomic reforms within the Muslim countries. Mega infrastructure projects, reforms in the financial systems, global integration and liberation of the capital market are likely to spur further growth of Islamic banks. There is an opportunity for Islamic banking to expand to the African market, which has a vast Muslim population estimated at US$400mn (Hidayat and Abduh, 2012). However, the past performance of Islamic banks has been hindered by a few challenges. One of these challenges is related to misconceptions of Islamic banking (Imam and Kpodar, 2010). Many people still misunderstand the concept of Islamic banking. Indeed, the majority of people think that

Islamic banking is exclusive to Muslims and not profitable since interest is not charged and this type of banking is only offered in Middle East countries. In order to further stimulate the growth of Islamic banking, these misconceptions should be addressed. Another challenge that has hindered growth of Islamic banking is lack of uniformity in Sharia law (Kane, 2014). There are often conflicting opinions between different schools of law (scholars) concerning issues related to Islamic banking. These conflicting opinions have complicated the development of Islamic banking. Another challenge is the shortage of Islamic finance talent. Henceforth, these challenges can be minimised by having a strong strategic plan that addresses all of these issues and by employing a solid strategic management tool to measure and monitor the institutions' performance.

2.2 Definition of Strategic Planning

Strategic planning is defined as "The process by which the guiding members of an organisation envision its future and develop the necessary procedure and operation to achieve that future" (Leonard et al., 1993, p. 3). It also can be defined as the process of applying systematic criteria and rigorous investigation to formulate, implement and manage strategy, and to formally document organisational expectations (Mintzberg, 2013, p. 109; Pearce and Robinson, 2010, p. 115).

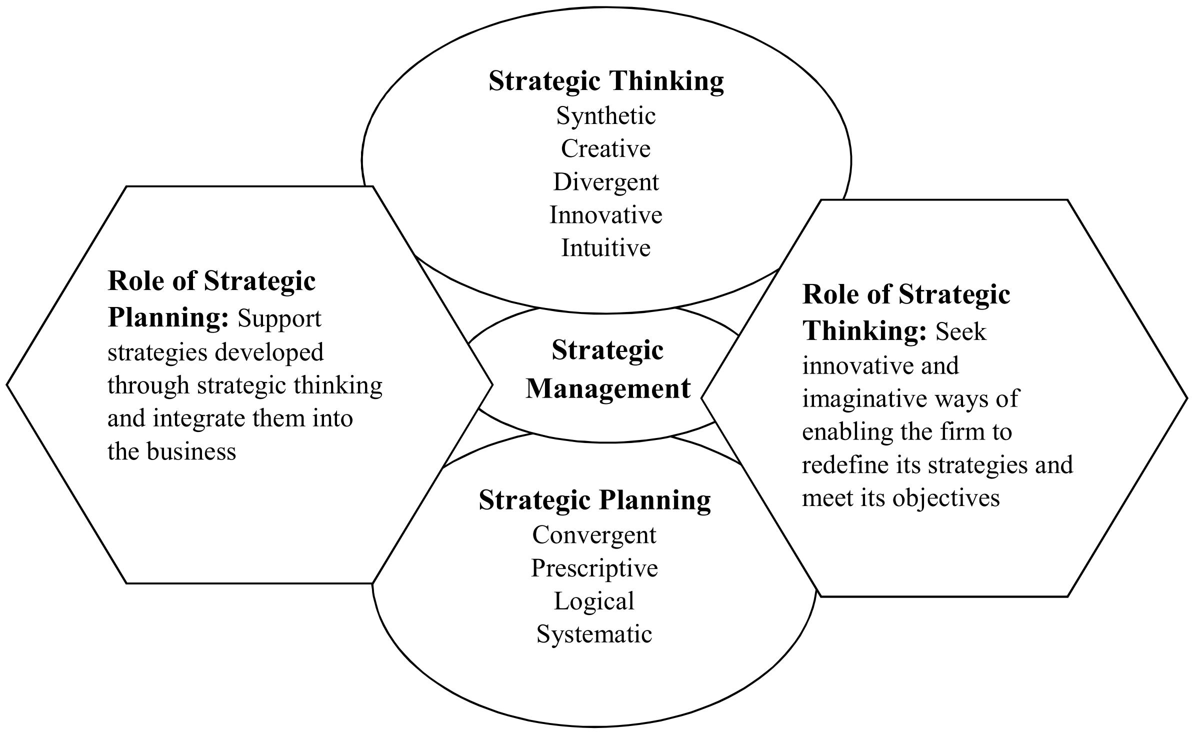
Planning refers to careful preparation regarding a given event after carrying out a prudent analysis of information and credible decision-making (Simerson, 2011). Planning is a critical activity in an organisation and for individuals. It is also an integral element that defines management (Goldsmith, 2011). Formal planning enables members of an organisation to understand the intent of that organisation, its resources and the efforts required to understand the organisation's intent (Kaplan et al., 2008). Organisations are required to undergo careful planning because they are expected to maximise the utilisation of resources and optimally utilise the scarce resources, which they should use in an effective and efficient way, thus leading to the generation of optimal results and the maximising of shareholder value.

On the other hand, strategy is a game plan that seeks to help an organisation gain competitive advantage and increase profits (May, 2010). The concept of strategy originated in the United States military. The term strategy was crafted from a Greek word, *strategia*, which means the science of the general. Most strategies are long-term in principal and stress the ideal use of available resources; these strategies can be divided into short-, medium- and long-term strategies. Strategic planning is a planning procedure that takes a long-term and complete view of the organisation, and seeks to arrive at a decision that affects the entire organisation (Simerson, 2011). It is a continuous exercise and process that endeavours to gather information, evaluate that information, and communicate findings to inform business decisions (Pennington, 2010). The main goals of strategic planning are to increase the productivity of the organisation so as to make optimal use of its resources, and help the organisation grow and realise its vision and mission. The majority of banks in Bahrain implement strategic planning to refocus their business activities and introduce new lines of businesses while simultaneously getting rid of the non-profitable lines of business. To achieve such goals, they use one of the well-known strategic management tools to implement and monitor this strategy. According to Al-Hamed, the most famous strategic management model used in Bahrain's banking sector in general, and in Islamic banks specifically, is the Balanced Scorecard model (Al-Hamed, 2015).

Strategic planning entails analysing a broad array of factors that are likely to prevent an organisation's vision from turning into an actionable mode (Steiner, 2008). These factors are divided into internal factors, including processes, technology, people and culture, and external factors such as political environment, economic progress, surrounding technological environment, competitive environment, and many other business-related environments (May, 2010). The product of the strategic planning process is a strategic plan. The strategic planning process also takes the extended horizon into consideration. Many long-term strategic plans stretch over a period of 10 to 15 years, before the goal is realised. In many cases, the long-term plan is divided into shorter periods that finally help to reach long-term objectives. For example, when the Ahli United Bank of Bahrain (one of the major banking players in the country) decided to be a global bank instead of a local institution, it took almost seven years for it to reach this goal. It achieved its goal through mergers and acquisitions with the banks in Kuwait (Ahli Commercial Bank) and with the United Bank of Kuwait, which has an operation in the UK.

Strategic planning is not a one-time process, but is instead a continuous process that seeks to keep the strategic plan active (Olsen and Olsen, 2010). Strategic planning originates from strategic thinking, with the latter entailing thinking in a creative and innovative way that encourages the exchange of ideas to meet the dynamics of the modern business environment (Haycock et al., 2012). As highlighted by Haycock in Figure 1, all the strategic planning components are linked to each other and each component complements the other when they are put together, hence we can get the best strategic planning outcome.

Figure1, Link between Strategic planning and Strategic thinking



The Strategic Planning Process from Haycock et al (2012). "Strategic Thinking"

According to Pirtea et al. (2009, p. 956), "What a strategic plan can do is shed light on an organisation's unique strengths and relevant weaknesses, enabling it to pinpoint new opportunities or the causes of current or projected problems. If board and staff are committed to its implementation, a strategic plan can provide an invaluable blueprint for growth and revitalisation, enabling an organisation to take stock of where it is, determine where it wants to go, and chart a course to get there". Modern literature has defined strategic planning as the systematic and logical application of the strategic thinking process, which in turn highlights the importance of a well-defined strategic planning process that leads to well-defined strategic thinking. According to Haycock, strategic planning starts with strategic thinking, and this leads us to think in an innovative way and to remain more creative (Haycock et al., 2012). For the purpose of the present study, the researcher will use Bryson's definition of strategy, as it extremely comprehensive: "a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it" (Bryson, 2011, p. 8).

It is very important to have a clear understanding of the strategic planning definition and concept, as this helps us to clearly define which management model or tools we should use when implementing a strategy and when measuring and monitoring the outcome of said strategy. The strategic management tools are "largely a matter of utilizing and coordinating all of the resources and venues at top management's disposal, enforcing a kind of "omnidirectional alignment" among them in the interest of advancing the strategic agenda" (Poister and Van Slyke, 2002). Among the most critical functions of strategic management tools are ensuring that the internal and external environments are monitored, gathering data from a wide variety of sources, and sensing how circumstances are perceived. Indeed, a study conducted by Rigby and Bilodeau in 2015 examined 25 management tools; the results revealed that the most popular management model used in Europe and the Middle East is Customer Relationship Management (CRM), while the Balanced Scorecard model was the second most popular model; the rates of usage were 50% and 44% respectively. CRM received the highest satisfaction rate of 3.93, while the Balanced Scorecard was second with 3.90. According to Cheong (2015), the strategic management model includes many tools, such as the Balanced Scorecard, profit-linked performance measurement systems, and strategic variance analysis, all of which are common and well-utilised; he described the companies that implement such models as "visionary and creative" (Cheong, 2015). The main function of strategic management tools is to link strategic planning and implementation across a firm or organisation by adding ongoing attention to the main organisational functions. Indeed, these functions include budgeting, performance measurement and performance management, evaluation and support, gathering feedback on the relationships among these elements to improve the achievement of the organisation's mission, fulfilling mandates, and creating and sustaining shareholder value (Peters, 2014).

Values, mission and vision are seen as the main critical driving forces behind an organisation when it comes to strategic management effort. If a consensus can be achieved on these elements among key stakeholders, the creation and operation of a strategic management tool will be far easier than it would otherwise be. Performance management involves strategies and mechanisms designed to assign responsibility for strategic initiatives to specific units and individuals so that they can be held accountable for results. The most common performance tools are Management by Objectives (MBO) and the Balanced Scorecard. The Balanced Scorecard is growing in popularity, as it tries to balance attention between both the financial and non-financial aspects by using four main dimensions: financial, customer, internal process and learning and growth (Niven, 2008). Jack (2008) stated that there are many management tools that are used to measure performance, such as benchmarking, value chain analysis and marketing information, and target cost management; the most popular tool is the Balanced Scorecard (Jack, 2009). Any strategy will require implementation, as well as the monitoring and measuring of the strategy's outcome. This ensures that the organisations are adopting the correct strategy. To achieve these tasks, one of the above-mentioned management tools is needed to evaluate the outcomes of the strategy and to make sure that the organisations are on the right track to achieving the ultimate shareholder goals.

2.3 Strategic Management tools

There are many strategic management tools which can help to achieve an organisation's financial as well as non-financial targets so as to maximise shareholder value. These tools ensure that employees and executives are working toward common organisational goals. These tools assess and fine-tune the organisations' targeted direction in reaction to the dynamic environment. They involve structured procedures that produce fundamental decisions and actions which further shape and guide the management in achieving the organisations' overall strategy. Indeed, as pointed out by Taddey, a strategy should guide organisations in tackling many elements, such as: what an organisation is, who it serves, what it does, and why it does it, and what it wishes to be; there should be a constant focus on the future (Taddey, 2014). There is no one perfect strategic management tool; indeed, each organisation chooses and applies the tool that fits its culture and business activities. Banks, in some cases, modify certain well-known management tools that fit their strategy, often by selecting the most suitable model and altering it as they develop their own planning process. The following strategy and tools models provide a range of alternatives to the well-known models that banks can choose from: 1. Value chain analysis, 2. The Boston Consulting Group (BCG) Product Portfolio Matrix, 3. The General Electric Model, 4. The General Electric Model, also known as the McKinsey Matrix, 5. The Ansoff Matrix, 6. The SWOT model, 7. The Strategic Position and Action Evaluation (SPACE) Matrix, and 8. The Grand Strategy Matrix. Each of these models has its own advantages and disadvantages, which are discussed in detail in Appendix E.

The strategic management tools and strategic planning models provide a systematic framework for creating and implementing strategies (Thompson, 2001). At any given time, organisations may be using various alternative strategic management tools and models. These models utilise formalised procedures to assist the managers in identifying and analysing strategic alternatives to arrive at the best strategic choice (Shadbolt et al., 2003). While setting the strategy management tools, in some cases it is prudent for managers to use more than a single tool to help with implementation and with the measuring of the strategy's outcome in order to obtain a feasible conclusion. As such, organisations need to select and tailor their strategic management tools implementation process to meet the specific needs of both their stakeholders and the unique circumstances in which the organisation is operating (Goldsmith, 2011). For example, in 2009, the Gulf Finance House (GFH) made use of the BCG model to restructure and refocus its balance sheet; at the same time, it continued to employ the Balanced Scorecard to assess the growth of its business which was implanted back in 2007 prior to the 2008 financial crisis. The Balanced Scorecard management tool can be used in almost all business circumstances.

This research is focused on analysing the impact of using strategic management tools on banks' performance using the Balanced Scorecard tool as an example; indeed, this tool is being used by many of Bahrain's financial institutions to develop their strategic planning and thus boost their business growth. This tools shows how financial and non-financial indicators directly or indirectly affect the performance of financial institutions. According to Al-Hamad, of the 24 Islamic banks operating in Bahrain, there are 15 banks using the Balanced Scorecard as a strategic management tool to achieve their strategy objectives and to monitor the strategy outcomes (Al-Hamad, 2015).

Bank performance guidelines are considered one of the most important measures when it comes to communicating the strategic directions of a bank (Neely, 1999, p. 212). This means that banks have shifted their focus from the cost paradigm to the value paradigm. In the current market environment, banks cannot succeed unless they make money for their customers, stakeholder and shareholders. According to Abdo and Aguiar, "the traditional financial measures can shift to a multi-dimensional performance measure framework. To do so, organisations must upgrade their business performance measurement systems. The upgrading should address various dimensions". Figure 2 demonstrates this paradigm shift in more detail (Abdo and Aguiar, 2011, p. 80). Indeed, the authors split these dimensions into four main categories: financial dimension, internal business process dimension, customer perspective dimension and, finally, the innovation and learning dimension. These four dimensions are the main pillars of the Balanced Scorecard model which was introduced by Kaplan and Norton in 1992. The Balanced Scorecard model is a multi-dimensional model that focuses on both financial and non-financial aspects, and gives equal weightage to all four dimensions. Many Banks in Bahrain use this model as a strategic planning tool, as it allows them to grow and to review their business model as well as their customer base.

The diagram below in Figure 2 explains the model which comprises traditional financial measures and multi-dimensional performance measurement frameworks. The two given frameworks comprise distinct components. The traditional financial measures are usually designed by top management and are followed by the rest of the origination; these are considered deliberate strategy reforms. The other aspect of this diagram i.e. multi-dimensional performance measurement frameworks, are the strategies that are suggested and offered by the employees to the top management and thereafter reforms are introduces in the processes of the organisations.

Figure 2: The shift from the cost paradigm to the value paradigm

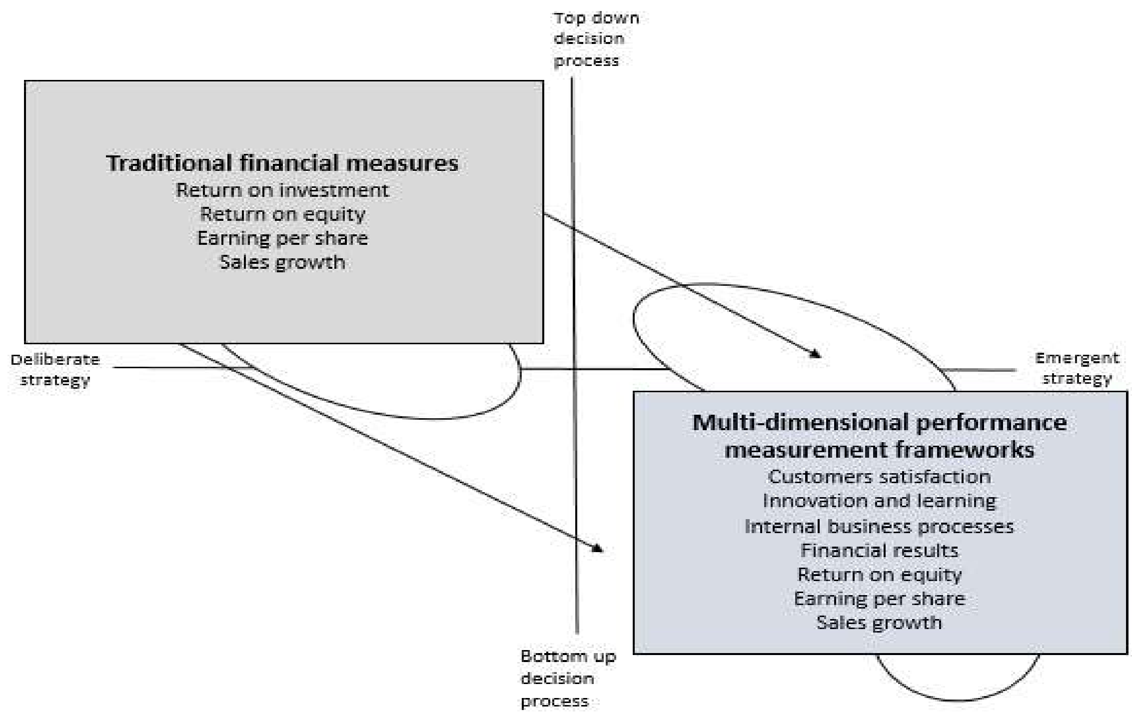


Figure 2: The shift from the cost paradigm to the value paradigm from Abdo and Aguiar (2011) "Understanding Discursive Resources and Strategic Decision Making"

2.4 Objective and Importance of Strategic Management Tools

Strategic planning enables an organisation to take into consideration both internal and external factors when making decisions (Simerson, 2011). Organisations do not operate in a vacuum, but in an environment that comprises factors with the potential to downgrade the performance of banks. Strategic planning encourages banks to operate in an environment that they can scan in order to identify the impact of the internal (organisational culture, structure, financial performance etc.) and external factors (state of economy, politics, technology, law and competition etc.) on the business and make decisions that address these factor (Kaplan et al., 2008). The strategic management tools provide the organisations with systematic approaches with which to analyse their internal and external business environments; this will enable the management to build a sound and feasible business plan and evaluate the outcome of this plan.

Firms should use management tools to enable them to implement their strategy and evaluate its outcome. Indeed, the main objective of management tools is to help executives evaluate their strategy outcome based on all dimension and to measure this outcome. These tools help the management to adjust and align the strategy with the shareholders and executive goals in mind. Strategic planning processes are generally not designed, deployed, or controlled in such a way as to align employees' efforts with organisational goals (Olascoaga, 2008). Therefore, strategic alignment is very important for organisations aiming to gain sustainable advantage in today's turbulent markets. On the other hand, the Balanced Scorecard is a strategic management tool and performance measurement system designed to directly translate an organisation's strategies into action-oriented plans (Safari, 2015).

2.4.1 Objectives of Strategic Management tools

One of the essential purposes of management tools is to help organisations establish effective approaches through which to realise their vision, mission, goals and objectives (Simerson, 2011). As such, the strategic management process helps in ascertaining a strategic choice that best suits the objectives and mission of an organisation, as well as the environment in which that organisation operates. Moreover, strategic management enables firms to apply an action plan that helps and supports the implementation of the right strategy.

Russell and Russel (2005) pointed out that strategic planning helps organisations to make ideal use of resources. Numerous organisations use strategic planning as a tool to introduce and manage changes (Pirtea et al., 2009). In many banks, strategic planning has been used as a technique to introduce innovative approaches aimed at transforming organisations. It encourages the bank executives to think creatively and identify innovative solutions that will secure the bank's future. In addition, the strategic planning process motivates managers to analyse their business environment (Gates, 2010). In this way, managers are able to anticipate changes within the business environment, hence placing the bank in a correct and effective position to manage changes. Indeed, strategic planning is considered a proactive way of responding to changes within the business environment. This was proven during the 2008 financial crisis, when banks that had a solid and well-planned strategy predicated the crisis and were less affected by it; examples include the Bank of Bahrain and Kuwait, and the National Bank of Bahrain.

2.4.2 Role of Strategic management for Islamic Banks

Strategic planning plays a critical role in helping Islamic banks to develop competitive advantage and expand their market share. Strategic planning enables financial institutions to make decisions concerning the market in which they will operate or should operate, and the value that this will give to customers (Simerson, 2011). The implementation of strategic planning will require a management tool that enables the Islamic banks to determine the resources that are needed; such resources include skills and capabilities, both of which are required if banks are to become successful in their market of choice. It also enables organisations to establish a strong competitive position within the selected market (Kaplan et al., 2008). One of the competitive advantages is the additional control layer of the Sharia board, which gives Islamic banking customers assurances that all the bank activities are in compliance with Islamic ethics and principles; indeed, this does not exist in the conventional banking system.

It has been suggested that when competition moves very quickly, financial institutions can measure and manage equity and liquidity positions along with evaluating the effects of operational risk on the institutions (Saleem and Rehman, 2011). This has increased the demand on banks to operate under pressure and reduce their cost structures, while sustaining high quality products and services for their customers. These changes have placed a great deal of emphasis on the importance of selecting the right strategic management tools for strategic planning implementation and monitoring of functions so as to define and align the organisations with their vision and mission; indeed, this mission can then be translated into an objective and action plan that enables the banks to achieve their shareholders' overall goals. It is clear that most of the Islamic banks in Bahrain have employed one of the well-known external consultancies such as E&Y, McKinsey Co., or The Boston Consulting Group to support them and guide them in setting up long-term strategies. For example, in 2007, the Gulf Finance House used the Boston Consulting Group for their balance sheet restructuring and long-term plan; in addition, the Arab Banking Corporation employed E&Y to tackle their business restructuring and long-term strategy.

It is clear that strategic planning must show a clear direction in the form of initiatives that are focused around growth, cost management and process improvement. These processes should be planned to sustain and enhance financial outcomes in every situation; indeed, this highlights the essential need for strategic planning using integrated performance management tools (Chen et al., 2010). Furthermore, strategic planning enables existing organisations to review their progress, acknowledge and celebrate their accomplishments, and learn from their mistakes and experiences. These measurements are only possible by using the right management tools that fit the organisation's business model (May, 2010). A bank's management will be in a position to determine whether it needs to focus its resources and efforts elsewhere, and can evaluate the current status of the available resources in terms of whether they are being efficiently utilised. Given that strategic planning is not a one-time process, banks will be able to deal with emerging issues to enhance their decision-making processes. For Example, in 2008, after the financial crisis, Investcorp Bank, one of Bahrain's leading investment banks, suffered a loss of US$875m due to high investment in hedge funds. The bank employed E&Y to advise on the strategies it should employ over the forthcoming years; indeed, E&Y recommended that the bank reduce its exposure in hedge funds and shift its focus to private equity business – a plan which the bank later adopted. As a result, the bank enjoyed a return to profitability within one year.

2.4.3 Criticism of Strategic Management Tools

Strategic management tools and strategic planning models have attracted strong criticism from various scholars, such as a Henry Mintzberg. In his book, *The Rise and Fall of Strategic Planning,* Mintziberg (2013) argued that the process of strategic planning impairs strategic thinking, and also argued that strategies cannot be borrowed from anyone but rather emerge through intuition, creativity and innovation, while each business has its own strategic management tools that can fit the nature of its business activities. Wulf (2010) also argued that strategic planning and its implantation tools lack flexibility, which allows for innovation and improvisation. Both these aspects are necessary ingredients for organisations of they are to survive in the modern business environment. Another important point raised by Mintzberg (2013) was that there exists an enormous gap between theory and practice within strategic planning and its management tools; indeed, he pointed out that strategic plans often fail to transcend an organisation's operational activities.

In response to Mintzberg et al. (2005)'s criticism of strategic planning and its tools, Russel and Russel (2006) argued that strategic planning can overcome the challenge of failing to incorporate emerging insights, as the organisational plan constantly evolves. Thus, strategic planning and strategic management tools such as the BSC should not be viewed as a one-time process, but as a continuous process that entails reviewing the strategic plan and its implementation and monitoring tools. However, the plan must ensure that it remains consistent with the banks' vision and mission, and in line with their long-term goals.

Another critique of strategic management is that it can overly constrain managerial discretion in a dynamic environment. "How can individuals, organizations and societies cope as well as possible with ... issues too complex to be fully understood, given the fact that actions initiated on the basis of inadequate understanding may lead to significant regret?" (Charan, 2015). Another criticism of strategic management tools was put forth by Antonsen (2014). According to him, implementing the BSC requires an organisation to gather and analyse all necessary new data, which could create work overload for some busy departments. This could possibly lead to staff resistance and distrust, as well as to managerial resistance due to increased availability of information with the potential to change the current power balance. In addition to increased workloads, slightly more than half the companies implementing the BSC have no idea about how to identify success factors, nor can they develop key performance indicators and cause-and-effect relationships. This is because the BSC does not provide a unified standard template nor an explicitly defined process.

2.5.1 Balanced Scorecard

This Balanced Scorecard model (BSC) was developed by David Norton and Bob Kaplan, and was also published in the Harvard Business Review in 1992. The model became popular when it emerged that 30 to 60% of large firms in the United State had applied the model in their systems (Neely et al., 2008). The Balanced Scorecard has been successfully implemented by numerous organisations, be them for-profit, non-profit or public sector enterprises; it has also continuously ranked among the top ten management tools used throughout the world (Rigby and Bilodeau, 2011). Strategic planning is a standardised process used to ensure that the mission of an organisation is accomplished (May, 2010). The Balanced Scorecard is among the strategic planning models that have been developed to ensure that this process is conducted in a systematic manner. The Balanced Scorecard helps management teams to identify strategic themes by examining their firms' vision and mission statements with the help of four distinct dimensions: financial dimension, learning and growth dimension, customers' dimension, and internal processes dimension (Ronchetti, 2006).

The Balanced Scorecard model was established on the belief that measurement is a critical part of strategic management (Kaplan et al., 2008). In order to implement the strategies successfully, managers should adopt mechanisms to measure the performance of employees. This model was one of the first to address non-financial measures of companies' performance; it became very popular due to its simplicity and high benefit outcome. In 1995, when the Arab banking Corporation employed E&Y to implement the Balanced Scorecard for the first time, there were no clear KPI for each business unit, and thus the banks formed a Balanced Scorecard community to review each business unit's activities and each branch line of business. The ultimate goal was to determine the necessary KPI to be applied as a performance measure; this was achieved through questionnaires, interviews, and meetings etc.

The Balanced Scorecard is not only useful in providing performance measurements, but also helps to align people with their organisation's corporate vision (Shadbolt et al., 2003). It emphasises the need to begin the strategic planning process, thereby defining the vision and mission of an organisation. Indeed, this leads the organisation to build its first step toward future goals. Objectives are derived from the vision and mission, i.e. the vision is converted into elements which are actionable. Thus, while setting strategic objectives and pursuing these objectives, organisations are able to link routine activities with their vision and mission. The Balanced Scorecard evolved from being a simple tool that measures performance into a tool for holistic planning; indeed, it has evolved from "an improved measurement system to a core management system" (Kaplan and Norton, 1996 p. 9).

The Balanced Scorecard model is also based on the stakeholder theory of management (Kaplan, 2010). The stakeholder theory of management suggests that organisations should assume an ethical responsibility towards all stakeholders of the business (Freeman et al., 2004). However, this contradicts the shareholder theory of management, which suggests that the sole ethical responsibility of businesses is to provide maximum returns to shareholders. In line with the stakeholder theory of management, the Balanced Scorecard not only measures the performance of an organisation from the shareholders' point of view, but also considers the perspective of other stakeholders such as employees, consumers and suppliers of the business (Rohm, 2008).

In addition, the Balanced Scorecard also recognises that there is a strong causal relationship between the four strategic objectives (Kaplan, 2010). For instance, well trained employees reduce process defects. In this case, the realisation of the learning objectives leads to the realisation of the process objectives. Similarly, reduced process defects enhance customer satisfaction, thus leading to the accomplishment of customer objectives (Ronchetti, 2006). Enhanced customer satisfaction, in turn, promotes repeat transactions, which aid in increasing the revenue and thus support the realisation of the banks' overall financial objectives.

The Balanced Scorecard system considers three other aspects of an organisation's performance. The model takes into consideration the interaction between the four aspects of organisational performance rather than considering one objective only. This highlights the cause and effect relationship between various aspects of the organisation and motivates the organisation to focus on all aspects comprehensively (Kaplan et al., 2008).

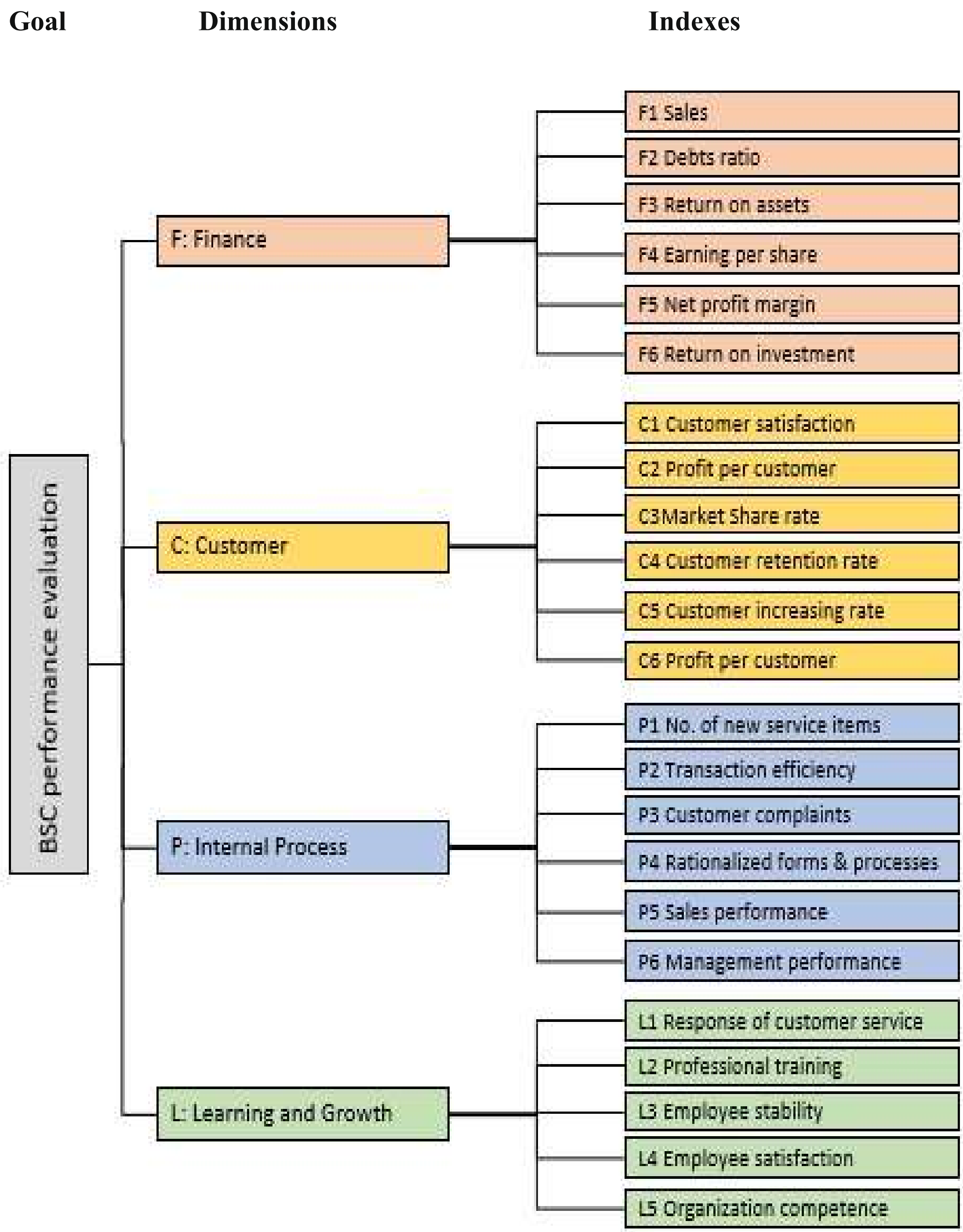
The Balanced Scorecard model introduces a performance-oriented way of thinking and working within an organisation. The model places emphasis on the need to develop objectives from various perspectives and assign metrics to measure the implementation of these objectives. Developing measurable objectives helps the institutions link their vision with routine operations. Developing performance metrics enhances accountability and motivates the members of the organisation to work in a direction to realise their objectives. The Balanced Scorecard introduces an element of control into the strategy implementation process. The traffic light or the percentage of strategy plan achievement will be assigned to the year-end management and will also reveal the staff remuneration bounces. For example, ABC Islamic bank has set up a performance matrix for year-end bonuses; indeed, anyone who scores 90 and above on their Balanced Scorecard receives 4 months' salary as a bonus, while those scoring 90-85 receive approx. 2.5 to 3 months' salary, and so on. A similar practice is also adopted by many other banks in Bahrain, as they apply similar rules with certain minor changes in the methodology of calculating the final bonus.

In addition, the Balanced Scorecard is a significant tool that links organisations' vision and mission with their operational activities (Kaplan et al., 2008). Many organisations have visions, missions, and strategies that are disconnected from their routine operations. A study conducted on dairy farms revealed that many farmers have vague values and strategies that are not linked to tactical and operational activities implemented in their business (Shadbolt et al., 2003). The farmers could not state how operational activities were contributing to the vision of the farm. Operational activities that link the farm's vision are unnecessary and cause a distraction for the management. The Balanced Scorecard helps in linking the vision of the business to its operational activities. It turns out that, when visions and strategies turn into concrete courses of action, they exhibit vagueness and ambiguity within an organisation and therefore help the organisation / bank management to maximise the value of both stakeholders and shareholders.

A study conducted by "Bain and Company" in 1999 examined "management tools and techniques"; the sample comprised 708 business executive and managers, with results revealing that 44% of the managers are using the Balanced Scorecard in the US (Rigby, 2001).

A similar study was carried out in 2002 and covered various parts of the world; this time, the results revealed that 62% of the executives were using the Balanced Scorecard model (Rigby, 2003). Moreover, a study of 149 organisations by Soderberg et al. (2011) concluded that performance management systems aid in understanding that the Balanced Scorecard is wildly used by organisations as a strategy implementation and performance measurement tool. Moreover, another study by Antonsen (2014) assess the negative impact of using the Balanced Scorecard in Norway; it found that the Balanced Scorecard affects the personal learning and commitment of management and staff, and may also adversely impact organisational learning and growth. An interesting study was carried out by Zhang and Li. It studied the effects of the Balanced Scorecard on commercial banks and revealed that the Balanced Scorecard has enhanced the value of management performance appraisal by incorporating the customers dimension, internal process, learning and growth dimension and finally the financial dimension into the overall management performance evaluation (Zhang and Li, 2009). To elaborate, the following hierarchal framework of the Balanced Scorecard performance measures criteria for the banking industry and was created by Wu et al. (2009). Figure 3 shows the four main elements of the Balanced Scorecard dimensions, and includes sub-indictors of the Balanced Scorecard performance and goals indicators which are used by many banks to manage their strategy (Wu, et al., 2009). In his diagram, he has illustrated the main four dimensions of the Balanced Scorecard and some examples that further breakdown these dimensions into various other aspects.

Figure 3 – Hierarchical framework of BSC performance evaluation criteria for banking



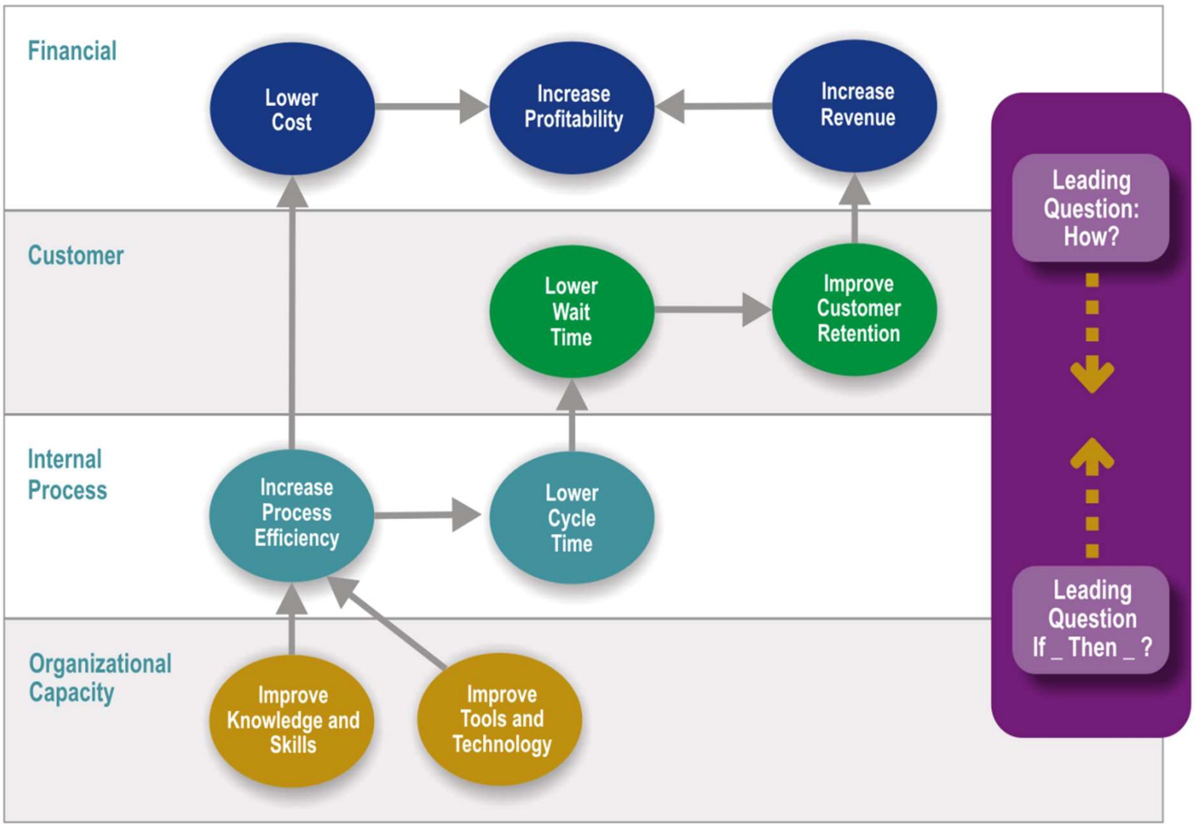
Source: Wu et al., (2009), A fuzzy MCDM approach for evaluating banking performance based on Balanced Scorecard

The Balanced Scorecard is structured based on these four main components, all of which are linked to achieving a bank's overall bank strategy. According to Niven (2014), the Balanced Scorecard concept is built on four main measures: financial measure, customer measure, internal process measure and finally the learning and growth measure; all of these complement each other, but are not necessarily used; banks can use three or add an additional measure to their model which fits their business environment (Niven, 2014). One of the key goals of the Balanced Scorecard model is to help the organisations clearly define a mission, vision and an organisational strategy; as such, the BSC can be seen as a means of communicating and implementing a strategy in a lucid manner (Tayler, 2010).

In the above diagram (Figure 3), four parameters of the BSC have been shown which represent the four pillars of the BSC model. These pillars have further been divided into various other components. The financial parameter takes into account debt ratio, sales, return on assets and earning per share etc. to analyse the financial performance of an organisation. The second perspective is customer; the performance of an organisation can be measured by analysing market share, profit per customer, customer satisfaction etc. to understand the performance of that organisation. The internal process and learning and growth are the last two perspectives which help in measuring the overall progress of an organisation. In case any lacuna is found in the above three perspectives, then training is provided to the employees to close such a gap.

With regard to strategic management tools, each tool has its advantages and disadvantages; the advantages of the Balanced Scorecard include the fact that it involves many parameters to measure and manage an organisation's performance, all of which are specifically linked to organisational strategy. The primary goal is to link organisational performance measures with the business unit strategies (Otley, 1999). Furthermore, the BSC is a well-structured model of strategic objectives, and is spread over four main prospects; it is less strategic and aligned with the most important goals of shareholders, which is the financial perspective (Figge et al., 2002). The key objective of the Balanced Scorecard model requires organisations to clearly define a mission, a vision and a main organisation strategy; as such, the BSC is seen as a means by which to clearly communicate and implement strategy (Tayler, 2010). Another advantage of the Balanced Scorecard is its ability to balance attention between the internal and external aspects of a business; it gives great consideration to the internal process used to achieve business goals, but also provides an external viewpoint from the customer and market position perspectives (Olve et al., 2003). The Balanced Scorecard model is very well structured, and each part has some effect on overall performance; these effects are normally sequential, i.e. strategic mapping to achieve the organisation's goals; see Figure 4 below from Rohm (2013). The most significant disadvantage of the Balanced Scorecard system is that it can lead to loss of individual performance (Rohm et al., 2016). This is because the Balanced Scorecard model places emphasis on analysing the results produced by various strategies of the organisation as a whole. In addition, the scorecard requires a significant input of variables, making the strategic planning process slow and cumbersome. The time aspect is extremely critical in business performance. Businesses sometimes require quick fix solutions, which are difficult to obtain using the Balanced Scorecard technique (Maltz et al., 2003). Similarly, commercial institutions cannot afford to invest too much time in implementing strategies, as strategies change with the fluctuating business environment. The business environment becomes extremely dynamic, with things changing at a rapid pace; this renders existing methods, indicators and measurements obsolete (Maltz et al., 2003). Thus, modern organisations require a planning tool that is oriented towards real-time strategies; indeed, Maltz highlighted that companies which focus on contemporary issues and do not prepare themselves for the future will not be competitive in their business.

Figures 4: Strategic Mapping



Source: (Rohm et al., 2016) "The Institute Way: Simplify Strategic Planning and Management with the Balanced Scorecard"

David Parmenter is one of the major critics of this aspect of the Balance Scorecard model. In his Key Performance Indicator model, Parmenter added two extra perspectives to the four perspectives identified by Kaplan and Norton (Parmenter, 2010). The two additional perspectives are "staff satisfaction" and "environment and the community". Parmenter argued that the Key Performance Indicator model provides a more holistic approach to evaluating the performance of institutions that use the Balance Scorecard. With regard to the Islamic financial institutions, the researcher believes that a Sharia-compliant dimension should be added to the Balance Scorecard model, as it represents a key element of the success of any Islamic banking operation.

Another constraint of the Balance Scorecard system is the difficulty faced by an institution when attempting to obtain a precise mix of performance indicators. Kaplan et al. (2008) emphasised the need to have the right mix of leading and lagging indicators in order to implement the Balanced Scorecard successfully. Disparities among indicators can create a cause-effect relationship, which gives the Balance Scorecard model an advantage, as the variables are difficult to determine.

The limitations notwithstanding, the relevance of the Balance Scorecard as a strategic management tool cannot be dismissed. In response to critics who cited the inability of this model to introduce quick-fix solutions, Shadbolt et al. (2003) pointed out that the success of an institution is only measured by the ability of that organisation to meet its goals and vision. He also concluded that various difficulties are encountered by many organisations when it comes to transforming their vision into measurable and actionable activities. The Balance Scorecard is instrumental in helping organisations to overcome this challenge.

Implementation of the Balance Scorecard in financial institutions may sometimes be a very tricky task, as management might focus solely on financial indicators and ignore other important elements of the model; this means that it is very easy to ignore non-financial indicators. However, non-financial indicators have a direct impact on the financial performance of institutions (Wu, 2012). The last several decades have seen a sharp increase in the number of commercial banks and financial institutions, thus giving rise to cut-throat competition in this market. Excessive focus on financial indicators forced the banks' management to ignore numerous indicators that represent overall organisational performance (Zhang and Li, 2009). One of the weaknesses in this respect was that financial indicators illustrate past performance, and it was very important to plan for the future. This is where nonfinancial indicator measures can lend support. In such a situation, the Balance Scorecard system turned out to be a more effective instrument with which to evaluate the business performance of financial institutions and ensure that the operational management have an apt strategic vision.

Focusing solely on financial indicators would not only reveal everything that takes place in the organisation, but would also lead us to think about how to achieve these goals by using other available tools. It is important to remember that financial goals are achieved by implementing other non-financial goals. Some banks may have a large customer base and hence must focus on internal processes, while other financial institutions should concentrate on attracting new customers and improving customer satisfaction in order to achieve financial goals. Use of the Balance Scorecard in banks and financial organisations helps all employees, at all levels, to better understand the strategic vision of the company. Thus, the Balanced Scorecard retains traditional financial measures, but also includes success metrics that allow the management to view customer relationships, employee activity, supplier roles and process capabilities (Simpson and Carey, 2015).

According to Giannopoulos et al. (2013), the BSC is capable of helping small organisations link internal factors to internal business processes and learning and growth perspectives; it is also effective in linking external factors to customers and financial perspectives to enhance chances of success. Casey and Peck (2004) also supported the notion that the BSC benefits organisations. The BSC helps these organisations by providing executives with a deeper insight into their business operations and into the different mechanisms used to create value. In particular, strategy maps support managers by providing a visual illustration of the inter-relationships between department and staff activities and strategy implementation. Nazim (2016) added that the BSC improves achievement of strategy since it transforms a strategy into tangible performance metrics which executives and managers can track, amend or accelerate. It also enables managers to align strategy vertically, from strategic management to operational management, as well as horizontally between employees so as to ensure that operational activities promote and support strategy execution.

Madsen and Stenheim (2014) supported the notion that the BSC has an overall positive effect on the performance of an organisation but concluded that all aspects of the BSC are useful. While some aspects or uses of the BSC assist in improving performance, others hamper performance. However, Madsen and Stenheim (2014) observed that the differential outcomes of the BSC stem from the fact that the concept is still developing and is yet to reach the mature stage. The BSC assists managers in monitoring the execution of a strategy by mapping cause-and-effect linkages between employee activities and strategy implementation (Basuony, (2014). One of the main goals of the BSC is to evaluate and control the implementation of the strategy while also monitoring it and making adjustments when needed. Evaluation and control consists of the following steps (Safari, 2015):

- Define parameters to be measured
- Define target values for those parameters

- Perform measurements
- Compare measured results to the pre-defined standard
- Make necessary changes

In the two decades since its inception, use of the BSC has become widespread across all industries, from manufacturing to service, and from large to small organisations as well as public to private projects. Despite its widespread use and benefits, the BSC has serious limitations, both conceptually speaking and practically. The main limitations include: the concept of the BSC has no clearly defined relationship with organisational performance, the objectives and definitions of measures exclude key stakeholders, it lacks the definition of key success factors which is necessary for identifying KPIs, and the four categories limit the view of the organisation. In practice, the BSC focuses resources on achieving its goals, thus leading to the underutilisation of organisations' potential beyond the targets of the BSC; it also hampers inter-organisational innovation, perceives an organisation as having hierarchical structures, clearly delineated job responsibilities and one way linear cause-and-effect relationships, and promotes closed innovation. These limitations hamper the effectiveness of the BSC and contribute to some organisations wanting to abandon the BSC altogether for better alternatives (Kraaijenbrink, 2015).

2.5.2 Balanced Scorecards in Kingdom of Bahrain and in Bahrain's Banking Sector

In 2008, the government of Bahrain, under the instruction of H.M. King Hamad Bin Isa Al-Khalifa, launched Bahrain's Vision 2030 and the National Economic Strategy under the vision of "*We aspire to shift from an economy built on oil wealth to a productive, globally competitive economy, shaped by the government and driven by a pioneering private sector –*

an economy that raises a broad middle class of Bahrainis who enjoy good living standards through increased productivity and high-wage jobs. Our society and government will embrace the principles of sustainability, competitiveness and fairness to ensure that every Bahraini has the means to live a secure and fulfilling life and reach their full potential. In particular, the Economic Vision will be translated into a tangible and coordinated National Strategy across government institutions" (AlKahlifa, 2008). Under this vision 2030, the entire public sector started to implement strategies to achieve said vision. Indeed, to enable them to measure the success of their strategy, the government started using strategic management tools to measure and monitor the strategies. For example, in 2004, the Ministry of Health implemented BSC as part of the ministry performance measurement tools; indeed, according to Heayam (2004), "*For the first time, leaders and executive management of the ministry will be able to apply the business logic that transforms ministry's data into the strategic information required to direct action, while monitoring the outcome with a comprehensive and intuitive digital dashboard"* (Heayam, 2004). Another example is the implementation of the BSC by the Ministry of Works (MoW) in 2007; according to Marr and Creelman "We held Open Space/Knowledge Café style sessions with over 200 key staff where we explored and discussed how our present strategies, as described through the Balanced Scorecard, aligned to the Bahrain National Vision and what we needed to do to strengthen the alignment" (Marr and Creelman, 2011). Today, almost all ministries in Bahrain use the BSC tool to manage and measure strategy implementation and performance. The main goals of the BSC in public sectors is to measure the alignment of the vision 2030 with the current strategy, and to ensure that, by 2030, Bahrain's economy is no longer reliant on oil revenue; another goal of the BSC is to make sure that the services provided by government entities are competing and at a similar level of quality and efficiency as the private sector products.

The private sector, which includes the financial sectors, has implemented the Balanced Scorecard much earlier than the public sector; indeed, the manufacturing industry in Bahrain is viewed as an important sector because of the use of new and advanced manufacturing environments and recent trends in measuring manufacturing performance. The manufacturing sector in Bahrain is growing and plays a central role in the country's economy as it is the second largest sector (after services) in terms of its share of total GDP; it accounted for 34.3% in 2012 (Aziz, 2016). In light of this, a long-term strategy is required to sustain the growth of such an important sector; indeed, without a proper strategy and strategic management tools capable of monitoring and measuring the performance of firms, the sector will not be able to sustain its growth. In order to achieve this, many government and non-government entities, such as The Bahraini Chamber of Commerce and Industry in collaboration with Vectra consulting firm, organised a workshop. This workshop was focused on the Balanced Scorecard and the benefits of such a strategic management tool in helping organisations in Bahrain to implement and measure the outcome of their strategies. Given the increasing competition among the financial institutions in Bahrain, and more specifically their desire to gain competitive advantage, many of Bahrain's banks have started to use the Balanced Scorecard as a strategic management tool in their banking strategy. According to Al-Hamad (2015), banks have realised the importance of setting up a clear strategy that enables them to reach their bottom line of revenue and profitability. Indeed, they have now come to see that the most applicable management tool for the financial sector is the Balanced Scorecard; this management tool has the main components of the strategy performance measurement and alignment tools that fit the banks' line of business (Al-Hamad, 2015). According to Kaplan (2010), the Balance Scorecard is a tool used for strategic mapping and alignment. Generally speaking, building a BSC strategy map can be viewed as a group decision-making process. The logical links among performance indicators are generated by the consensus of an expert group that assigns preferences between the indicators by rules of thumb (Wu, 2012).

Islamic banks have unique characteristics. Indeed, the main difference between Islamic and conventional banking relates to their purpose. Conventional banking aims to maximise shareholder value and generate the maximum profit for shareholders, while Islamic banking seeks to maximise community value, and to develop the society and economy (Asif and Anjum, 2012). Moreover, with regard to the capital and business structure, there is no interest charge in Islamic banking; instead, there is profit sharing. Simply put, the risk characteristics of the two banking systems differ, and thus there is a necessity to modify the traditional management tools to fit these differences.

2.5.3 Other Techniques of Scoring

In addition to the Balanced Scorecard, certain other scoring techniques also exist, some of which will be discussed by the researcher in this section. Management by Objectives is one such technique and was invented by Peter Drucker. It was Drucker who realised the importance and need for the technique and elaborated upon it in detail. MBO can be defined as "a process whereby the superior and subordinate managers of an organisation jointly identify its common goals and define the area of responsibility for each individual in terms of the results expected form him/her" (Chowhan and Shekhwat, 2015, p. 36). It has been consistently emphasised that performance management can improve employees' productivity by making use of information technologies. This helps employees understand how everything fits together with the objectives and allows them to revise their goals (Robbins et al., 2012).

This technique is crucial in contemporary organisations, as goal setting, contribution to decision making, and independent feedback lead to improvement in productivity. By combining these three processes, the method of Management by Objectives (MBO) will increase productivity (Rodgers and Hunter, 1991). MBO helps to provide the critical result areas where organisational efforts are needed. A key factor in objective setting is the external environment and atmosphere in which an organisation operates; indeed, any change in the external environment should be evaluated very carefully during the period of objective setting (Drucker and Maciariello, 2008).

The main advantages of the MBO technique include its improved planning, which can be observed once the decision-making process involves charting out realistic plans for accomplishing. In addition, coordination among the superior and subordinate enables individuals at various levels to have a common direction (Prasad, 2013). MBO also results in the clarification of organisational roles and structure. It promotes an integrated view of management and helps cross departmental co-ordination (Wood and Wood, 2005). However, on the contrary, there are also some limitations. There are certain companies that tend to raise the goals which they want individuals to achieve. If these are too high, employees might become frustrated, as was observed during the 2008 financial crisis. For example, the Gulf Finance House and the Unicorn Bank both set a profit growth rate of almost 80% year after year; this made the CEOs take excessive risks, which in turn contributed to the failure of the banks. It should also be noted that appraisals are conducted based on personality traits rather than performance.

Another technique for scoring performance is "Pay for Performance". Schemes such as merit pay or performance-based pay, link employees' base pay or bonuses to their productivity on the job. Such schemes are widely used in the private sector and have been advocated by many scholars who see them as a route to improving the cost effectiveness of the delivery of government services (Breul, 2005). Pay represents by far the most important and contentious element in the employment relationship, and is of equal importance to both employers and the government. While the basic wage or pay is the main component of compensation, other allowances, together with cash and non-cash benefits, impact the level of wage or salary, as employers are more concerned about labour overheads than wage rates (Lucifora, 2015). The objective of this method is to identify the elements that inspire positive motivational behaviour among staff. This, in turn, also helps develop efficient customer service and efficient time management in the organisation (Chaudhary and Sharma, 2012). Most investment banks in the Gulf Cooperation Council (GCC) used this type of incentive for their marketing staff, with the marketing officer receiving a certain percentage of the revenue he/she generated – normally around 0.50% to 2%. This is a common practice in investment banks, where the commission is shared between the head of marketing and the individual marketing officer. The effects on performance depend on the type of scheme applied (individual or group performance) and its design (commissions, rate per piece or group sharing schemes). Individual incentives seem to have the greatest effect, while group scheme incentives are less important. This technique also has some drawbacks attached to it. Indeed, rewards are paid for profits, but no penalty is charged when losses are incurred; as such, pay incentives may have perverse and counterproductive effects (Tohidi, 2011). Another adverse impact of this technique is that performance-related pay may create higher work pressure and psychological stress (Lucifora, 2015).

2.6 Balanced Scorecard software

There are many software companies that have automated the mapping of strategies with the organisation, mission, vision and goals. This automation through the use of a strategic management tool such as the Balanced Scorecard has reduced utilisation of manual resources, reduced the cost of strategy implementation, and enabled us to develop a better understanding of strategy needs and requirements. According to Shen et al. (2016), it is very important to use technology in strategic planning processes and implementation, while automation is key to the success of such a strategy. The automation of the process should provide the leadership with actionable guidance, and the input should generate a real-time action plan (Shen et al., 2016). The best way to monitor the use of strategic management tools is by using software that automate this function. There are many types of software available in the market that automate the Balance Scorecard process; some of these are very advanced, e.g. the IBM and SAP systems, while a few are simple and reliable, such as QuickScore, ClearPoint Strategy, KPI Fire, and Corporater BSC. A summary of vendors that are well known for BSC software can be found in Table-A.

Table - A Software vendors with solutions to support Balanced Sorecard

Company name	***Product name***	***Internet address***	***Founded***	***Country***
BSC Institute	QuickScore	www.balancedscorecard.org	2000	USA
Corporater	Corporater EMP SUIT	www.corporater.com	2000	Norway
Intrafocus	QuickScore	www.intrafocus.com	2011	UK
ESM Software Group	ESM+Strategy	www.executivestrategymanager.com	1999	USA
Perform.Solutions Tech.	ManagePro	www.managepro.com	1998	USA
KPI Fire	KPI Fire	www.kpifire.com	2000	USA
NetEkspert	iPlanner.NET	www.netekspert.com	2006	Estonia
Scopi	Scopi	www.scopi.com.br/en-US.html	2010	Brazil
GIDE International	GIDE Fin. Modelling Suite	www.mygide.uk	2009	UK
Glimpse Live	Glimpse	www.glimpselive.com	2011	USA
Andara software	andara	www.andara.bi	2011	Spain
AKS-Labs	BSC Designer	www.bscdesigner.com	2011	Czech Rep.
SAP	SAP Financials	www.sap.com	1972	Germany
Deltek	Deltek Vision	www.deltek.com	1989	USA
360factors	360factors	www.360factors.com	2012	USA
Fathom Applications	Fathom	www.fathomhq.com	2012	Australia
SIE Services	Integ. Dashboard System	www.sieservices.com	2005	Trin. & Tobago
ServiceFrame	ServiceFrame	www.ServiceFrame.com	2007	Ireland
SoftExpert	SoftExpert CPM Suite	www.softexpert.com	1995	Brazil
Clear Point Strategy	ClearPointStrategy	www.clearpointstrategy.com	2008	USA

Balanced Scorecard Software suppliers (Author – Ameer)

2.7 Dimensions of Strategic management tools in the Financial Sector

Strategic management tools in the modern banking sector focus on addressing the current challenges that Islamic banking faces, including competition, shortage of skilled human resources, capital adequacy, terrorist accusation etc. The present scenario uses strategic management tools to help the Islamic financial institutions apply their strategy – a strategy that should focus on enhancing capital efficiency, reducing cost, and capturing new opportunities (Bentes et al., 2012). Many banks realised the importance of strategic management tools after the financial crisis of 2008. Banks with solid and strong strategic planning and solid management tools also have well defined strategies; indeed, this helped them during the crisis. These strategies, together with the correct management tools, help to support the implementation and measure the outcome of the strategy. Indeed, this has enabled the banks to recover faster than other banks that lacked such tools; for example, Investcorp bank recovered within one year after the 2008 financial crisis, due to its well-defined strategy and very clear strategy management tools that helped to measure the efficiency of its management. In contrast, other banks, such as Bank Muscat International, and Unicorn bank, were still struggling to regain profitability due to the lack of defined and clear strategic management tools to support sustained strategy implementation and control.

Strategic management tools such as the BSC have helped banks to refocus their efforts after the financial crisis and to return to profitability. Indeed, Al-Hamad alluded specifically to banks with well-defined and clear strategies that employ the correct implementation tools to support those strategies. He stated that such banks can tackle a financial crisis and recover faster than the non-active banks (Al-Hamad, 2015).

2.7.1 Enhancing Capital Efficiency

Capital efficiency refers to the relationship between the output generated by a given organisation and the amount of capital invested in operating this organisation (Abrams, 2011). The capital efficiency of banks is determined and measured with the help of a financial ratio. The ratio divides the output of the bank by the total expenditure of the bank during the same period. Regulatory changes within the financial sector have made capital efficiency an imperative requirement (KPMG International, 2012). Thus, banks have been compelled to reshape their activities in order to increase capital efficiency and meet the new capital adequacy requirements.

One of the strategies adopted by banks in order to increase capital efficiency is securitisation of assets (Visalli et al., 2011). Banks are securitising a significant portion of their assets so as they can increase their liquidity and decrease their risk. For example, in 2007, the Gulf Finance House issued Sukuk (Islamic bonds) by scrutinising its investments in the Financial Harbor project. This implies that banks are holding a significant portion of their capital in the form of securities and reserves. Securitisation of assets has enabled banks to increase their liquidity positions (Llewellyn, 1997). Banks are also moving towards consolidating their assets. Evidence implies that there is a noteworthy gap in the efficiency of large scale and small scale banks. As the efficiency ratio indicates, large scale banks demonstrate a high efficiency level. Consequently, many banks are considering the option of mergers and acquisition in order to expand and consolidate their assets. Bahrain witnessed many mergers among Islamic banks after the 2008 financial crisis. For example, the Al-Salam bank merged with the Bahrain Saudi Bank in 2008, and the combined group merged again with Bank Muscat International in 2014. Another example is the recent merger of three Islamic financial institutions: Capivest, Elaf Bank and Capital Management House (Vizcaino, 2013). These combined entities became a new bank, known as the Ebdar bank.

Another approach used by banks to increase their capital efficiency requires these banks to rearrange their product mix in order to enhance their capital adequacy (KPMG International, 2012). Today, banks are moving away from seeking high returns using complex transactions, and are instead focusing on simple and highly standardised products. The banks are moving back to fee-based services such as asset management, clearing services, and custody and transactional banking. Indeed, none of these services require significant investment of capital, but all lead to great revenue income.

In the context of Islamic banks, a study conducted by Abreu and Mendes (2001) concluded that highly capitalised banks surface lower expected bankruptcy costs and hence their profitability is enhanced. Indeed, this demonstrates a positive relationship between capital and profitability in Islamic banks. In another study by Bashir (2001), capital efficiency was measured using the equity to asset ratio; his finding mirrored that of Abreu and Mendes, namely that there exists a positive relation between the two constructs. In contrast, when Athanasoglou et al. (2008) studied the relationship between capital efficiency and profitability of a firm using the same formula employed by Bashir (2001), the results were negative in terms of the relationship between the two variables.

2.7.2 Reducing Cost

The post-crisis era in the banking industry is characterised by low growth rates, increased risks and reduced margins (Visalli et al., 2011). Increased regulations led to high costs, while poor economic environment and diminished trust among consumers led to decreased business. Consequently, banks focused on reducing cost. In Europe, banks put all their energy into simplifying their product portfolio so as to reduce their costs. According to KPMG International (2012), banks in Europe will have to decrease their costs by at least 10% in the next 5 years to realise a 55% cost-to-income ratio. European and American banks initiated cost-cutting programmes; for example, for 2015 JP Morgan aimed to achieve cost cutting of $1.4bln, while Citi bank announced a cost cutting target of $1.1bln for the year 2013 (David, 2013).

Another strategy which banks have resorted to in order to reduce costs is eliminating unproductive assets and geographies, and concentrating on core business areas to improve efficiencies and reduce costs (Henry, 2014). This strategy is in line with recommendations of the grand strategy matrix and the BCG model. Both models recommend that banks employ a divestment strategy for their products, as these products put pressure on the resources of the organisation (Kitching et al., 2009). The organisations remain solvent, with profitable and low cost products that allow for a quick turnaround.

In addition, banks are also using innovation strategies in order to reduce costs (Pennington, 2010). For instance, banks are now leveraging economies of scale and technology in order to minimise cost and enhance their efficiency. Banks re also using innovative technologies such as social media (Instagram, Facebook, etc.) to shift their customers to direct marketing channels and reduce or eliminate transactional costs that are associated with intermediate channels. Innovation is another strategy recommended by the grand strategy model. Indeed, a study conducted by the Kuwait Finance House indicated that Islamic banks are expected to leverage the capabilities of online media and other technological innovations to retain and attract customers who are considered the "digital generation" (Mifc, 2015). Thus, innovation as a strategy will enable the Islamic banks to create substantial numbers of loyal customers. These customers can also be considered as brand ambassadors of the bank, as they will spread positive words about Islamic banks and their functioning (Gotschall, 2015).

Mergers and consolidation of assets is another strategy that banks have resorted to in order to reduce their costs (KPMG International, 2012). Indeed, by enabling the banks to reduce their costs, this strategy has provided the advantage of economies of scale, which allows the banks to improve their efficiency. However, this strategy is only suitable for small banks, as regulators are reluctant to allow mergers between major banks (Hawkins and Mihaljek, 2001). Regulators hold the view that no banks should control a momentous share of the market; in this way, it is possible to protect the market from collapsing in the event of failure. Banks with a high market share are required to fulfil stringent regulatory requirements, including a high capital adequacy ratio to meet the Basel III capital adequacy requirement. Regulators such as the Central Bank of Bahrain have addressed banks that pursue concentrated strategies; indeed, they are against such strategies, as they feel that these strategies can give market power to certain institutions.

Banks are seeking to learn from these experiences in the telecommunication and automobile industry. In the 1990s, regulators steered new players into the telecommunication industry, leading to stiff competition (Visalli et al., 2011). Players within the industry responded by reducing costs and staff by 30-50%. Automobile manufacturers were also able to overcome stiff competition by reducing their costs by 20% (Singleton, 1992).

2.7.3 Enhancing Customers Service

The global financial crisis of 2008 left customers with little confidence in financial institutions (Kirkptrick, 2009). In order to improve performance, banks needed to restore customers' confidence in financial institutions. Consequently, enhancing customer services has been one of the central aims of strategic planning within the financial sector. Banks have been attempting to formulate strategies that will bridge the gap in the delivery of quality services to customers, and reduce costs of operation with the help of innovative technological tools such as good CRM (Customer Relationship Management), and cloud systems (Saini et al., 2011).

The banks have noted that satisfaction of customers is an invaluable asset that provides an organisation with unmatched competitive advantage. The role played by customers should be recognised, as they are the key stakeholders in the banking sector, and are in line with the Balanced Scorecard model (Luka and Frank, 2012). The Balanced Scorecard tool recognises the causal relationship between customer satisfaction and the financial and operational goals of an organisation. In this way, the Balanced Scorecard model enabled the banks to set customer satisfaction goals and ensure that these goals were duly achieved.

Another tool that has been critical in enhancing customer services is Value Chain Analysis (USAID, 2008). Various banks use this model to identify activities within their value chain that can add significant value to customer experiences. Some banks have enhanced their human resource activities, while others have opted to leverage technology in order to enhance customer experiences. Mobile banking and customer relationship management systems are among the technological innovations to have been introduced to enhance customer experience. In a study conducted by Dusuki and Abdullah (2007) it was found that the selection of Islamic banks in Malaysia is based on a combination of Islamic ethics, financial strength and the quality of services offered by each bank. Some of the most important criteria considered by consumers when choosing Islamic banks include the fast and efficient services, the bank's reputation of adhering to Islamic principles, the bank's image, and its confidentially policies (Erol and El-Bdour, 1989). Along similar lines, a research study was conducted to ascertain Jordanian consumers' satisfaction levels. The findings suggested that fast and efficient service is continuously viewed as signifying excellent quality among bank clients who value time, and who assume that a transaction will be executed quickly (Asfour and Haddad, 2014).

2.7.4 Capturing New Opportunities

The financial crisis altered the economic and financial landscape. However, financial institutions cannot afford to sit and engage in blame game. Instead, banks are expected to evaluate and fine-tune their core capabilities in order to outperform the expectations of the prevailing business and market environment (Wallace and Herrick, 2009). Banks have taken various steps to capture new opportunities amidst the challenging economic times.

One of the measures that banks have taken is to review their pricing strategy and tactics in order to adapt to smarter and differentiated segmented pricing (KPMG International, 2012). This has enabled firms to capture and attract new categories of customers while also restoring confidence among traditional customers. Similarly, banks support customer centric innovation. Banks are seeking to tailor their products better than competing firms so as to meet their value propositions (Pennington, 2010). Banks are also aiming to make their services highly relevant and increase their capability to fight off competition from sectors such as the telecommunication and real estate sectors. Banks are bolstering their risk management capabilities to capture new opportunities and restore customer confidence.

Banks are looking to benefit from advancement in the technological environment to create new opportunities (Saini et al., 2011). Financial service providers adopt social media as a platform on which to communicate with customers and manage customer relationships. Banks are also catering to mobile and online banking technologies in order to make financial products highly appealing and convenient for the customers. For example, Khaleeji Commercial Bank (an Islamic retail bank) has recruited a special team charged with optimising social media and marketing. During a discussion with the deputy CEO, he stated that, to attract customers belonging to the new generation, there is a need to recruit people whose level of thinking matches that of the new generation, and who are capable of introducing tools to attract these new customers.

2.8 The Main Features of Islamic banking Strategic management tools

The vision, mission and values of Islamic banking, along with clear priorities, aid in accomplishing the objectives for the next decade; this, in turn, makes it possible for Islamic banking to gain a higher market share. Market share can be increased by introducing advanced technologies that contribute to the field of Islamic banking at national, regional and international financial market level. Values are the beliefs of an individual or group in the institutions; indeed, in some cases this is considered emotional investment (Elhadef, 2014). Islamic banking and finance is based on the belief of fulfilling the teachings of Sharia law and the Holy Quran. Islamic law reflects the commands of God, and this plays a role in regulating and managing various transactions and aspects of a Muslim's life, hence Islamic finance pertains directly to spiritual values and social justice. The development of Islamic banking has aimed to provide the highest benefits to the public and make an optimal contribution to the national economy. Consequently, its development path is always referring to other strategic plans and management tools; as such, the policy in developing Islamic banking is part of, and an activity that supports, the accomplishment of a bigger scale; indeed, this is achieved through strategic planning and implementation in the development process (Wiwit, 2014). As such, a vision and mission statement acts as a future-oriented declaration of the bank's purpose and aspirations. The strategy should flow directly from the vision, as the strategy objective is to achieve the organisation's vision; in light of this, it should also satisfy the bank's mission. The mission and vision statement play three critical roles: they specify that there should be in place strategic management tools that enable management to communicate the purpose of the bank to stakeholders, they inform strategy development, and they also develop the measurable goals and objectives, which helps in gauging the success of the bank's strategy. Some of the challenges and problems related to modern-day Islamic banking include the effects of the current Middle East crisis, the lack of an appropriate strategy, as well as the absence of long-term planning and strategic management tools.

One of the most important missions for Islamic banks is to establish a developed social and economic environment by distributing financial products and services that are in line with the principles of Islam and Sharia (Metawa and Almossawi, 1998). Goals and objectives provide a foundation for measurement. Goals are the outcome statements that define what an organisation is trying to accomplish. The Islamic banking system follows the principles of Islamic Sharia provided by the Holy Quran; indeed, the banks apply these principles in their operation transactions to free themselves from Riba (Gait and Worthington, 2007). The Islamic economic system prohibits the awarding of interest; indeed, all transactions that involve awarding interest also aid in overcoming the drawbacks of interest-based banking from the Islamic economic system (Asif and Anjum, 2012). Without clear objectives, general goals cannot be accomplished; for example, a building cannot be constructed without the foundation pillar. Most importantly, goals and objectives become less useful when they are unrealistic or remain ignored. While Islamic banking will continue to grow, there is a need to develop products and services that are in line with the increasing needs and demands of customers so as to sustain competitiveness in the Islamic banking business (Thambiah et al., 2011).

2.9 The Impact of the Financial Crisis on Islamic Banking Performance

Banks are the property of an economy, as they provide capital for job creation, infrastructure development, innovation and overall prosperity. According to Cogan (2008), banks are the key providers of capital in the world, with a market capitalisation of over US$6tln. Banks also play a critical social role, as they affect the growth of individuals and societies. However, the 2008 global financial crisis, which started in the US in late 2007, impacted, in various ways, banks' operations and the financial performance of many major banks all over the world (Ellaboudy, 2010; Smolo and Mirakhor, 2010; Kassim and Majid, 2010). Consequently, many banks around the world reported financial losses in their reports due to their association with sub-prime mortgages in the US. Others were simply affected by economic recession in their own countries. As a result, the financial crisis raised the public's interest in Islamic banks, since they were thought to be relatively much less affected by the crisis. Various experts and officials from Islamic banks claimed that Islamic banks were either not or less affected by the 2008 financial crisis than their conventional peers due to the nature of Islamic banking, i.e. all financial transactions should be trade-based and asset-linked (Smolo and Mirakhor, 2010; Kassim and Majid, 2010; Ahmed, 2010). There is even debate surrounding whether, had the principles of Islamic banking been followed, the financial crisis could have been prevented (Ahmed, 2009). On the other, hand Kassim and Majid (2010) found mixed evidence regarding the impact of macroeconomic shocks on Islamic and conventional banks in Malaysia. The results, which were based on descriptive statistics, showed that Islamic banks are fairly flexible when faced with financial shocks.

Beck et al. (2010) compared the overall performance of Islamic banks and traditional conventional banks during the recent global financial crisis of 2008. The study suggested that, generally speaking, Islamic banks seem more cost-effective than conventional banks all around the country. On the other hand, conventional banks seem more cost-effective than Islamic banks in some countries. However, non-Islamic banks that function in countries where they have a higher market share than Islamic banks are more cost-effective but less stable. As such, higher liquidity reserves explain the relatively better performance of Islamic banks during the crisis.

In general, and like other GCC banks, banks in Bahrain were directly exposed to scrutiny and had to restructure their financial products (CBB, 2009). Therefore, Bahraini banks were less affected by the recent 2008 financial crisis than other developing economies. The abundance of financial resources in the Kingdom of Bahrain and other Gulf countries, as well as the fast macro intervention action (policies) taken by the Bahraini central bank and government, helped to mitigate the adverse impact of the global financial crisis (Ellaboudy, 2010).

The financial crisis of 2008 caused a significant shift in the global banking sector. The crisis led to a structural switch that saw the power of Western Banks decline and the power of Eastern banks increase (KPMG International, 2012). Apart from this structural change, the 2008 financial crisis introduced various challenges in the financial sector.

2.10 Challenges in the Banking Sector

The 2008 financial and economic crisis left banks around the world grappling with numerous challenges, one of which was the wide array of new regulations (Crotty, 2009). Globally, banks were dealing with changes in frameworks that regulate the banking sector. Indeed, regulators initiated various changes with the goal of tightening regulations and preventing further crises. Regulators seem to have lost trust with the financial system's ability to regulate itself. In Bahrain, the Central Bank of Bahrain's rule book specifically highlights that the bank must create a firewall between investment banking and retail banking. Regulators in various dominions also moved to regulate the size of banks in order to minimise the impact on the economy in case these banks fail. These tighter regulations led to increased operating costs for banks. Indeed, high liquidity and capital requirements hindered the ability of banks to provide affordable products to consumers, especially after the issuance and implementation of the Basel III capital adequacy requirement; the Islamic banking overall liquidity requirement was also affected (Greenlee et al., 2011).

During this period, banks also experienced challenges associated with the economic environment. The global economy has exhibited a declining growth trend over the last four years. Real income within the developed countries has not expanded during the period spanning 2008 to 2013 (UN/DESA, 2015). This trend makes a consumer-led economic recovery very unlikely. The crisis in Europe also hindered the growth of banking services. There were doubts regarding whether the crisis may extend to the United States and send shockwaves through other parts of the world; as such, the banks needed innovative and imaginative approaches to doing things in order to survive in such a shaky and unstable economic environment (Laeven and Valencia, 2008).

Changing customers' perceptions is another challenge that modern banks face. In the aftermath of the 2008 crisis, customers became wary of banks and lost confidence in the banking system. The publicity generated by the 2008 crisis changed consumers' perceptions of banks (Earle, 2009). The reputation of banks among customers declined, and hence these customers had little confidence in the way the banks conducted their business. This loss of trust made it difficult for banks to sell their products. Thus, banks required new approaches to restoring trust among customers and clients. With this goal in mind, there was a need for new financial market product ideas and products that could meet customers' financial needs. According to Zawia, a research website, that the equity market remained weak until 2012, although most of the investment assets are at the mature stage and thus the equity market could improve in the coming few years (Zawya, 2012).

Banks must deal with today's changing technological environment; indeed, many banks have outdated information systems, making it difficult for them to compete against banks that have embraced new technologies (Snykers, 2015). New technologies have enabled competing banks to improve efficiency and quality of services which has, in return, led to a reduction in transaction costs. The change in technologies was rapid and introduced new channels and ways of doing business, thus rendering pre-existing channels obsolete. Similarly, new technologies also eliminated entry barriers within the industry, exposing industry players to increased competition (Pennington, 2010). In light of these challenges, it is not surprising that banks have been establishing strategic planning divisions to formulate and monitor strategic planning processes that will enable the banks to reinvent themselves as excellent service providers. For example, the AlBaraka Group and Bank ABC, which are two of the biggest Islamic financial groups in the region, have created a special division to focus on the development and monitoring of overall strategy.

One major challenge standing in the way of Islamic banks is the unification of the Sharia contract and standards that meet the approval of all Sharia scholars. The AAOIFI (the accounting and Sharia standard regulator) issued many standards for Sharia law and accounting standards, although it has still not reached the stage where these standards are accepted by all Sharia scholars in every country (Ahmed, 2010). For example, of particular note here is the tawarruq, a buying commodity with deferred payment which is immediately sold to a third party at a lower price. Indeed, according to scholar Hanbalites, this is an acceptable transaction, and complies with Sharia principles; however, according to other scholar, it is a non-Sharia compliance transaction as the owner (the bank) never has possession of the goods and therefore it carries a Ruba element (El-Gamal, 2007).

Another major challenge is that Islamic banking has been accused by many European countries of financing terrorist organisations such as Al-Qaida. Indeed, the New York times wrote comments pertaining to a legal case filed in New York courts against the Dar al-Maal al-Islami Trust: "Many other Muslim institutions have been named in the suit, and last month Marianne Pearl, the wife of the slain Wall Street Journal reporter Daniel Pearl, sued Habib Bank, the largest bank in Pakistan, accusing it of providing banking services to charities that supported terrorist organisations. For the prince, his legal difficulties and a growing resentment of United States policies in the Middle East have put a strain on what traditionally has been a robust business relationship" (Thomas, 2007). After September 11, the US and Europe repeatedly stated that Muslim banks based in the Middle East and Africa transfer money to fund terrorism around the world, although Islamic banks denied these allegations (Suder, 2004). Indeed, Islamic banking should address such defaming allegations in its overall strategies, and attract more attention from consumers in an effort to focus on how to overcome such allegations.

2.11 How Crafting and Implementing Strategy Management Tools (BSC) in Islamic Banks might be Different from Conventional Banks

Islamic banks have many similarities to conventional banks, as they are not only religious institutions looking to bridge the gap between depositors and capital seekers (Chachi, 2005). In strategies implementation, the Islamic banks might differ from conventional banks for various reasons; indeed, Islamic banking is a relatively new banking concept (Awan, 2009). Unlike conventional banks, which have existed for centuries, Islamic banks only became popular in the 70s. Thus, while crafting and implementing strategies for Islamic banks, managers must consider that what they are introducing into the market is a relatively new concept. As such, strategies need to focus more on creating awareness and educating consumers on the features of Islamic banking. As highlighted in previous sections, there still remain gross misconceptions concerning Islamic banking. As such, Islamic banks' strategies need to focus on enhancing market readiness for their products. This must be built within the strategy and monitored through the implementation of proper strategic management tools such as BSC to ensure that the objectives and goals of the strategy are achieved.

The process of crafting and implementing strategies in Islamic banks differs from conventional banks the former have different bottom lines (Siraj and Pillai, 2012). The goal of conventional banks is usually to maximise returns for investors. Other stakeholders are often considered as part of the banks' corporate social responsibility. However, in Islamic banking, the bottom line is to empower members of society and promote distribution of wealth within the population (Moin, 2008). Unlike conventional banks, which place emphasis on accumulating wealth for a few investors, Islamic banks focus on distributing this wealth. Thus, strategies and strategy monitoring for Islamic banks must place a great deal of emphasis on distribution of wealth rather than simply maximising returns for shareholders.

Similarly, Islamic banks are guided by different values from those of conventional banks (Hassan and Lewis, 2007). Values are critical features of strategic planning and its management tools. Islamic banks are guided by Islamic values. This means that the banks cannot take part in activities that are considered haram (forbidden), such as charging interest, gambling and financing unethical activities. Thus, Islamic banks need to place these Islamic values at the centre of their strategy formulation and implementation process. Strategies and the corresponding tools are needed to evaluate the constraints presented by these values. For instance, restriction activities that can be financed by Islamic banks lead to limited diversification and concentration of assets. This heightens the risks to which Islamic banks are exposed. Similarly, restriction of payment of interest limits the access of Islamic banks to capital and liquidity management tools such as bonds (Siddiqui, 2008).

There is also a strong element of equity participation in Islamic banking (Toumi et al., 2011). Islamic banks place emphasis on linking their transactions to economic activities rather than just financial activities. They also focus on equity financing rather than loan financing. Unlike conventional banks, Islamic banks act as venture capitalists. Thus, strategies employed by Islamic banks need to focus more on developing technical and risk management skills, as these are vital to equity financing.

Moreover, Islamic banks are faced with heightened competition. Conventional banks have noted the growing popularity of Islamic banks (Awan, 2009), and thus these banks are establishing Islamic windows where they offer Sharia-compliant products; for example, Citibank, HSBC bank, the Arab Banking Corporation, and the Saudi National Commercial Bank have created an Islamic banking window in parallel with their conventional banking core business. This implies that Islamic banks not only have to compete against conventional products but must also compete with Sharia-compliant products offered by conventional banks. This has increased the level of competition within this market niche. In addition, conventional banks are launching sophisticated and innovative products, which are also putting pressure on Islamic banks (Siraj and Pillai, 2012). For example, the Al-Salam Bank, which is a retail Islamic bank in Bahrain, has come up with the Takaful-principle-based credit card. This product emerged as a part of extensive research undertaken by a team of employees working in banks. This credit card provides practical Sharia-compliant solutions to Islamic banks. It has all the features and benefits of a traditional credit card, but is Sharia-compliant. The card is designed in accordance with the Takaful principle, which provides protection, manages the risk of the banks from the client perspective, and provides support to all Al-Salam Bank clients who utilise this service. Banks need to consider this competition when formulating and implementing their strategies. Another product recently launched by the Al-Salam bank in January 2016, is the Islamic option; this can be used to hedge the shares trading.

Islamic banking is a new concept and therefore Islamic banks are faced with the challenge of inadequate Islamic finance talent (Hidayat and Abduh, 2012). The labour market for conventional banking is highly developed and regulated, but this cannot be said for the Islamic banking labour market. Indeed, the Islamic banking concept is relatively new, hence there are limited training institutions that focus on Islamic banking products. The development of the Islamic banking labour market has also been hindered by a lack of standardised views and the interpretation of the Sharia laws that are associated with banking (Hassan and Lewis, 2007). Islamic banks need to consider these elements while formulating and implementing their strategy. Effective ways of attracting, retaining and motivating highly skilled workers are needed. Due to inadequate talent, human resource development can be a significant source of competitive advantage for an Islamic bank.

On top of all the above-mentioned items, modern-day Islamic banks have been accused of financing terrorist groups and Islamic organisations, thus hindering Islamic banking business and activities. As such, when crafting their strategy, Islamic banks must add an important element to their strategy to overcome these new challenges and accusations. Another core pillar of Islamic banking is the Sharia management layer; indeed, the Sharia supervisor board is one of the main components of any banking activities, and therefore it must be taken into consideration when evaluating strategy and the use of strategic management tools. All products and major action pass through the Sharia committee. For example, after the 2008 financial crisis, many banks in Bahrain started to lay off their staff; it was observed that conventional banks laid off their staff faster than Islamic banks due to the objection of the Sharia boards to the Islamic banks' attempts to make redundancies. According to AlManai, 2015, the Sharia board comprises Islamic scholars who focus on Islamic values without understanding business necessities and that is why they are slower in taking fast strategic decisions to reduce the number of bank staff (AlManai, 2015).

2.12 Literature Gaps

Existing literature has sufficiently covered the concept of strategic planning. Indeed, are numerous studies that have explained various strategic planning models and their features (Hopkins and Hopkins, 1997; Arbel and Orgler, 1990; Davis et al., 1986; Flemming, 2014; and Roth, 2015). Similarly, existing literary sources have sufficiently explored the concept of Islamic banking. The literature review process uncovered numerous studies that explain the concept of Islamic banking, and which also explore the performance of Islamic banks. Indeed, a great deal of research has explored the impact of strategic planning on the performance of conventional banks. Boyd (1991) studied the effects of strategic planning on a firm's performance using a longitudinal study, although the effects were unclear to him. Boy made use of meta-analysis to aggregate the results of 29 samples on a total of 2496 organisations. Another particularly relevant study is that by Glaister et al. (2008), who examined the nature of the strategic planning-performance relationship by drawing on data from a sample of Turkish firms. Sample firms for the study were derived from the database of the top 500 largest Turkish manufacturing companies, as well as the database of companies quoted on the Istanbul Stock Exchange. A strong positive correlation was found between formal strategic planning and firm performance; indeed, this was in keeping with the findings from the prescriptive strategic management literature. A number of other studies have also been undertaken, including that by Falshaw et al. (2006), who conducted an empirical study of 113 UK companies' attempts to examine the relationship between formal strategic planning and financial performance in a non-US context. They found no relationship between the formal planning process and subjective company performance. However, there seems to be very little literatures that links strategic planning to the performance of Islamic banks, particularly in Bahrain.

There is a gap in knowledge concerning how strategic management tools (BSC) affect the performance of Islamic banks. It has been noted that there exist fundamental differences between the Islamic banking concept and the conventional banking concept (Hassan and Lewis, 2007). Al-mawali et al. (2010, p. 92) studied non-Islamic banks in the Kingdom of Jordan, with no Islamic banks included; they stated that "Islamic banks to provide supplementary details to understand the relationship between BSC and Financial performance in banking industry".

Consequently, crafting and implementing strategies in Islamic banks may differ from crafting and implementing strategies in conventional banks. Similarly, strategic management tools may have different outcomes in terms of the performance of Islamic banks (Moin, 2008). The intention of this research is to fill this knowledge gap by evaluating the impact of strategic management tools planning on the performance of Islamic banks in Bahrain (using the Balanced Scorecard as an example). The Balanced Scorecard as a strategic management tool has not been well researched among Islamic banks. As such, the researcher aims to analyse the four dimensions of the Balanced Scorecard to gauge the performance of the Islamic banks. In light of this, the present research will overcome the barriers alluded to by Devis and Albright (2004): "Although much has been written extolling the benefits of the BSC, few studies exist that directly assess financial performance benefits associated with the BSC or claims the BSC is superior to other performance measurement systems" (Devis and Albright, 2004, p. 136).

There exist different strategic planning models and strategic management tools (May, 2010). Among these models are the Balanced Scorecard, value chain analysis, the BCG model, the General Electric model, Management by Objective (BMO), the SWOT model, and the grand strategy model, etc. Little knowledge exists concerning whether all of these strategic planning models are applicable to Islamic banking and how they affect the performance of Islamic banks. This research will focus on examining the impact of the Balanced Scorecard strategic planning tool on the performance of Islamic banks in Bahrain. Many executives rely primarily on the Balanced Scorecard for decision-justification, coordination and self-controlling purposes (Wiersma and Jurs, 2009) instead of using it as a holistic strategic planning tool. Indeed, Dechow (2012) suggested that the Balanced Scorecard should be studied in reference to its effects on performance specifically rather than in general. He raised the question of "In practice, do corporations really want to balance their performance measurements, or do they simply use new language to refer to their use of multi-dimensional performance measurements?" With this, he indirectly suggested that there should be an additional investigation into the effect of the Balance Scorecard on performance (Dechow, 2012, p. 522). Laitinen and Chong (2006) raised the same concern, albeit in a different way: "there seems to be lack of empirical research on the shifts of strategies and their effects on performance measurement in the framework of the BSC. The tension between profit and revenue maximization would also be an interesting topic for further empirical studies" (Laitinen and Chong, 2006, p. 62).

The Balanced Scorecard strategic planning tool places emphasis on incorporating a number of elements into the planning process. One of these elements is defining the mission and vision of the organisation, which is an integral part of measuring banks' financial performance (Ronchetti, 2006). Various authors have suggested that defining a mission and a vision gives the organisation a sense of purpose and direction. However, there is a knowledge gap concerning the formulation of vision and mission, and their impact on the performance of Islamic banks. One of the specific objectives of this research is to evaluate how defining a vision and a mission affects the performance of Islamic banks.

The Balanced Scorecard also emphasises the need to formulate strategic goals and objectives during the planning process (Kaplan and Norton, 2008). The literature has explained that goals provide a connection between the organisation's vision and mission. Indeed, certain scholars have stipulated approaches for realising the organisation's vision (Olsen and Olsen, 2010). On the other hand, objectives state these approaches in quantifiable terms, thus making it possible for managers to measure performance. There is also a gap in knowledge concerning how the formulation of strategic goals and objectives affects the performance of Islamic banks. The second specific objective of this undertaking is to examine the effects of setting strategic goals and objectives on the performance of Islamic banks.

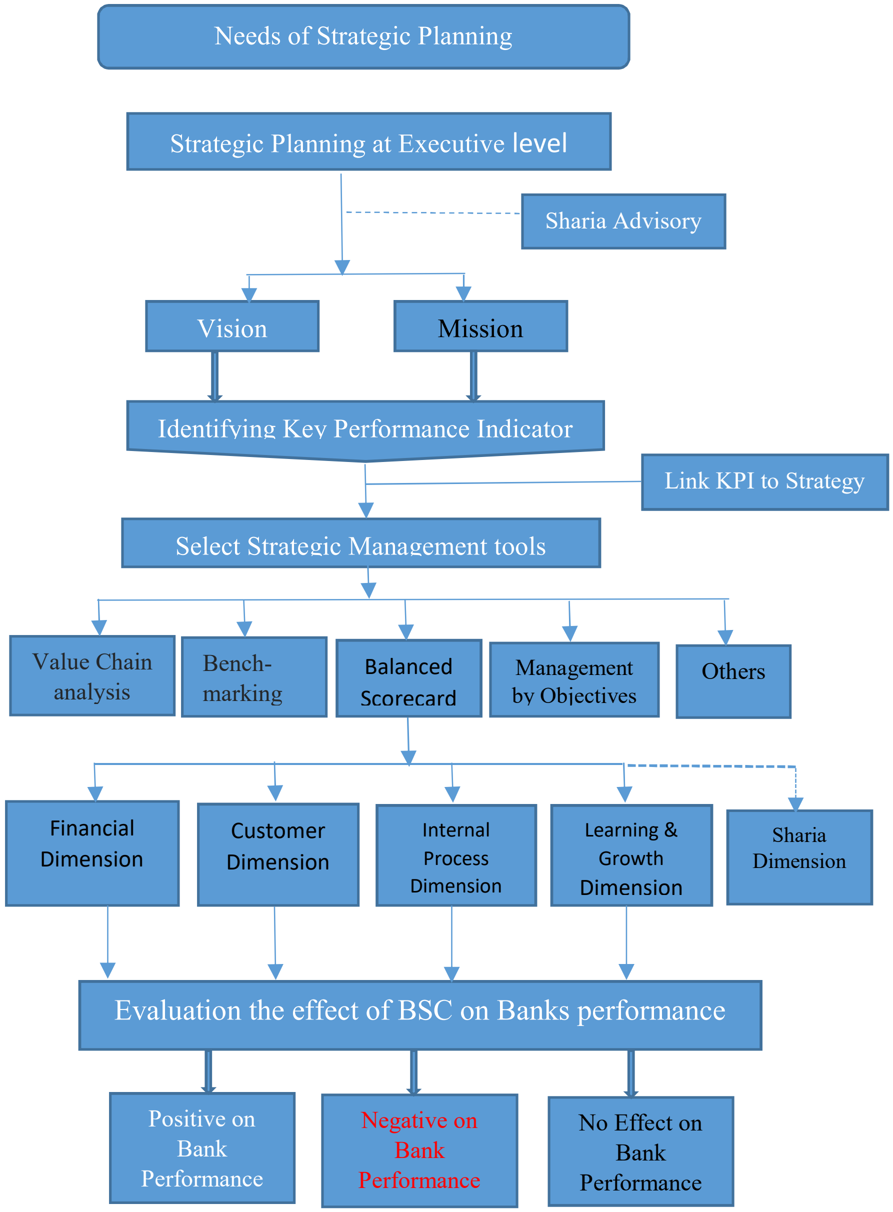
It has also been noted that mission and vision are not meaningful to organisations if they are not shared across said organisations (May, 2010). As such, it is critical for managers to communicate their mission and vision across the organisation. This will enable the employees to become familiar with, and own, this vision and establish a link between their work and the vision of the organisation (Olsen and Olsen, 2010). Existing literature has not explored the effect of communicating vision and mission on the performance of Islamic banks. Indeed, the third research objective is to investigate this effect.

The strategic planning process seeks to establish an appropriate strategy for realising the company's vision and ensuring that this strategy is successfully implemented (Steiner, 2008). Even if a company formulates the best possible strategy, failure during the implementation stage leads to overall failure of the strategic planning process. The Balanced Scorecard emphasises the importance of feedback in ensuring that strategies are implemented effectively (Kaplan and Norton, 2008). The tool establishes metrics for evaluating the implementation of strategies. There is little consolidated information concerning how the strategy implementation process and feedback affect the performance of Islamic banks. As such, the final research objective is to investigate this relationship.

2.13 Conceptual Framework of the Research

The conceptual framework of the research is the system of concepts, assumptions, expectations, beliefs, and theories that supports and visualises the research; indeed, this is a key part of the present study's research design (Robson, 2007). Miles and Huberman (1994) defined a conceptual framework as a visual or written product, one that "explains, either graphically or in narrative form, the main things to be studied—the key factors, concepts, or variables—and the presumed relationships among them" (p. 18). Figure 5 depicts a detailed version of the conceptual framework used in this research so as to provide a clear understanding of the study.

Figure 5: The Research Conceptual Framework



Conceptual Framework, from Author

As the conceptual framework indicates, the current study employs four independent variables and one dependent variable. Independent variables are factors which, when changed, cause changes in the dependent variables (Schindler and Cooper, 2013). Independent variables in the current study include the variables of strategic planning, mission and vision, strategic goals and objectives, communication of vision and mission, and the strategy management tools of implementation and feedback. The construct for measuring these variables is not complicated. The moderating variable is the Balanced Scorecard technique, which is implemented to measure the impact of the independent variables on the dependent variable in either the presence or absence of the mediating variable. Mission and vision will be measured by examining whether the Islamic banking organisations have a vision and mission statement. The strategic goal and objective variable will be measured by examining whether the Islamic banking organisations have formalised strategic goals and objectives. Communication of mission and vision will be measured by evaluating whether employees of the Islamic banking organisations are aware of their companies' vision and mission. This variable will also be measured by examining whether employees can link the vision and mission of the organisation with work responsibilities. The strategy implementation and feedback variable will be measured by evaluating whether the organisations have a strategic management tools mechanism for implementing the strategic goal and measuring performance.

Dependent variables refer to factors within the study that are affected by changes in the independent variables (Schindler and Cooper, 2013). In the current study, organisational performance is the only dependent variable. As pointed out by Richard et al. (2009), Rogers and Wright (2008) and March and Sutton (1997), performance as an independent variable is difficult to measure and operationalise. This is because the concept of performance is vaguely and loosely defined. In the current study, the performance variable will be measured using various constructs.

One of these constructs is profitability. The bottom line for financial institutions is to make profits (Bashir, 2007). Thus, so as to evaluate the performance of Islamic banks, it is important for the researcher to evaluate the profitability of the company. The profitability construct goes hand in hand with cost effectiveness. Cost effectiveness generally compares the outcome realised by the organisation and the inputs made in the organisation. Another construct that will be used to measure performance is impact. As pointed out by March and Sutton (1997), organisations are instruments of purpose. Islamic banks have been established to support the Islamic economy and to distribute wealth in society (Hassan and Lewis, 2007). As such, it is important to measure whether this impact has been realised.

As argued by Rogers and Wrights (2008), performance should not be measured according to the financial perspective only; indeed, other constructs should also be taken into consideration. In light of this, the current study should also consider non-financial constructs. One of these non-financial constructs is innovation and learning. With regards this construct, the study will evaluate issues such as the number of products, participation and motivation, training, compensation, and employee satisfaction. The study will also use the customer satisfaction construct. This construct entails examining the number of customers, growth and market share.

The researcher will also consider the effects of the moderating variable in this study. Here, the moderating variable establishes a correlation between the independent and dependent variables. The presence of a moderating variable strengthens the relation between the independent and dependent variables. In this study, the Balanced Scorecard is the moderating variable, whose correlation with the independent and dependent variables will be established to measure organisational performance. The Balanced Scorecard (Kaplan, 2010) has four pillars, namely financial performance, customer perspective, internal control and learning and growth. Thus, the framework aims to study the strategic management tool elements when the Balanced Scorecard technique is implemented to enhance organisational performance. The researcher will measure whether the Balanced Scorecard helps in improving, diminishing, or has no impact on organisational performance.

2.14 Summary

This chapter has outlined basic economic facts about Bahrain, examined the importance of Islamic banks, and presented a general overview of strategic planning.

The main part of this chapter has discussed the importance and role of strategic management tools, as well as the types of such tools that are available in research. This chapter has also put forth a detailed discussion of the benefits of these tools, their implementation scope, and criticism of their limitations. It is obvious from the available literature that the Balanced Scorecard tool is the most beneficial, and is widely used in organisations including banks. Furthermore, this part has also discussed the application of BSC in Islamic banks in Bahrain, based on available research. It is apparent that there exists minimal research in this area, and therefore it is the core aim of the present study to fill this literature gap.

CHAPTER 3

METHODS AND METHODOLOGY

This chapter details the research methodology used in the present study. The objective of this chapter is to explore the exhaustive method that have been implemented to carry out the research work. The research methodology elaborates on the research approach adopted in this research, following which there is an investigation of the comprehensive research framework. The research methods comprise the research design, as well as the sampling and data gathering methods involved in the study. Furthermore, the chapter will also seek to address the ethical considerations which were borne in mind while gathering the data for the research. Indeed, this chapter will thoroughly elaborate on all the research techniques adopted in this study.

The previous chapter presented a detailed discussion of strategic planning in general and the strategic management tools that are available to management which can be used to help in strategy implementation and monitoring. The literature review revealed that the most suitable strategic management tool to be used in the banking sector in general and for Islamic banking specifically, is the Balanced Scorecard tool. In light of this, the present chapter will present a detailed discussion of the research flow and how the data will be gathered and analysed.

3.1 Design

Scientific studies need a systematic plan for collecting and analysing data. This is referred to as the research design. Research designs can be classified into exploratory, descriptive, and cause-effect/ explanatory research design (Salkind, 2010). The current study will make use of the descriptive research design. This type of research design is most suitable for the current study since the intent of the study is to examine the impact of strategic management tools on the performance of Islamic banks (Bryman and Bell, 2011). In addition, the descriptive research is pre-planned and structured, meaning that the information gathered can be statistically analysed and generalised to a population. This type of research is methodological in testing the hypotheses of a study. The purpose of this research design is to describe a behaviour or type of subject. Indeed, descriptive research allows the researcher to measure the significance of results for the overall population being studied (in this research Islamic banks). Thus, the descriptive research design adopted in this study helps to define opinions, attitudes, or behaviour exhibited by a group of people on a given subject in the best possible manner.

The descriptive research concept includes several research designs. These designs are experimental, quasi-experimental, and non-experimental (Creswell, 2013). Experimental and quasi-experimental designs entail manipulating the independent variables so as to scrutinise their effect on the dependent variables. These are the best designs for evaluating the cause-effect relationship (Cooper and Schindler, 2013). However, this study will not utilize these designs because the researcher has no control over any variables, such as the independent variables; as such, there is no way to manipulate these variable. Thus, the present study will utilise non-experimental research designs.

Non-experimental research includes retrospective, longitudinal, and cross-sectional designs (Bryman and Bell, 2011). The retrospective research design entails examining the past through techniques such as case study reviews. The longitudinal design includes collecting data from members of the population more than once over a period of time. The cross-sectional design involves correcting data from the population or a subset of the population at a single point in time. The current study will make use of the cross-sectional research design. This design is most appropriate for the current study as it responds to the study's time frame; indeed, in the present study, the researcher is constrained because of the available resources, and particularly the time limitations (Salkind, 2010). The cross-sectional design is in stark contrast with the longitudinal design, which requires additional time and resource as it entails collecting data several times. The cross-sectional design also enables the researcher to collect real-time data, unlike the retrospective design, the latter of which entails the use of historical information (Hess, 2004).

In principal, the research aims to describe the suitability of the Balanced Scorecard and its relationship with Islamic banking performance. This is mainly a descriptive approach, although due to the fact that this is a new research topic, as discussed in the literature review, the outcome of the research may involve the utilisation of the exploratory research approach. This means there is a high probability that, during the data gathering phase, a new dimension of Islamic Banking performance may be discovered, and may be part of the ground BSC model. This is essentially true when considering the cross-sectional design and the usage of qualitative methods in data gathering and analysis.

In summary, the main research design adopted by the researcher for the purpose of this study is the descriptive research design. However, exploratory research methods may also be used, including a retrospective study of the literature, and the gathering of cross-sectional data.

3.2 Sampling and Scope

There are many Islamic banks operating in the Middle East and other parts of the world (Awan, 2009). With this said however, the current research will only concentrate on Islamic banks that operate in the Kingdom of Bahrain; this is because, in the Middle East, Bahrain is considered the hub of Islamic Banking, and is the most developed country in terms of Islamic finance structure within the Gulf region (Wilson, 2009). In addition, the research is constrained by time and limited financial resources. The Central Bank of Bahrain promotes the country as an international centre for Islamic finance. In order to live up to this image, the Central Bank of Bahrain, through its strong and mature regulatory framework, has opened up the country's market to local and international Islamic financial institutions to operate within the Kingdom of Bahrain. This research will select the Balanced Scorecard tool from the numerous potential strategic management tools, as it is the most common tool used in banking industries due to its wide coverage of elements that affect banks' performance. This study will also concentrate on assessing the impact of implementing the Balanced Scorecard strategic management tool on the performance of Islamic banks.

A sample of 15 Islamic banks and related organisations, including regulatory bodies, will be selected for the purpose of executing the study. In Bahrain, there are a total of 24 Islamic banks, and 2 regulatory bodies (i.e. the central bank of Bahrain and the Accounting and Auditing Organization for Islamic Financial Institutions - AAOIFI). When the researcher actually began the field study, not all the banks were willing to participate in this research, and thus only a sample of 15 banks could be interviewed (no. of banks that are willing to participate in this research). These banks showed no reluctance in giving interviews, and the employees provided the researcher with meaningful insights for the purpose of this research.

Indeed, out of 24, only 65% of Bahrain's Islamic banks participated in the study. The banks were selected using convenience sampling methods. Obtaining a sufficient sample size enhanced the external validity of the study. External validity refers to the extent to which results obtained in a sample can be generalised to the entire population (Cooper and Schindler, 2013).

However, the selected banks had to fulfil a few inclusion criteria. The first criterion was willingness to participate in the study. The second criterion was that the banks had to have a capitalisation of US$100mn or above. The second criterion is linked to the fact that banks with good capitalisation will have standardised practices set in place in their operations. The researcher assumed that such banks would be following these practices using strategic management tools such as the Balanced Scorecard, and that measuring their performance would thus be possible for the purpose of the research. This move was meant to control the confounding variable of bank size. As pointed out by Toumi et al. (2011) the size of the bank has an impact on performance indicators such as profitability, performance and efficiency. The aforementioned inclusion criteria were included to control this variable. As described in the gathering techniques section, those persons deemed fit for interview were selected from each of the 15 banks based on convenience sampling, with a minimum target of at least 1 interviewee from each bank.

3.3 Research Paradigm

In general, paradigm refers to a framework or underlying beliefs that guide a person's way of thinking and interpreting items within his/her environment (Gokturk, 2010). It constitutes a set of practices, assumptions, values and concepts that influence a person's way of viewing reality. The term paradigm is also applied in research. A research paradigm refers to a comprehensive framework, world view, or belief system that directs research work (Willis, 2007). A core issue for researchers is not choosing the research method but acknowledging the research paradigms associated with the research method. There are three main research paradigms: positivism; realism and interpretivism. The current research was founded on a mix paradigms positivism and interpretivism paradigm. According to Neuman (2009), positivism focuses on the development of hypotheses from existing theory and makes empirical observations of individual behaviour in order to confirm or disprove those hypotheses. However, Easterby-Smith et al. (2012) posited that social constructionism or interpretivism places an emphasis on investigating and describing the reality of why people have different experiences and perceptions, rather than searching for external causes and fundamental laws to explain their behaviour. Understanding paradigm or philosophical issues can assist in roughly determining the research approach and type of data required to answer the research problem. There are two main research approaches, namely qualitative and quantitative. According to Creswell, (2013), a qualitative research approach focuses on exploring and understanding the meaning that individuals or groups attribute to a social or human problem. This understanding is achieved through capturing and analysing tactual data from a few selected cases; indeed, this approach has been associated with the social constructionism tradition. On the other hand, according to Mitchell and Bernauer (1998), quantitative research pays more attention to conceptualising, measuring and analysing information from the real world by means of numerical data that represents explicitly defined variables. Quantitative research is also associated with positivism because it utilises statistical procedures to compare and analyse a sufficient number of observations, the results of which can be generalised to a larger population. Table 2 below illustrates the differences between these two approaches.

Advantages of the positivism philosophy include the rapid rate at which the research is conducted, and its coverage of a wide range of situations. However, disadvantages of positivism include lack of effectiveness in generating theories, and ineffectiveness when it comes to analysing various processes and qualitative data. Interpretivism studies, on the other hand, focus on experiences, events and occurrences with disregard or minimum regard for the external and physical reality. Advantages associated with phenomenology include better understanding of meanings attached by people, and its contribution to the development of new theories. Its disadvantages include difficulties with analysis and interpretation, usually lower levels of validity and reliability compared with positivism, and more time and other resources required for data collection.

The research paradigm and philosophy are important in setting the guidelines and principles of a research study. Saunders et al. (2009) defined the research paradigm as a way of examining social phenomena so as to gain a comprehensive understandings of these phenomena and attempt to present explanations for them. Collis and Hussey (2013) stated that the research paradigm is a process that involves investigating the progress of scientific practice based on people's philosophies and assumptions regarding the world and the nature of knowledge.

Table 2: Broad definitions/explanations of positivism, interpretivism, ontology, epistemology and methodology

	Positivist	**Interpretivist**
Ontology		
Nature of 'being'/ nature of the world Reality	Has direct access to real world Single external reality	No direct access to real world No single external reality
Epistemology		
Grounds of knowledge/ relationship between reality and research	Possible to obtain hard, secure objective knowledge Research focuses on generalisation and abstraction Thought governed by hypotheses and stated theories	Understood through 'perceived' knowledge Research focuses on the specific and concrete Seeking to understand a specific context
Methodology		
Focus of research Role of the researcher Techniques used by researcher	Concentrates on description and explanation Detached, external observer Clear distinction between reason and feeling Aims to discover external reality rather than creating the object of study Strives to use rational, consistent, verbal, logical approaches Seeks to maintain clear distinction between facts and value judgments Distinguishes between science and personal experience Formalised statistical and mathematical methods predominant	Concentrates on understanding and interpretation Researchers want to experience what they are studying Allows feeling and reason to govern actions Partially creates what is studied, the meaning of phenomena Places importance on pre-understanding Distinction between facts and value judgments less clear Accepts influence from both science and personal experience Primarily non-quantitative

Source: (Carson et al., 2001, p. 6), Qualitative Marketing Research, Sage, London

Smith (1998b) identified three reasons why the research philosophy is important. First, the research philosophy helps the researcher to refine and specify the research methods to be used in a study. Consequently, it serves to determine the research strategy. Johnson and Clark (2006) claimed that business and management researchers need to be aware of the philosophical commitments that they make through their choice of research strategy, since this has significant impacts not only on what they do, but also on what they understand. Second, understanding the research philosophy enables and helps the researcher to evaluate different methodologies and avoid inappropriate use and unnecessary work by identifying the limitations of particular approaches at an early stage. Third, it helps the researcher to be creative and innovative in selecting a new approach that may have been excluded by other researchers. Saunders et al. (2009) argued that the research philosophy adopted contains important assumptions about the way in which the researcher views the world. In the light of this discussion, two major ways of thinking about research philosophy are explained. These are ontology and epistemology.

Ontology is concerned with the nature of reality and the assumptions that the researchers have about the way the world operates and their commitment to particular views. Ontology serves across two main aspects: objectivism and subjectivism. Objectivism portrays the position that, in reality, social entities exist outside of social actors concerned with their existence. Subjectivism, on the other hand, holds that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence (Saunders et al., 2009).

Epistemology is concerned with what constitutes acceptable knowledge in a field of study. Epistemology answers questions about the relationship between the researcher and what he/she knows. For example, "how do we know what we know?" and "what counts as knowledge?" In addition, epistemology distinguishes true (adequate) knowledge from false (inadequate) knowledge. Bryman (2016) explained that the critical epistemological debate in terms of conducting social science research is whether or not the social world can be studied according to the same principles as the natural sciences. There are three broad epistemological positions: positivism, realism, and interpretivism or constructivism.

Positivists think that the purpose of research is to produce scientific explanations. Neuman (2009) put forth the notion that positivists see social science as an organised method for combining deductive logic with precise empirical observations of individual behaviour. This is done in order to discover and confirm a set of probabilistic causal laws that can be applied to predict general patterns of human activity.

Realism is similar to positivism in that it assumes that a scientific approach is the best way to develop knowledge (Saunders et al., 2009). Realists believe that the social world of business phenomenon exists as an objective truth independent of the human mind. Thus, the philosophy of realism holds that there is a reality quite independent of the researcher's mind. Bhaskar (1998) argued that researchers are only able to understand what is going on in the social world. Understanding the social structures is crucial to constructing and deconstructing social phenomena. In other words, what we see is only part of the bigger picture.

Interpretivism claims that the social world of business is far too complex to lend itself to theorising by definite 'laws' in the same way as the physical sciences do. Interpretivists feel that the theoretical framework, in most qualitative research, sees the world as constructed, interpreted, and experienced by people in their interactions with each other and with wider social systems (Maxwell, 2013).

The interaction between the research methodology and the research philosophy serves to clarify the research strategy. By doing this, ontology and epistemology set the guidelines that show how research is to be conducted (Sarantakos, 2013). The positivist research paradigm applies quantitative methods, such as survey. The realist/objectivist ontology and empiricist epistemology – both of which fall under the positivist approach – require a research methodology that is objective or detached from the researcher's perceptions (Sarantakos, 2013; Marczyk et al., 2005). The data collection tools focus on gathering data in the form of numbers to enable evidence to be presented in quantitative form (Neuman, 2009; Sarantakos, 2013).

On the other hand, the qualitative methodology is supported by interpretivist epistemology and constructionist ontology. This assumes that meaning is embedded in the participants' experiences and that this meaning is mediated through the researcher's own perceptions (Merriam, 1998). Researchers use the qualitative methodology, whereby they engage themselves in a culture or group by observing its people and their interactions. Researchers often participate in activities, interview key people, construct case studies, and analyse existing documents. The qualitative researcher's goal is to obtain an insider's view of the group under study. Indeed, using the quantitative approach alongside the qualitative approach will increase reliability, validity and generalisability of the findings (Newman et al., 2003).

The current study used a mixed paradigm: positivism and interpretivism. Indeed, it also utilised a mix of quantitative and qualitative methods. The use of well-established strategic management tools such as the BSC has been tested and implemented. Indeed, these tools have been heavily researched in terms of their effectiveness in performance management within organisations, including the banking sector. The researcher has confirmed this fact (ontology) in the literature review. As such, in order to achieve the aim of this research, the positivism approach was employed, as only the dimensions are limited to BSC, while data gathering and analysis are based on high independent historically quantitative methods. In this case, the intervention of the researcher's interpretation will be negligible or minor. However, the research design is based on cross-sectional and interview fact finding. This will entail a great deal of interpretation of the responses using the BSC model. Furthermore, the researcher has almost 30 years' knowledge and experience in Islamic banking, and was used to confirm the reliability of the responses. All of these factors mean that this part of the research is considered under the umbrella of interpretivism; indeed, this assumes that meaning is embedded in the participants' experiences and that this meaning is mediated through the researcher's own perceptions (Merriam, 1998).

The researcher used a mix method, comprising positivism and interpretivism, as the researcher believed that there are many studies that have examined the relation between using strategic management tools such as the Balanced Scorecard and organisations' performance, and many theories built on this type of research. However, the researcher was also of the opinion that no studies have been conducted to investigate the link between strategic management tools and Islamic banks' performance. The researcher used all of the data gathered during the interviews, such as the questions answered, body language exhibited by the interviewee, gestures, comments, documents, and notes provided by the interviewees. The researcher also tried his best to analyse the data available to him by utilising his vast experience in the banking sector; indeed, for more than 30 years, the researcher worked as a senior executive involved in the execution and implementation of strategies used to interpret data.

3.4 Research Approach

In order to increase the validity of this research, it is important to illustrate the research approach that was employed to achieve the goals of the study (Cresswell, 2013). Two broad research approaches were applied: quantitative and qualitative. There are fundamental differences between these two approaches. One of the factors that differentiates quantitative and qualitative studies is the process used to arrive at the conclusion. Quantitative research uses deductive reasoning, while qualitative research uses inductive reasoning (Bryman and Bell, 2011). With regard to deductive reasoning, the researchers begin with general theories about a given phenomenon and move towards formulating a specific conclusion. Quantitative researchers begin with general theory that is used to develop hypotheses, following which data is collected in order to test said hypothesis. On the other hand, inductive reasoning begins with a narrow perspective on a given phenomenon and moves towards developing generalized theories. Qualitative researchers begin with an observation/collection of data, which is used to build patterns and eventually leads to the development of theories. According to Schindler and Cooper (2013), theory precedes observation in quantitative research, whereas in qualitative research observation precedes theory.

Quantitative and qualitative research approaches can also be differentiated in terms of the methods used to collect data. Quantitative studies use structured tools to collect data, such as standardized questionnaires (Allwood, 2011). On the other hand, qualitative studies use unstructured methods of collecting data such as observation and interviews. Quantitative studies are also different in terms of their purpose. Quantitative methods are generally used to test hypotheses or describe phenomena (Bernard, 2000). Qualitative research usually explores phenomena and develops theories.

Quantitative research focuses on collecting data that is quantifiable in order to facilitate the use of statistical tools during the analysis stage (Bryman and Bell, 2011). Qualitative studies focus on collecting unquantifiable data, and hence data is analysed using qualitative techniques. However, it is possible to use qualitative techniques to analyse quantitative data and vice versa. Similarly, the data collected in quantitative research is hard and objective, while the data collected in qualitative research is soft, deep, and subjective. In qualitative research, the researcher becomes involved in the research process, thus reducing the objectivity of the process (Bernard, 2000).

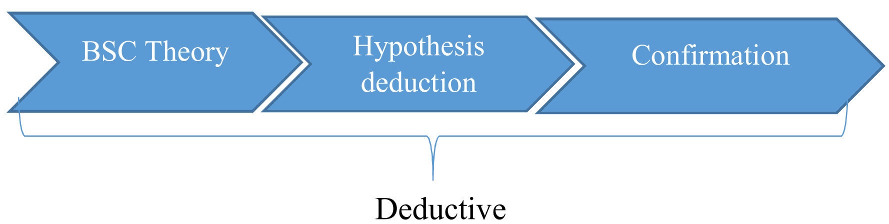
There are six common qualitative designs that are used to conduct qualitative research: phenomenological, case study, ethnographic, historical, grounded theory and action research. Phenomenological studies examine human experiences through the explanations delivered by the people involved in the study. These experiences are called *lived experiences*. The main goal of phenomenological research is to analyse the perceptions of people who have experiences with particular phenomena. This type of research studies fields in which there is little information or knowledge (Donalek, 2004). Ethnographic studies consist of the collection and analysis of data related to cultural groups. In ethnographic research, the researcher generally lives with the group under the study and becomes a part of their culture. Furthermore, grounded theory studies are studies in which data is gathered and studied, following which a theory is developed that is stranded in the data. Historical research seeks not only to discover the incidents of the past, but also to link these past events or happenings to the present and to the future.

Action research is a type of qualitative research that requires action to advance practice and study the effects of the action that was taken (Streubert and Carpenter, 2010). Solutions are sought to practical problems in one particular place, such as a hospital or healthcare setting. There is no goal of trying to generalise the findings of the study, as is the case in quantitative research studies. In action research, the implementation of clarifications is a real component of the research process. There is no gap in implementation of the solutions. Further, this research entails a special method i.e. participatory action research (PAR), wherein there exists collaboration between the study group participants and the researcher during every step of the study.

The Balanced Scorecard is a very well-established tool; indeed, according to Giannnopoulos et al. (2013), the BSC has been applied to almost all industry sectors and industry sizes, from manufacturing to service industries; it has also been applied to both large and small organisations, in the public and the private sector. Moreover, the BSC as a strategic management tool for measuring performance is implemented and tested by many industries.

Martinsonn et al. (1999) found that many organisations have used the BSC as a strategic management tool to measure organisational performance; he concluded that it is a very useful tool with which to take such measurements. Given that Islamic banking is a new concept, no previously conducted studies have tested the effects of tools such as the BSC on banks' performance. As such, the researcher wished to test these effects using a specific hypothesis.

Figure 6: process of testing the hypotheses



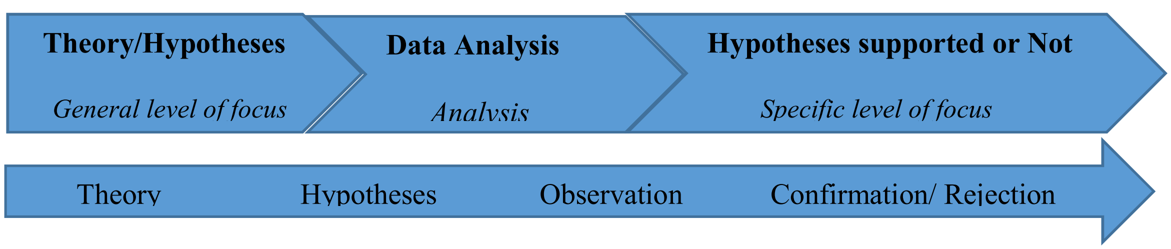
In this study, the researcher adopted a mixed research approach, involving both inductive and deductive methods; this was due to the fact that the participants being studied work for Islamic banks. They are constantly living the experience of applying the strategic management tools, and thus could make better contributions when the researcher took notes on their experiences using in-depth interviews (Davidson, 2007). Moreover, little academic attention has been paid to this aspect of Islamic banks, and hence the perceptions of people can be well researched using this method of qualitative study.

3.5.1 Inductive versus deductive

Determining a research philosophy not only facilitates the research strategy but also helps in either building a theory or testing hypotheses. The clearer researchers are about the theory, the more they are able to distinguish between deduction and induction. With regards the deductive approach, researchers develop a theory and hypothesis (Veera et al., 2008).

Following this, they design a research strategy to test the hypothesis. On the contrary, when it comes to the inductive approach, researchers collect data and develop a theory as a result of their data analysis. Veera et al. (2008) defined the deductive approach as a study in which a conceptual and theoretical structure is developed and then tested by means of empirical observation. Consequently, particular instances are deduced from general inferences. Indeed, as shown in Figure 7, the deductive approach moves from the general, to the particular. This involves collecting specific data on the variables that the theories have identified as being important. Following this, hypotheses are developed from the theory, before the researchers then express the hypotheses in operational terms (indicating exactly how the concepts or variables are to be measured). Finally, testing and examination of the hypotheses either leads to confirmation of the theory or indicates the need for its modification.

Figure 7 Deductive Research

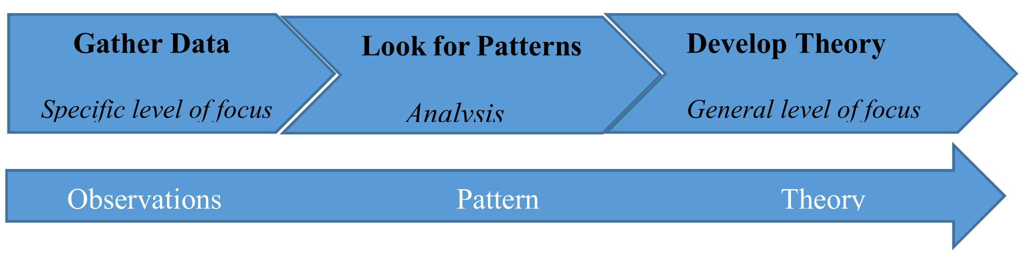


Source: Author

Robson (2002) listed three characteristics associated with the deductive approach. First, the variables are controlled, which allows for the testing of hypotheses. Second, the conceptual framework and the concepts are operationalised in a way that enables facts to be measured quantitatively. Finally, the outcomes can be generalised since the data is collected from a relatively sufficient sample. However, opponents of the deductive approach have argued that because of its tendency to construct a rigid methodology, it does not permit alternative explanations of the true situation (Robson, 2002).

Saunders et al. (2009) and Robson (2002) defined inductive studies as those in which theory is developed from the observation of empirical reality. Consequently, general inferences are induced from particular instances. This is the reverse of the deductive method. Research using an inductive approach is likely to be particularly concerned with the context in which such events are taking place. Easterby-Smith et al. (2012) suggested that the characteristics of the inductive approach (Figure 8) are more likely to work with qualitative data and that a variety of methods should be used to collect this data in order to establish different views of the phenomena.

Figure 8 Inductive Research



Source: Author

In summary, the deductive approach applies general rules to make conclusions about specific cases, while the inductive approach observes patterns in specific cases to infer conclusions about general rules. Table 3 gives examples of these approaches, while Table 4 below illustrates the main differences between the two approaches:

Table 3 The main difference between the deductive and inductive approach

Deductive Approach	Inductive Approach
Principal based on science. Movement takes place from theory to data. Causal relationship between variables needs to be explained. Quantitative type data is mainly collected. The approach is highly structured. Measures of control are applied in order to ensure the validity of data. Researcher is independent from the research process. Sufficiently sized samples need to be selected in order to be able to generalise the conclusions. It does not provide any new knowledge. It is a downward process of thought and leads to useful results. It is a method of verification. It is the method of instruction. It encourages dependence on other sources. Children receive ready-made information and make use of it. There is less scope of activity in it. It is a quick process.	The aim is to explore the human meanings attached to events. Research context is more deeply understood. Qualitative type data is collected. More flexible approach to research structure to ensure provision for changes during the research. Researcher is perceived as being part of the research process. Research findings do not have to be generalised. It provides new knowledge. It is an upward process of thought and leads to principles. It is a method of discovery. It is a method of teaching. It trains the mind and gives self-confidence and initiative. Children acquire first-hand knowledge and information through actual observation. It is full of activity. It is a slow process.

Source: the author

Table 4 Examples of Deductive and Inductive approach

Deductive Approach	Inductive approach
Examples	
All students are clever. Hassan is a student. Therefore, Hassan is clever.	Mayan, Aalia and Hassan are all clever. They are students. Therefore, all students are cleaver.
All teachers are nice. Ms. Mary is a teacher. Therefore, Ms. Mary is nice.	Ms. Mary, Mrs. Rob, and Mr. Steve are teachers. They are all nice. Therefore, all teachers are nice.
All birds can fly. A parrot is a bird. Therefore, parrots can fly.	Eagles, doves, and parrots are birds. They can all fly. Therefore, all birds can fly.

Source: Author

As highlight above, this study adopted a mixed method of research that involved both qualitative and quantitative research approaches. The researcher settled on this research approach because the intent of this study was to test and explain the cause-effect relationship between strategic management tools (BSC) and the performance of Islamic banks. Quantitative research is the most effective approach when it comes to testing and exploring cause-effect relationships, because it uses inductive reasoning (Cresswell, 2013). In the present study, the researcher used inductive reasoning to come up with hypotheses and endeavoured to employ the BSC model to test these hypotheses.

3.4 Research methodologies: Qualitative and Quantitative

In social science research, and for many years, the qualitative and quantitative methods are the two main approaches to have been applied. Over the last couple of decades, researchers have begun combining the two methodologies to seek a better and more in-depth understanding of different phenomena (Benoit et al., 2007).

The quantitative methodology follows the philosophical foundation of the positivism paradigm (Weaver and Olson, 2006). As previously explained, the positivism paradigm is based on rigid rules of logic and measurement, truth, absolute principles, and prediction (Halcomb and Andrew, 2005; Weaver and Olson, 2006). Positivists claim that there is one objective reality. Consequently, valid research is demonstrated only by the degree of proof corresponding to the specific phenomena under study (Hope and Waterman, 2003).

In quantitative research, the collected data are measurable, often systematically standardised, and easily presented in a short space of time. The quantitative method is primarily based on questionnaires. A questionnaire provides both advantages and disadvantages, depending on the phenomenon under study. One advantage is that it can be distributed to many respondents very easily, thus giving the researcher a significant amount of data which, in turn, leads to the possibility of generalisation. Andersen (1998) explained that the quantitative research method often assumes that the respondents are able to describe the situation or the reality using pre-set given answers. This puts strong limitations on the collected data, such as not reaching underlying factors, including attitude and feelings. Hence, additional unknown knowledge may not be detected. A questionnaire relies on empirical data, with the variables operationalised in a manner that allows for measurement.

Creswell (2009) explained that the purpose of quantitative research is to test a hypothesis concerning the relationship between variables under investigation in the study. This approach also uses sampling methods such as random sampling, which are intended to support the generalisation of the data from a specific study population to a larger population through deductive inference. Bryman and Bell (2008) showed that quantitative research can take place in a controlled environment, although not all quantitative research can be considered experimental because of differences in design and participant selection methods.

Patton (1996) defined qualitative research as "the process by which researchers attempt to understand the unique interactions in a particular situation". The purpose of understanding is not necessarily to predict what might occur, but rather to fully understand the characteristics of the situation, the meaning perceived by participants, and what is happening to them at the moment. Qualitative research aims to present findings that others in the respective field will find interesting.

Andersen (1998) suggested that during the qualitative phase, researchers should focus on the importance of feelings, intentions, behaviour, motives and thoughts. Bogdan and Biklen (2006) argued that there are many different ways of understanding the world; thus, researchers should understand the respondents in their social context. When using the qualitative approach, researchers work with relatively few respondents who are intensively studied and thereby a significant amount of detailed information is generated.

Bryman and Bell (2011) stated that the qualitative method depends mainly on verbal descriptions of the phenomenon under investigation. However, the approach does not preclude the use of empirical measures when they are deemed appropriate for answering the research question or providing context for the narrative data. The main objective of qualitative research is to describe the perceptions of people experiencing a phenomenon or to develop an emerging theory based on observed data. In qualitative research, the subjects/people establish the boundaries of the investigation, with the perspective of the subjects controlling the direction taken by the research.

Qualitative research takes place in the natural environment of the subjects, with the researcher not attempting to control or modify the environment for research purposes. In addition, the researcher interacts with the subjects during the data collection and analysis processes, which introduces a greater degree of subjectivity into the research method when compared to quantitative methods. As a result, understanding the findings of the study depends on the context; indeed, the findings cannot be replicated by subsequent researchers. One disadvantage of this approach is that it reduces the ability to generalise, since response are neither systematic nor standardised. Table 5 summarises the main differences between quantitative and qualitative methods.

Table 5 Differences between qualitative and quantitative methods

	Qualitative	**Quantitative**
Philosophy	Phenomenology, critics	Positivism
Goal	Understand meaning	Prediction, test hypothesis
Method	Ethnography/Action research, Case study	Experiments/Models
Data collection	Interviews, observation, documents, artefacts	Questionnaire, secondary data
Research question	Comparative, broad or central questions, complex, use of grounded theory	Descriptive, comparative, and relationship
Research design	Flexible, emerging	Structured, predetermined
Sample	Small, purposeful	Large, random, representation
Generalisation	Unique case selection	Generalisation
Analysis	Inductive	Deductive

Source: Bryman and Bell (2008)

3.1 Rationale of mixed methodologies research

The central goal of mixed methods research is to maximise the advantages of quantitative and qualitative research and to ensure that disadvantages are minimised (Gelo et al., 2008). A mixed methodology helps enrich the research design, data collection, and data analysis. With this type of research, the data collected from quantitative and qualitative methods may help provide the interpretation of a survey, form a sampling frame, add to the development of the survey, and increase return rate (Sieber, 1973).

Creswell and Plano (2011) explained that since the context and setting are not well understood by the researcher in quantitative research, the qualitative approach provides interpretation of the phenomenon in its context. However, when qualitative research is conducted alone, this insight can have too much influence on data interpretation. Further, mixed methods research provides more evidence from different sources to answer the research questions. In the same vein, researchers are also able to ask different research questions and can use multiple paradigms to create various worldviews (Gelo et al., 2008). Toomela (2008) argued that mixed methods research allows data collection and analysis to be integrated better than research using a single methodology. For instance, by collecting qualitative data, researchers can overcome concerns about information encoded in quantitative variables and thus meaningful interpretations can be obtained.

Mixed method research includes the benefits of converging or corroborating findings and minimising alternative explanations for findings (Johnson and Turner, 2003). Coyle and Williams (2000) reported that mixed method approaches produce findings that are more accurate and comprehensive. Finally, Morse and Chung (2003) suggested that mixed method research provides a more balanced worldview than purely quantitative or purely qualitative research.

3.2 Triangulation

Over the last decades, a considerable volume of social research studies have applied multiple methods. Jick (1979) argued that qualitative and quantitative methods should be viewed as complementary rather than as rival camps. Mixing quantitative and qualitative methods generates what is known as a triangulation approach. Triangulation involves the application and combination of several research methodologies to answer one research question (Schneider et al., 2003; Taylor et al., 2007). Denzin (2009) defined triangulation as the combination of methodologies in the study of the same phenomenon. In social sciences, the use of triangulation can be best summed up by Campbell and Fiske (1959). Indeed, they argued that the main purpose of triangulation is to enhance the researcher's belief that the results are valid and not a methodological artefact. Triangulation also aims to enhance reliability and convergent validation and can capture a more complete, holistic, and contextual portrayal of the unit under study (Jick, 1979). Triangulation may be used not only to examine the same phenomenon from multiple perspectives but also to enrich the researcher's understanding of it by allowing for new or deeper dimensions to emerge (Jick, 1979).

The literature considers four common types of triangulation method. These are methodological triangulation, data triangulation, investigator triangulation, and theoretical triangulation.

Methodological triangulation is the most popular use of triangulation, and involves using more than one methodological strategy during data collection. This kind of triangulation is considered the vehicle for cross-validation when two or more distinct methods are found to be congruent and yield comparable data. In addition, applying multiple and independent measures provides a more certain understanding of a particular phenomenon.

According to Roberts and Taylor (2002), data triangulation can be defined as the use of multiple sources of data at different times, in different places, and with different persons to obtain varying views about a situation in one study. For Halcomb and Andrew (2005), data from multiple sources is to be used for cross-checking and validating findings. Consequently, the depth and quality of the results are improved. Data triangulation provides guidance and in-depth data, increases confidence in the research results, and enables different dimensions of the problem to be considered (Barbour, 1998). Furthermore, multiple data sources help validate the findings by exploring different views (Taylor et al., 2007).

Theoretical triangulation has been defined as the use of more than one theoretical perspective or hypothesis when examining a phenomenon (Denzin, 2009). Thurmond (2001) argued that theoretical triangulation includes looking through multiple lenses and having many questions in mind, which lend support to or refute findings. According to Denzin (2009), theoretical triangulation may examine hypotheses with similar or opposing viewpoints.

Investigator triangulation involves using more than one researcher, observer, interviewer, coder, or data analyst in one study. Denzin (2009) postulated that confirmation of data among investigators, without prior discussion or collaboration with one another, lends greater credibility to the observations. Denzin (2009), Mitchell (1986) and Boyd (2000) reported that the main purpose of using more than one observer is to decrease the potential of bias in gathering, reporting, coding, or analysing data. Consequently, the internal validity is verified. Despite some clear advantages of using the above methods, Thurmond (2001) listed the main challenges that are encountered when applying the triangulation approach. These challenges are (i) increased amount of time needed in comparison with single strategies, (ii) difficulty in dealing with the vast amount of data, (iii) potential disharmony based on investigator bias, (iv) conflicts because of theoretical frameworks, and (v) lack of understanding regarding why triangulation strategies were used.

The present research did not use any of the following triangulation methods: data triangulation, theoretical triangulation, investigator triangulation. Indeed, the researcher was of the belief that the most appropriate triangulation for this research is the methodological triangulation approach; indeed, this is because the researcher used a different approach, namely research mythology. This included mixing many research approaches, such as positivism and interpretivism (mixed), deductive - inductive (mixed), quantitative - qualitative (mixed), Epistomolgy - ground theory together with researcher's own experience (mixed).

Reasons for using interviews

In this study, the researcher chose to use interviews as a method for gathering research data for the following reasons:

- The interview method allowed the researcher to investigate the BSC in depth.
- It allowed the researcher to discover how individuals think and feel about the BSC and why they hold certain opinions.
- It allowed the researcher to investigate the use, effectiveness and usefulness of particular library collections and services.

- It allowed for a better understanding of the decision making and strategic planning conducted by the candidates.
- Sensitive information which some executives may feel uncomfortable discussing in other contexts, such as a focus group, may be disclosed in the questionnaire.
- The interview method added a human dimension to the impersonal data, and the researcher was able to clarify and discuss issues raised concerning the crafting or implementing of the BSC.
- Enabled the researcher to ask for some additional data that might be of more help in conducting the research; for example, why is the BSC being used and not MBO, or Value chain.

Advantages of interviews

The main advantages of interviews are:

- They are useful when it comes to obtaining detailed information about personal feelings, perceptions and opinions.
- They allow more detailed questions to be asked.
- They usually generate a high response rate.
- Respondents' own words are recorded.
- Ambiguities can be clarified and incomplete answers followed up.
- Precise wording can be tailored to respondent and precise meaning of questions clarified (e.g. for students with English as a Second Language).
- Interviewees are not influenced by others in the group.
- Some interviewees may be less self-conscious in a one-to-one situation.

3.2 Measure to eliminate researcher bias

Before beginning the interviews, the researcher imagined the type of bias that he might exhibit, such as questioning answers, giving hints to the interviewees, and guiding the interviewees towards specific answer or comments. As such, the researcher was careful to stay away, as much as possible, from the interviewees, by not making any comments or giving hints regarding the interview question. Moreover, the questions were asked in the same manner for all interviewees. All interviewees were very carefully selected from bankers in senior positions whose work relates to the implementation of strategy; in short, they know what they are talking about. To ensure that the responses the researcher obtained were reliable and accurate, all the research participants were treated equally and the researcher showed them a special respect. Indeed, when answering the questions, the researcher never pressurised them to hurry with their answer, nor did he make hints to obtain favourable answers; they were left to deliver responses when they felt comfortable and confident.

The researcher made detailed field notes which included reflection on his own subjectivity. Moreover, the researcher offered the candidates the chance to review the outcome of the research and give their comments and feedback on it. Indeed, participants could comment as individuals on the overall outcome of the research without revealing their names. Simply put, the control was conducted on two levels; the candidates reviewed the outcome and the researcher commented on his interview. Later, once all the interviews were coded, the analysis of the outcome was shared with those participants to obtain their feedback and comments on the outcome of the research. The researcher also did his best to avoid all elements of bias, although given that he is a human, there might have been some bias unbeknownst to the researcher.

3.4.1 Hypotheses

A hypothesis is a tentative guess or a good hunch about a given phenomenon. It is a formal statement that reflects the expected relationship between variables of a given study. A hypothesis assists in giving direction to the research process. Research hypotheses come in pairs: the null and alternative hypothesis. The null hypothesis represents the status quo (Best and Kahn, 2005). For instance, the intent of the present study was to examine the relationship between using strategic management tools and the performance of Islamic banks in the Kingdom of Bahrain. Since this relationship has not been proven, the null hypothesis maintains the status quo that there is no relationship between using strategic management tools and the performance of Islamic banks. Indeed, this hypothesis was established in the present study. Failure to obtain data that supports the null hypothesis leads to the adoption of the alternative hypothesis (Lee et al., 2013). The alternative hypothesis represents a theory that competes with the null hypothesis.

In the present study, the researcher began by formulating the main hypothesis. The researcher then used the main hypothesis to derive sub-hypotheses. The testing and verification of the sub-hypotheses led to the verification of the main hypothesis.

The main null hypothesis states:

H0: ***There exists no relationship between the implementation of the 4-dimensional BSC model as a strategic management tool and the positive performance of Islamic banks in Bahrain.***

The main alternative hypothesis states:

H1: ***There exists a relationship between the implementation of the 4-dimensional BSC model as a strategic management tool and the positive performance of Islamic banks in Bahrain.***

The other five sub-hypotheses are as follows:

H0a: There exists no relationship between the implementation of the **financial dimension** of the BSC tool and the positive performance of Islamic banks in Bahrain.

H0b: There exists no relationship between the implementation of the **customer dimension** of the BSC tool and the positive performance of Islamic banks in Bahrain.

H0c: There exists no relationship between the implementation of the **learning and growth dimension** of the BSC tool and the positive performance of Islamic banks in Bahrain.

H0d: There exists no relationship between the implementation of the **internal processes dimension** of the BSC tool and the positive performance of Islamic banks in Bahrain.

H0e: There exist no **other factors** influencing the implementation of the BSC when it comes to achieving positive performance in Islamic banks in Bahrain.

3.5 Research Methods

3.5.1 Data Gathering Technique

A cross-sectional research design comprises numerous conventional techniques of gathering data: questionnaires, interviews, and observation (Olsen, 2011). The main technique used to collect data for this research was interviews with respondents. An interview entails direct communication with respondents of the study, with the aim of eliciting the required information. The interview method was selected because it consumes less time than observation. It also generates more accurate results than questionnaires, as the interviewer is in a position to clarify information and discern the truthfulness of that information using other cues such as the respondents' body language (Bryman and Bell, 2011). Interviews are also likely to generate a high response rate because the interviewer will administer the questionnaires and carry the guide with him/her. This cannot be said about questionnaires, most of which are never filled in or are returned by respondents.

The interview was semi-structured, as this type of interview incorporates standardised and open ended questions (Schindler and Cooper, 2013). Standardised questions made up the bulk of the interview guide. Standardised questions are meant to enhance standardisation within the research process. Indeed, standardised questions ensure that responses are restricted to similar questions, thus enabling comparison of results. Standardised questions are also designed to enable application of statistical tools and standardised techniques in analysing and interpreting data (Crawford, 2010). Indeed, statistical tools enhance the objectivity of the process, as results are not interpreted from the researcher's perspective.

The questionnaire was divided into seven sections, including: demographic details; the awareness & importance of the BSC tool as a strategic planning model; the importance of the financial dimension of the BSC; the importance of the customer dimension of BSC; the importance of the learning & growth dimension of BSC; the importance of the internal processes dimension of the BSC; and the importance of other factors influencing the implementation of the BSC. All of these sections were further sub-divided by including various questions. The questions under these sub-sections aimed to develop the researcher's understanding of employees' knowledge regarding the use of the Balanced Scorecard as a strategic management tool. The first section gathered general details on the employees working in the organisation. The second section focused on obtaining insights into their understanding and awareness of the visions, missions, strategic goals and the BSC tool in Islamic banking from an employee standpoint. This section was framed to answer the first research question, namely "What is the impact of crafting vision and mission on the performance of Islamic banks in Bahrain?"

Thereafter, the third section focused on the financial dimension of the BSC, which catered to gaining insights into variables such as return on investment, the main financial drivers of Islamic banking, the robustness of the financial dimension of the BSC tool, and the role of regulators. Developing an understanding from this section provided answers to the second research question, namely "What are the effects of setting strategic goals and objectives on the performance of Islamic banks in Bahrain?" Furthermore, the fourth section, "the importance of the customer dimension of the BSC" gathered input related to customer perspective measures, certain important customer perspective measures implemented in Islamic banking, and shareholders' perspective. This section made it possible to successfully answer the third research question, namely "What are the effects of communicating the bank's mission, vision, goals, and objectives to stakeholders, on the performance of Islamic banks in Bahrain?"

Thereafter, subsections E, F and G comprehensively discussed the fourth research question, namely "What are the effects of proper strategy implementation and feedback on the performance of Islamic banks in the Kingdom of Bahrain?" Thus, with the help of the interviews, the insights of the employees proved to be instrumental in testing the hypothesis and also answering the formulated research question in the Islamic banking system of Bahrain.

Open ended questions are meant to give respondents an opportunity to express their thoughts and opinions concerning the subject under investigation (Stawarski and Phillips, 2008). Participants' responses must not be directed, thus enabling the respondents to provide authentic responses. This implies that respondents may not be asked similar questions, as the questions will be guided by previous responses. Open ended questions are useful in helping the researcher obtain an in-depth understanding of the issues at hand. Open-ended questions also enable the respondents to provide more information, including feelings, attitudes and understanding of the subject. This allows researchers to better access the respondents' true feelings on the issue under study. However, open-ended questions also constitute a small section of the interview schedule.

3.5.2 Procedures

Banks that met the second inclusion criterion (i.e. only those banks with a capitalisation of US$100mn and above) were contacted; this contact was via telephone, at which point an interview request was submitted. The phone calls were accompanied by an email containing an introduction letter and a copy of the interview guide. The introduction letter introduced the researcher/student and explained the purpose of the study. The interview guide informed the administration of the information that the researcher intended to uncover. It was thought that sending the interview guide prior to asking for permission would motivate the administrators to provide positive responses (Klein, 2010). This is because the interview guide would eliminate fear and doubt from the banks' administrators as it would clarify what the researcher needs from the organisation.

The researcher set an appointment with those banks that agreed to participate in the study. The researcher gave the bank administrator the freedom to select the interview date; this was done to ensure that the routine activities of the banks were disrupted as little as possible. Indeed, this approach was in line with suggestions from Klein (2010). The interviews were carried out in a private and calm environment in order to facilitate optimal input from respondents.

There are many advantages in using the interview as a research method; indeed, interviews involve direct verbal questioning of participants by the researcher and hence make it possible to elaborate on and explain unclear term or issues. The interview technique can gain an insight into private aspects of behaviour and collect detailed qualitative data about sensitive issues; they are also relatively easy to replicate in terms of structure, as the interviewer is asking the interviewees the same questions during the interviews. Moreover, the interviews present the opportunity to expand and clarify the question if the participant does not understand. However, this does not mean that the technique is without faults; indeed, the researcher may cause problems e.g. investigator effects. For example, the participants may find the investigator attractive and therefore make themselves sound better, thus leading to the gathering of false information. The interviewer may be biased towards some people and may interpret the behaviours of certain participants as meaning one thing when they mean something else. Indeed, Jeffery (2011) argued that, when conducting interviews, a researcher has the opportunity to physically meet the client, whereas this rarely happens with questionnaires, some of which are even filled in anonymously. The social identity model of deindividuation effects (Diener, 1980) provides evidence to suggest that maintaining anonymity or using other "deindividuating" factors has a profound effect on the reliability of results. Interviewers often make allowances for nerves during the start of the interview by asking casual and basic questions to make themselves feel more settled for later; this includes more significant questioning. Therefore, as the interview progresses and nervousness is reduced, the answers can be viewed as increasingly reliable. In the present study, the researcher believed that interviews would enable him to clarify and investigate the effects of using the BSC strategic management tool on the performance of Islamic banks in more detail. He also felt that interviews would eliminate the culture of non-disclosure of information, as they would involve asking questions and analysing the responses and body language of the respondents.

To element the bias of the interview, the researcher asked the interviewees to rate statements on a scale of 1-5, with 1 denoting not important or has no effect, and 5 being very important. Based on the gathered answers, further analysis was conducted to cross check the outcome of the interview analysis. Moreover, during the interview transcription process, the interviewer took side notes on all body language, gestures, signs, comments ..etc. Everything was recorded as a note on the side of the answer received from the interviewee; moreover, all interviewee responses were signed off by each interviewee so as to ensure validity and reliability and to avoid bias or misunderstanding of the responses.

3.5.3 Summary information for the sample

An initial sample of 25 was selected for interviews; however, due to the difficulty of scheduling meetings with senior people who were willing to participate in the survey, the sample was decreased to 21 respondents. The following table provides details about the sample based on general information collected in relation to the interviewees:

Table 6: Summary of demographic and general questions information

Question		Respondents	
A	**Type of respondent**		
1	Banker / BOD member	19	90%
3	Regulator	2	10%
B	**Gender**		
1	Male	18	86%
2	Female	3	14%
C	**Age**		
1	30 years or lower	0	0%
2	30 – 40 years	1	5%
3	40 – 50 years	7	33%
4	Above 50 years	13	62%
D	**Education Level**		
1	Less than BSc	0	0%
2	BSc and equivalent	3	14%
3	Master and equivalent	17	81%
4	PhD and equivalent	1	5%
E	**Experience profile**		
1	Less than 10 years	0	0%
2	10 – 15 years	1	5%
3	15 – 20 years	0	0%
4	20 – 25 years	6	28%
5	Above 25 years	14	67%
F	**Organisation**		
1	Bank	19	90%
2	Regulatory body	2	10%
G	**Position**		
1	BOD	2	9%
2	CEO / GM	1	5%
3	VP and equivalent	14	67%
4	Manager	4	19%

The total number of interviewees stood at 21, which consisted of 19 senior bankers, almost all of whom were above 40 years old with in-depth banking experience; indeed, all of them had minimum working experience of 20 years in the field of investment and finance. Of the 21 candidates, 17 were in senior positions, i.e. Vice President and above. This research certainly benefited from the substantial knowledge and experience of the practitioners in the banking sector. The graphical representation of the following charts shows the demographic characteristics of the interviewees and the categories of gender.

Figure 9: Gender and ages of the respondents

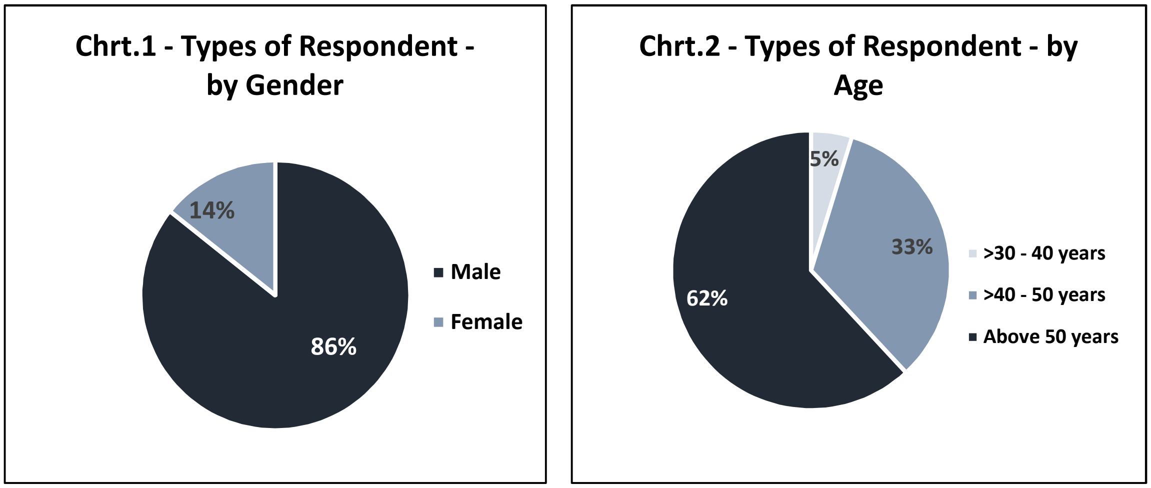
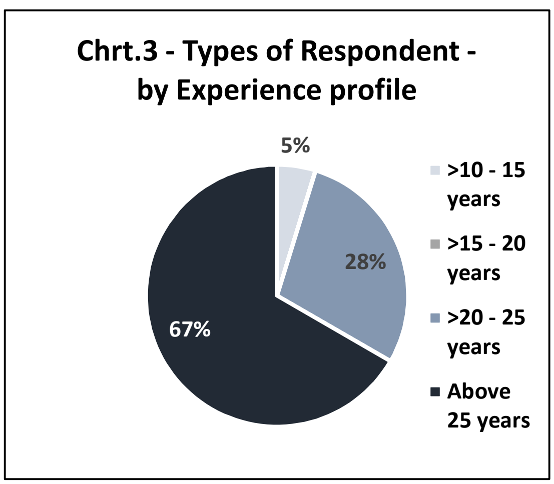


Chart 1&2: Gender of respondent and age profile of respondents

It is important to indicate that the sample was not randomly selected (i.e. a convenience sample). This meant that non-parametric statistics were more convenient for the purpose of analysing the interview responses. Non-parametric procedures are not described by parameters to distributions. Non-parametric processes are less powerful than tests designed for use with a particular distribution. It is good to use a test that is stronger when the researcher believes that his/her assumptions are roughly satisfied rather than using a weaker test with fewer considerations. Non-parametric tests use the values order rather than the actual values themselves (Peacock and Peacock, 2011 p. 303). As shown in Charts 1 above, 86% of the respondents were males and 14% females; this was mainly due to the shortage of females in senior posts in Islamic banks. Furthermore, Chart 2 shows that the majority (62%) of the respondents were above 50 years old and had senior positions in their organisations; it was thought that this substantial experience would give them more confidence in answering the interview questions. Chart 3 shows that the respondents were mainly experienced bankers holding high directorship and senior designated positions in prominent banks in Bahrain, which again adds more credibility to the interview responses. No respondents had worked for less than 10 years in the industry, while 67% of them had more than 25 years of experience. Chart 4 shows that 90% the respondents' organisations were Islamic banks, and 5% were regulatory institutions such as central banks; the remaining 5% were non-government regulatory institutions. Selecting such high profile bankers who have substantial working experience in Islamic banking enriched the eventual outcome of this research. Indeed, the reason for focusing on Islamic bankers was to gauge the effects of the strategy on the performance of Islamic banks in the Kingdom of Bahrain.

Figure 10: Respondents' Experience and Organisation sectors



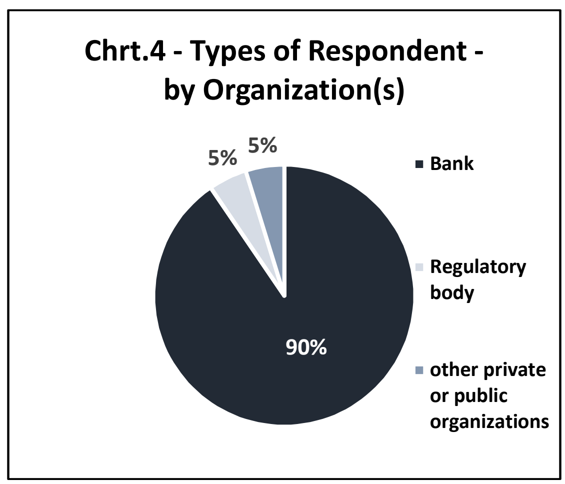


Chart 3&4: Experience profile of respondents and working profile of respondents by organisation

3.5.4 Description of the Interview Methodology

The time allocated for every interviewee totalled approximately 1.25 hours. The interviews were convened in places preferred by the interviewees, and were completed during the period spanning August – November 2014. The interviewees refused to record their interviews in an audio format (this was due to the culture of this region, and they justified this refusal by stating that they would have more freedom in answering the interview questions clearly and honestly). As such, the written record was limited to the content from the interviews which did have a significant effect on the study.

3.5.5 Recoding of the Answers

To facilitate the analysis of responses using standard statistics measures, it was important to recode the responses using a convenient point-scale. The data collected showed degrees of importance levels. As a consequence, the data was coded based on an ordinal scale using the standard five-point Likert scale (Guazzini, 2012). The Likert scale comprises a set of five or more items of Likert type that are integrated into a single composite variable/score during the process of data analysis. The items are used to offer a quantitative measure of a personality or character trait. The researcher was concerned with the composite rank that indicates the personality/character trait (Boone and Boone, 2012). The responses were recoded as follows:

Table 7: Summary of response type

Point	The interviewee responds with sentences like…..
1	Response indicating strong disagreement with the statement.
2	Response indicating general or low disagreement with the statement.
3	Neutral or Not Sure/Confident or Not Applicable response.
4	Response indicating general or low agreement with the statement.
5	Response indicating strong agreement with the statement.

Scale considered in terms of respondents' statements

The above points (1 – 5) were used when answering questions/statements indicating positive feedback. The same scale was used inversely when answering questions/statements indicating negative feedback; more specifically, a strong agreement with a negative statement was recorded as 1 point, whereas 5 points was recorded against a strong disagreement with a negative statement (Table 7).

The general questions were also recoded using a nominal (general) scale because they did not indicate an ordinal level of importance. For instance, type of gender was recoded as 1 for male and 2 for female; these items had no implication for the outcome of the main research question.

3.5.6 Analysis Tools

The responses obtained included an extensive amount of qualitative data, and were initially analyzed using NVivo, which is a powerful tool designed specifically for such a purpose. Having recoded the responses using a five-point Likert scale, it was easy to conduct quantitative analysis using Excel 2010. Generally speaking, the outcomes from the qualitative analysis using NVivo (NVivo is a comprehensive qualitative analysis software developed by QR International which enables researchers to organise, analyse and create the theme of the data ..etc.), and quantitative analysis (using Excel) were almost identical; more on this will be provided in the present chapter.

3.5.7 Testing the Hypothesis

Prior to testing the research hypothesis, it is important to refer to Table 3 below; this table outlines basic descriptive statistics related to the sample, and indicates the importance of responses based on the following hierarchy:

a) Question level. This is the lowest level, and covers 44 questions pertaining to the BSC.

b) Dimension level. Each dimension represents a group of questions. There are four Balanced Scorecard dimensions in addition to a general dimension which was added in the interview sheet.

c) Model level. This is the overall Balanced Scorecard and contains all the dimensions in one model.

The details of each level are more thoroughly explained in the table below. The 44 questions provided details of the Balanced Scorecard components and highlighted the importance of each element of the BSC. Moreover, the dimension level highlight helped the researcher to construct a conclusion about the main research hypothesis and support the final conclusions. In addition, the final level support added confidence to the study's research outcome. This will be elaborated on more in the table below, which addresses each level.

3.5.8 Descriptive analysis

This section answers the question of "how important are the questions?" as perceived by the respondents. This was measured by calculating the mean average, and measuring how the answers were dispersed from the mean by computing the standard deviation. A mean of 4 points or more meant that the factor was important. Moreover, a standard deviation of 1 point or less meant that the answers were close, with a minor dispersion around the mean. Appendix A shows tables with detailed descriptive statistics covering the aforementioned three analysis levels (i.e. question - to - overall). Indeed, Table 8 presents a summary of the results obtained:

Table 8: Summary of interview question responses

Level / remarks	Overall
Level (1): Question	
a) No. of questions with average ≥ 4 points (i.e. important)	40
b) No. of questions with SD ≤ 1 point.	44
At this level, the analysis related to the lowest elements of the BSC. At this level, out of 44 questions, the respondents perceived 91% as important, whereas 9% regarded them as not important. The SD was also very low at this level, thereby giving good confidence in the averages figure.	
Level (2): Dimension	
a) No. of dimensions with average ≥ 4 points (i.e. important)	5
b) No. of dimensions with SD ≤ 1 point.	5
At this level the analysis related to the standard four dimensions of the BSC. Each dimension consisted of a number of questions (elements) which were summarised at the dimension level. All of the four dimensions recorded more than 4 points, indicating that they are regarded as very important by the respondents. The SD was also very low at this level, thereby giving good confidence in the averages figure.	
The general dimension also recorded above 4 points, indicating it is of equal importance to the standard BSC dimension.	

Level (3): Overall model At this level, the average and SD for all questions were calculated as one measure. The respondents considered the overall BSC model and its elements to be important.	Average: 4.71 SD: 0.12

Based on the above-mentioned descriptive measures, it is clear that the BSC model was perceived to contain important elements for the purpose of performance evaluation of Islamic banks in Bahrain. The Balanced Scorecard (BSC) is a powerful tool that enables organizations to focus on the future. According to Kludacz, (2012) "An organization can use the Balanced Scorecard tool as a framework for translating its vision and strategies and clarify its strategy through selected objectives and measures. It can combine long-range strategic goals with operational activity" (Kludacz, 2012). The next section will discuss the thematical tool that helps researchers move their analysis from a broad reading of the data towards discovering patterns and developing themes. The discussion will be linked to the literature review and will be analysed based on the questions asked and the body language (reaction) of the interviewees.

3.5.9 Pilot Study

A pilot study is a strategy that is used to test the interview questions and questionnaire with a smaller sample before unleashing them on the actual sample. A pilot study can also involve the pre-testing or 'trying out' of a particular research instrument (Baker, 1998, pp. 182-3). The pilot study was undertaken due to its ability to explore the potential antagonistic impact on the survey results. It is a measure that seeks to observe if the directions provided in the sample study are effective in fulfilling the aims and objectives of the study. It also seeks to establish if all the respondents in the pilot study are capable of following the instructions indicated. Thus, researchers may attempt to conduct a pilot study with "qualitative data collection and analysis on a relatively unexplored topic, using the results to design a subsequent quantitative phase of the study" (Tashakkori and Teddlie, 1998, p. 47). The first phase of a pilot may well involve the use of in-depth interviews, semi structured interviews and focus groups; the aim is to understand the issues that should be addressed in the real interviews and questionnaire surveys. Following this, the questionnaire might also be piloted. This would be done in order to test the structure, wording, the priority of the questions, and the variety of answers provided for multiple-choice questions. A final pilot study might be conducted to test the research procedure, e.g. the options for distributing and collecting the questionnaires. In this study, the researcher conducted the pilot study with three banks: the first was the Capivest bank (Candidate QM), wherein the candidate again refused to give an interview with the researcher, and thus was omitted from the study. The second bank to be tested was the ABC Islamic (candidate: KE) bank, whose candidates were also part of the final study. The third bank was the Bahrain Middle East Bank – BMB (candidate: YK), whose candidates were also part of the final study. The insights provided by these candidates and the observations of the researcher helped in revising the questionnaire used for the final study.

The pilot testing questionnaire contained some generic questions which pertained to conventional banks, and hence the results of these questions could not be generalised to Islamic banks. The questionnaire was divided into three main sections, namely: Strategic Planning, Organisational or bank Performance and Balanced Scorecard. There questions did not focus much on implementing the BSC as a tool for strategic planning. Indeed, the study was focused on investigating the effects of using strategic management tools such as the Balanced Scorecard on the performance of Islamic banks in the Kingdom of Bahrain to increase the profitability and enhance the performance of Islamic banks. As such, the questions included in the final interviews were reframed accordingly. Every question was framed to understand the dimensions of the Balanced Scorecard in the Islamic Banking system. During the first set of interviews, there were only nine questions that discussed strategic management tools and strategic planning. After the researcher conducted the three interviews, two of which were recorded, they were transcribed and manually coded as if they were the final and official transcripts. The researcher followed the standard interview procedure, whereby he contacted the interviewees well in advance and explained to them the purpose of the interview while also providing them with the meanings of the terminology used and the area that the researcher would cover; the interviewees were asked to provide a particular time that would fit their schedule. After completing the interviews, transcribing said interviews, and completing the coding having taken into consideration all notes and highlights from the interviews, the researcher realised something. Indeed, he concluded that these questions were not capable of fully answering the research questions and that there was a need to modify them; these modifications were made quickly by expanding the horizon and area of the questions. The initial three interviews were eliminated from the sample and two of the interviewees were re-interviewed, although the third candidate (QM) refused to re-interview.

3.5.10 Measures and Analysis

The data produced during the data gathering process was analysed using both quantitative and qualitative techniques. The researcher adopted the quantitative technique to analyse responses to the standardised section of the interview. The descriptive and inferential statistical approaches were both used during the analysis. Descriptive analytical tools seek to organise data in order to identify patterns and describe the general characteristics of data (Hardy and Bryman, 2009). In addition, these tools also describe, show or summarise data in a meaningful way. The descriptive statistical tools applied in this study included percentages, frequencies, means, and standard deviations. This helped to structure the data as well as to identify the features and relationships among them. In addition, the ungrouped data was categorised systematically. In addition to this, descriptive statistics were used, as they make it possible to summarise observations and thus provide answers to research questions and hypotheses.

Inferential analytical tools seek to examine the significance of relationships between variables (Asadoorian and Kantarelis, 2008). Since the intention of the present study was to examine the relationship between strategic planning and the performance of Islamic banks, inferential statistics were used to determine the significance of the relationships between variables that measure strategic planning and variables that measure performance. This was achieved by using significance testing statistics, mainly the t-test.

Qualitative techniques were used to analyse responses to the open-ended section of the interview. Among the qualitative analytical techniques used by the researcher was content analysis (Wertz et al., 2011). This technique involves the researcher analysing the content of the interview with the aim of identifying themes and establishing patterns. The research used the NVivo application to conduct qualitative analysis.

3.6 Ethical Consideration

Researchers are expected to adhere to various ethical standards when conducting a study. One of the ethical concerns in this study was obtaining informed consent (Bryman and Bell, 2011). All studies involving human participants are mandated to obtain informed consent from potential participants. Informed consent not only means that the respondent must willingly agree to participate, but also that he/she must be furnished with all information pertaining to the research to enable him/her to make the right judgment (Crawford, 2010). This implies that the researcher must inform the subjects of the nature of the study, including the risks involved. Deceiving participants when describing the nature of a study is considered unethical.

Privacy and confidentiality are also critical concerns when it comes to research involving human subjects (Schindler and Cooper, 2013). Researchers are expected to keep personal information provided by the client confidential. In most cases, researchers are discouraged from including any information that can connect the participants to the study. Information including names, security numbers and other personal details is left out (Crawford, 2010). Similarly, researchers are not expected to incorporate practices that invade the privacy of the participants. In the present study, the researcher was expected to refrain from requesting delicate information that invades the participants' privacy.

Another ethical consideration concerns the use of research information (Schindler and Cooper, 2013). Researchers are not expected to abuse the information provided by the participants. The researcher is only expected to use the data to fulfil the purpose that was approved by participants (Bryman and Bell, 2011). Use of the data for other purposes should also be approved by participants. For instance, in this case, it would have been unethical for the researcher to give the information collected from selected banks to other banks or organisations. The researcher also had an obligation to protect the data obtained in the research.

Reporting results and plagiarism are also essential ethical concerns (Schindler and Cooper, 2013). The researcher is expected to conduct a credible study and report results in an accurate manner. Falsification and fabrication of results is unethical. Similarly, the researcher is not expected to present another person's ideas as his/her own, as this is considered plagiarism (Bryman and Bell, 2011). The research process should reflect the student's original ideas and work.

The researcher also has an ethical responsibility to protect participants from harm that may stem from the researcher process (Crawford, 2010). This includes psychological harm such as embarrassment, fear, or shock. Studies can cause embarrassment, fear or shock when incorrect data gathering approaches are adopted or results are released. However, this ethical concern is mainly applicable in medical research.

SUMMARY

- The main paradigm used was positivism, which confirms the reliability of the BSC; however, interpretivism was used to uncover dimensions and to explore the researcher's own experience.

- Research design used was mainly descriptive in order to test the BSC and its dimensions through interviews with senior bankers; the research also investigated any new dimensions that were not in the BSC, i.e. were exploratory.
- The research approach adopted was mainly deductive, covering the BSC theory to enable to construction of a hypothesis and to confirm the theory. The inductive approach was considered for used when new dimension are covered.
- A mixed data gathering approach was used, including quantitative and qualitative methods.
- Triangulation; this research used methodological triangulation, as seen in the above paragraphs. Other triangulations (i.e. data, theoretical, investigator) were not applicable in this research.

CHAPTER 4

ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter provides analysis and tests in relation to the research hypothesis based on the interview responses. All calculations made herein were obtained using Excel 2010 and NVivo (version 10), a software developed by QSR International for analysing unstructured data. Indeed, this analysis helps to facilitate a better understanding of data themes, and norms of the data, which in turn enables the researcher to more effectively analyse the outcome. Prior to testing the hypotheses, a summary of the sample will be provided. The hypothesis testing will be carried out after analysing the responses using descriptive statistics and NVivo software (QSR International).

4.2 The Thematical Analysis

As a part of the research, collection and analysis of qualitative data was conducted in the semi-structured format, incorporating standardised and open ended questions. For the collection of primary data, the respondents selected as the target were from a sample of 15 Islamic banks and related organisations, including regulatory bodies; a total of 21 respondents were interviewed. The target respondents were interviewed personally, with the intention of eliciting the required information and obtaining meaningful insights from their responses. Interviews were preferred over sending questionnaires, as they consume less time and also generate accurate results because the interviewer is in a position to clarify information and discern the truthfulness of information.

4.3 Findings from the Qualitative Analysis

The questionnaire comprised seven sections pertaining to: demographic details; the awareness & importance of the Balanced Scorecard (BSC) model as a strategic management tool; the importance of the financial dimension of the BSC; the importance of the customer dimension of the BSC; the importance of the learning & growth dimension of the BSC; the importance of the internal processes dimension of BSC; and the importance of other factors influencing the implementation of the BSC. These dimensions can be viewed as themes, and each of these themes was sub divided into various questions which catered to developing an understanding of the researcher in terms of employees' of using the Balanced Scorecard as a strategic management tool. The interviews questions were divided into five sections; the first section (A) of the questionnaire helped gather general details related to the employees working in the organisation. The second section (B) focused on obtaining insights into the understanding and awareness of the vision, mission, strategic goals and the BSC in Islamic banking from an employee standpoint. The third section (C) focused on the financial dimension of the BSC, and catered to developing insights into variables such as return on investment, the main financial drivers of Islamic banking, the robustness of the financial dimension of the BSC, and the role of regulators. The fourth section (D), entitled "importance of the customer dimension of the BSC" gathered input pertaining to certain important customer perspective measures implemented in Islamic banking and shareholders' perspective on the same matter. Thereafter, subsections E and F covered the learning and growth part and the internal process elements. Sections C to F were based on the core data collection and sought to answer the research hypotheses as they were related to the theme of the strategic management tools in banking sector. The final section (G) comprehensively discussed the other factors affecting strategic management tools, such as involvement of middle management, proper communication of the strategy to the staff members, as well as the benefit of recruiting external parties to assess the strategic planning process and of selecting the right strategic management tools. The question raised helped the researcher in answering the main research question, i.e., "What re the effects of proper strategy implementation and feedback on the performance of Islamic banks in the Kingdom of Bahrain?" The responses obtained from the target respondents were thus used to obtain insights into their experiences and to test the hypothesis; they were also used to answer the formulated research question in the Islamic banking system of Bahrain.

At many points during the interviews, the interviewees expressed their ideas and opinions using words and phrases that were outside the normal standard phrases, such as: strategy is like the North star, or strategy is a light house ...etc. These are metaphors used to express an opinion in a strong way, as explained by Cornelissen (2006, p. 687), who stated that metaphor is a "cognitively fundamental way of structuring human understanding where meaning is created through the creative juxtaposition of concepts that are not normally interrelated".

4.3.1 Level of Awareness of the BSC Model as a strategic planning tool:

After collecting demographic details from the respondents, they were then questioned regarding the awareness and importance of the BSC Model as a strategic management tool.

Importance of Vision, Mission, Strategic Goals and Trust for the Islamic Banks:

According to the literature review, a vision is an idea that a given organisation intends to pursue. It is a mental picture of the place in which the organisation desires to be (May, 2010). Every organisation starts with a vision, and this vision or dream is translated to goals and objectives that enable it to achieve this vision.

The first question asked to the respondents related to how important it is to Islamic banks to define their vision. Indeed, all respondents stated that defining the vision is highly important for Islamic banks. A number of reasons were mentioned by the respondents. Indeed, some of the respondents claimed that vision helps an organisation reach its destination, and acts as a road map. For instance, AS stated that "*Vision are the boundaries that the bank wants to reach, it is future thinking and looking, it is the dream that we want to achieve, of course it is very important*". AS used the word *dream* to express the importance of vision as a component of the strategy that will enable him to achieve the bank's overall goals. This vision will help the stakeholders, guide the banks, support the management in maintaining a successful and profitable business, function as a strategy logo for current and future thinking, and determine the success of the organisation etc. He emphasised that vision is what makes the company survive and grow, and that the bank reached its current growth rate and current number of branches only by having the right vision. This was in line with what Kerr (2010) stated: "It's fascinating to observe well intending management teams struggle to institutionalize a BSC program only to discover that it provides little value without the presence of a clear strategic vision to give it context and meaning. [….] So, a vision story should be considered a vital building block of any BSC program". On the other hand, MK claimed that vision is not very important; he stated that "*vision is not very important, if you* *know what you want to do, then the vision is just a guide for you, and you can survive without it*". Thus, it can be inferred that vision is a hopeful image of the future and often points to a credible, attractive and realistic future for an organization. The respondents believed that defining a vision is highly important for the Islamic banks. The respondents also stated that a vision helps the organisations reach their destination, acting as a road map.

The respondents were then asked about how important it is to the Islamic banks to define their mission. According to the literature review, a mission refers to the primary purpose of the business (Gates, 2010). The mission defines what an organisation was designed to do, its target recipient, and its benefits. It elucidates the operating focus of an institution. A mission is usually broad and not bound by time. As per the analysis, all the respondents stated that, for the Islamic banks, defining a mission is just as important as defining a vision.

AY emphasised that, "*mission is the complementary part of vision, if you have set up a strategy, it has goals to achieve that will make your shareholders and stakeholders happy about your performance and can only be achieved if you have the right mission*". On the other hand, KN stated that "*It is important to have a mission statement, as it keeps reminding us about our targeted goals, and I believe that it should be very clear and known to all staff members across the bank so that everybody works to achieve it*". Thus, it is clear that Islamic banks place as much emphasis on their mission as they do their vision. Indeed, most respondents claimed that the mission is the road that should be followed in order to achieve the vision. According to Ireland and Hirc (1992) "The mission statement indicates what the company intends to accomplish and describes the philosophical premises that guide peoples' actions. Once completed, mission statements become the foundation on which other intended actions are built. Only after a mission statement has been developed can objectives and appropriate strategies be formed properly". Indeed, they argued that the mission is the key or the start of any strategic planning process and without it the strategy will have no value.

On the other hand, it is very important to the Islamic banks to define their strategic goals and trusts, because the process of establishing strategic goals forms the backbone of the strategic planning process. This is because, at any point in time, a firm has various routes that can lead it from its current position to the firm's vision (Kralev, 2011). Thus, the process of formulating goals determines the route that the organisation will take. Picking the right or wrong route determines how fast or how slow the firm will realise its vision. Goals are usually long-term oriented, as can be observed from the answers obtained. Indeed, the respondents agreed that defining strategic goals and trusts is very important for the Islamic banks. The key reasons stated by some respondents indicated that the strategic goals and trusts enable them to survive and act as tools which can be used to reach the vision. For example, AM stated that, "*to be successful and progressing in your business, you have to have these goals very clear and they should be achievable and measurable*". Moreover, YK stated that, "*Having goals and thrusts enables the bank to measures the performance toward achieving these goals and provides assessment tools in which performance might be achieved. Goals also are considered as motivation tools for staff and other managers*". None of the interviewees stated that this element is not an important tool for strategic planning. On the contrary, all of the respondents agreed that goal setting is very important and stated that without well-defined goals and thrusts, a strategy will not be successful. This was in line with how Sussland (2002) viewed strategic thrust; indeed, he stated that it focuses management's attention on a specific line of business or area where the organisation wants to excel. The management then know that this is where the company should focus and concentrate its resources so as to develop the superior competencies and capabilities that will sustain competitive advantage and boost the organisation's performance (Sussland, 2002).

4.3.2 Significance of the BSC Model in Islamic Banking System

The Balanced Scorecard is one of numerous strategic management tools that have been developed to ensure that strategy implementation and result measurement are conducted in a systematic manner. The Balanced Scorecard helps the management team to identify strategic themes by examining the firm's vision and mission statements with the help of four distinct dimensions: financial dimension, learning and growth dimension; customers' dimension, and internal processes (Ronchetti, 2006). As per the analysis, it was observed that the respondents exhibited a higher level of confidence in the BSC model if used correctly. For instance, according to AM, "*The BSC is one of the well know tools that can be very useful if it's implemented in a very professional way, and it can achieve a lot of goals if all management and staff member get to apply it in a professional manner*". On the other hand, NK stated that "*I am very confident in BSC, I have been in this organization for almost 30 years and seen our performance before and after implementation of clear strategy, and the Balanced Scorecard. The staff moral and attitude has completely changed after applying the BSC, they became more focused, and loyal due to the recognition and achievement of high performance staff*". She stated that her experiences with the BSC throughout her career were very positive and encouraging, and that the Balanced Scorecard had enabled the bank to retain its high performance staff.

Next, the respondents were asked how many years, according to them, it would take the Islamic banks to achieve the optimum strategic planning cycle using the BSC. The majority of answers obtained indicated that this would take 3 to 5 years. Strategic planning is an activity that supports organisations in achieving larger scale strategic planning during the development process (Wiwit, 2014). The overall Islamic banking strategy is to create an economic value and therefore banks will take longer than 1 year to achieve such goals through use of the right strategic management tools to implement and measure the bank strategy outcome. For example, KN stated that, *"Planning should be between three to five years maximum, but I will say three years is the best, because less than three years, I found it very time consuming, and if it go to more than five years it will be difficult to predict what will happen, especially in current dynamic financial world"*. He also added that this period would enable the bank to make long-term plans which are dynamic and vulnerable, increase its flexibility when faced with unexpected circumstances, and improve its accuracy in planning. According to Schneider and Leslie (2015) there is a difference between strategic planning and tactical planning: "Strategic planning closes the gap between the organizational strategy that may occur once every five to ten years and the tactical planning and budgeting that most companies perform annually. The strategic plan is materially informed by the organization's strategy, mission and vision, and should be used as input to the budgeting process. In the past, strategic plans may have stretched over longer time horizons, but with today's pace of change in technology and markets, we recommend a horizon of 18 – 36 months to take on in this process. In rare cases, some larger organisations with high capital costs and significant interdependencies may stretch this to 5 years." (Schneider and Leslie, 2015, p. 2). This is in line with the respondents' opinions.

Next, the respondents were asked if they had ever participated in a strategic planning cycle, if they had used the BSC as a strategic management tool in Islamic banks and, if yes, what their role was. All the respondents stated that they had participated in strategic planning and that they had either used, implemented or recommended the BSC as a strategic management tool either for the banks they were working for, or for other institutions for whom they were acting as consultants (such as subsidiaries, affiliates, holding companies, ..etc.). The roles played by them included introducing the concept, setting goals, objectives and Key Performance Indicators (KPIs), coordinating with all departments during auditing, planning and implementing the strategies and, in some cases, acting as the head of the team.

Finally, the respondents were asked if they felt that, with regard to the 4 dimensions of the BSC model, it had reached its maturity and is therefore in need of major improvement or modification to be more appropriate or effective for Islamic banks in Bahrain. As can be clearly seen, most of the respondents stated that they expect improvements to be made to the BSC model; indeed, they claimed that it needs to reflect the current market conditions. On the other hand, the respondents who stated that there is no need for improvement claimed that it is new to the Islamic banking system and thus no further improvements are required at this initial stage to capture the Sharia element within the current model. According to Schonberger (2013), the Balanced Scorecard concept has very good executive added value, although there is a need for improvement so that it contains the right elements to support the current circumstances; moreover, the external factors should be evaluated to fit the current business requirements.

4.3.3 Financial Measures and drivers of the Balanced Scorecard

Does the financial dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?

After analysing the awareness and importance of the BSC model as a strategic management tool, the respondents were asked questions related to the importance of the financial dimension of the BSC. The financial dimension includes historical measures that reflect the degree of success of the Balanced Scorecard in accomplishing banks' strategic objectives. Based on accounting information, the financial perspective received the highest level in the hierarchy of the strategic planning, as choices made under the other perspectives will eventually culminate in financial results. This is consistent with prior studies conducted by Bryant, who concluded that all BSC dimensions are ultimately translated to a financial dimension (Bryant et al., 2004), where revenues prove to be a reliable indicator of the impact of other BSC perspectives.

The respondents were questioned about how important it is for Islamic banks to define return on investment or other profitability measures to achieve positive performance. Based on the analysis of the answers obtained from the respondents, it was seen as extremely important, especially for the investors and stakeholders. A number of reasons were also added by them, such as the need to be in line with profitability, to evaluate management performance, to increase the market share, to increase assets under management etc. It was also stated that banks' management pay a great deal of attention to performance; indeed, RK opined that, "*it is very important to have measure that can judge your performance, otherwise you will not have control over your staff, and your shareholder will not be able to evaluate your* *performance. The main reason to have these measures, is to have a mechanism to evaluate you as a management and have a tools that support your strategy. Things that you can measure are the things that can be evaluated*".

Further, when asked about the most important financial measures that the implementation of the BSC has helped Islamic banks to focus on, the respondents mostly cited financial measures such as return on investment, return on equity, revenue growth, and liquidly growth. The process of crafting, implementing, and measuring the performance of strategies in Islamic banks differs from that used for conventional banks, as conventional banks have different ultimate goals, namely to maximise shareholder value; in contrast, Islamic banks seek to maximise societal value (Siraj and Pillai, 2012). Moreover, Islamic banks are guided by different values from those of conventional banks (Hassan and Lewis, 2007). For the former, values are critical features of strategic planning and their implementation tools. Furthermore, the Balanced Scorecard is one of the strategic management tools developed to ensure that this process is conducted, implemented and measured in a systematic manner. The Balanced Scorecard helps the management team to identify strategic themes by examining the firm's vision and mission statements with the help of four distinct dimensions: financial dimension, learning and growth dimension, customers' dimension, and internal processes (Ronchetti, 2006). As per the analysis, the respondents believed that implementing the BSC helped Islamic banks to successfully implement financial measures. NA highlighted that there was a shift in the importance of these measure both before and after the financial crisis: "*There is two era; before the financial crisis and after the crisis, before the crisis; it was the profitability ratio such as ROI, ROE, but after the crisis the liquidity ratio and Basel requirement became more important than any other ratio. And* *implementation of BSC has helped us in monitoring the business line more closely. In summary, I believe it is liquidity ratio first and then ROI and ROE"*. Achieving financial return will always have its risks, and in this vein AY believed that there should be a strong link between each part of the strategy and the tools used to implement it; he stated, "*I believe that one of the main financial driver for the BSC is to have strong risk management and profit growth, and both are link to each other, you can have excellent profit but with high risk so in the short term you are doing well, while in the long term you will be suffering from bad debt. The real life example is the current financial crisis, many bank who has book big profit and they been doing it for several years without proper risk management matrix, has suffered of this wrong decision, look at Gulf Finance House, they use to book fat profit, where they are now? Since 2008 they have not made single penny, it is always loss?*" AY also stated that the BSC is built on the basis of four pillars which must be very carefully implemented in Islamic banking, and that other parts are affecting the financial dimension of the strategy. Atkinson et al. (1997) argued that the BSC is an important development in organisations' accounting and is worthy of intense research attention; they also suggested using different methods for this study.

4.3.4 Benefits and characteristics of the BSC in Islamic banks

Islamic banking has its own special characteristics; these banks must consider many factors when structuring and implementing a business strategy, as all financial transactions in Islamic banks are interest-free, while contracts are trade-based and asset-backed (Hidayat and Abduh, 2012). A few studies have concluded that religious beliefs are not customers' only reasons for choosing an Islamic bank; indeed, customers value the product structures (Sharia compliance) and service quality, as well as ethics, privacy and confidentiality while dealing and conducting a transaction with Islamic banks (Alani and Alani, 2012; Awan and Bukhari, 2011).

Islamic banking must adhere to the Islamic principles and the opinions of scholars. As such, respondents were asked whether the implementation of the BSC helped in communicating profitability targets to the shareholders of Islamic banks. Most of the participants stated that the implementation of the BSC has increasingly helped in communicating profitability targets to the shareholders; IA believed that, "*The idea of strategy is to increase shareholder value, and make the bank's shares more tradable and liquid in the market. So in this case, yes applying BSC has enforced the management to better communicate all bank performance to its ultimate owner i.e. the shareholder*".

A study conducted by Malina and Selto (2001) showed that the Balanced Scorecard presents important opportunities to progress, communicate, and implement strategy; this confirms Kaplan and Norton's opinions about linking Balanced Scorecard measures to the organisational strategy map. Malina and Selto's outcomes have further demonstrated the causal relationships between real management control, motivation, strategic alignment and constructive effects of the Balanced Scorecard. According to AY, "*I believe that BSC has helped us in communicating our strategy to our shareholders, in Islamic banking you are more of applying the ethics and principles of Islam specially in banking, therefore, you have a moral dimension in your operation which enforce you to communicate all your activities and be transparent in your business. At an annual basis at our shareholder general meeting, we clearly discuss and highlight our performance, current position and our future direction, it is part of our strategy and ethics*".

The stakeholder theory of management suggests that organisations should assume an ethical responsibility towards all stakeholders of the business (Freeman et al., 2004). As per the analysis, respondents believed that the implementation of the BSC had increasingly helped in communicating profitability targets to the shareholders.

The respondents were then asked about how robust the definition of the financial dimension of the BSC in Islamic Banking is at times of crisis, recession or distress. Most of the respondents claimed that it is very robust and clear and also that the banks adhere to it without exception. For instance, AY, one of the respondents, claimed that "*it was very robust and we have implemented it all the time, whether during the crisis or recession it doesn't matter we have strategy and we should adhere to it otherwise it will lose its value*".

According to Kendall and Kendall (2015), "Examine any successful business and you will observe the high and disciplined level of planning which incontrovertibly led to that success - and the world is full of failures who failed to plan. Even many that have subsequently failed often did so because the importance of strategic management within the organisation diminished and with it the essential structure and visibility required to achieve goals and avoid pitfalls". Strategic planning is critical in the banking sector. Studies have revealed that banks with well-charted roadmaps for capitalisation and growth were the most resilient and robust during the global financial crisis of 2008 (Siddiqui, 2009). Of the 21 interviewees, 18 stated that, at times of crisis, recession or distress, the strategy was very robust and clear and also that the banks adhered to them without exception; in contrast, only 2 stated that they diverted from the strategy and 1 bank ignored the strategy due to financial difficulty and payments to the consultant firm that was helping it with implementation. MA stated that "*it was very robust* *and we have implemented it all the time, whether during the crisis or recession it doesn't matter we have strategy and we should adhere to it otherwise it will lose its value".* When asked about the regulatory involvement and control, SR stated that *"The Central Bank of Bahrain (CBB) were interested in all Islamic banks' performance and achievement in term of financial or non-financial, but during and after the crisis they became more interested in these matters. The CBB has emphasised the importance of Basel III implementation which take a very important part of our balance sheet, i.e. the capital adequacy and liquidity. So yes of course the CBB has focused on all banking sector to safe guard the shareholders' interest"*. As can be seen, the Balanced Scorecard has played very important role in Islamic banking strategic planning as well as strategy measurement and implementation.

The Balanced Scorecard has been successfully implemented by numerous organizations, be them for-profit, non-profit or public sector enterprises; it has also continuously ranked among the top 10 management tools used throughout the world (Rigby and Bilodeau, 2011). During the interviews, the management were asked if BSC enabled the IB to achieve positive financial performance in the past 10 years or at least reduce the adverse financial effects of the 2008 crisis. The opinion of AS in relation to this matter was that "*The BSC is a tool for strategy implementation, I believe if the strategy is right then the bank will achieve the positive return, in our case, we had a bad year during the crisis but it is behind us, because of our excellent strategy that allowed us to generate acceptable return with minimum risk and higher liquidity, and that is what is important to us, and to our shareholders*". When AS responded he was extremely confident and enthusiastic in giving his answer; he wanted people to know how the BSC was critical to the bank's survival. Indeed, he stated that "*the strategy should be linked to Balanced Scorecard because it give more control and measure to the overall bank management achievement*".

4.3.5 The Customer Perspective: Measures, drivers and positive performance of Islamic banks

Does the customer dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?

After analysing the importance of the financial dimension of the BSC, the importance of the customer dimension of the BSC was analysed. The customer perspective is very important, as it clarifies exactly who are defined as customers, and how the bank may create value for them and for itself. The Balanced Scorecard model has included this angle of the strategy; indeed, according to Zhang and Li (2009), the Balanced Scorecard is not only a measure of the appraisal system, but is also used as a strategic management tool. The main use of the Balanced Scorecard is to overcome the traditional single measure of financial indicators systems which measure performance. It is improving the future drivers in the financial dimension, which include customer elements, internal business processes and employee learning and growth. As such, the customer perspective measures are reflected in the overall bank performance to achieve a positive performance of Islamic banks. This measure is considered one of the most important measures for Islamic banking when it comes to obtaining or adding new customers; indeed, it increases their market share and leads them to higher profitability. For example, according to AM, "*It is one of the key success measure, especially if we take the market share measure as if the bank experience a higher capture market share and customer satisfaction this will give early indication of the bank financial* *performance and profitability*". In contrast, KM used the word *crux* to express the importance of this element in crafting the strategy: "*It is the crux of strategy that will drive profit growth*".

The customer dimension indicators usually contain several core or common measures derived from the desired thriving goals of a well-formulated and applied strategy. These core measures normally include clear indicators such as customer retention, customer complaints, customer satisfaction, customers added or lost, revenue from new products, and delivery time (Kaplan, 1998; Light, 1998). The BSC has helped Islamic banks to focus on these items. KN claimed that "*The Balanced Scorecard has enabled us to focus on customer satisfaction, such as the return on investment and profit given to the customer as a return on their Mudharabah account. Moreover, the implementation of BSC helped us in measuring the customer satisfaction, such as number of transactions customers conduct and repeating deal done with the bank. This has helped the banks to focus on these core customers' indicators*". MA stated that, "*at our bank we capitalize on our customer satisfaction and the competitive advantage that we have over other banks, such as the low profit rate, excellent IT infrastructure, so in my personnel opinion the most important driver is customer satisfaction, and customers' retention which in turn will increase our profitability*". The customer dimension is central to any business strategy that describes the important mix of product, price, service quality, customer relationship, and reputation that a company offers (Kaplan and Norton, 2001). The heart of any business is customers and customers' satisfaction. This is certainly very clear in the banking industry around the world, including Bahrain. Indeed, these banks have special divisions and call centres charged with handling customer queries, complaints and follow-ups.

4.3.6 Characteristics of customer dimensions

Banks that frequently use customer-oriented measures and products service measures indicators will experience a positive effect in terms of their financial performance and shareholder value (Al-Mawali et al., 2010). The main goal is to help in communicating what the IB is attempting to achieve for its customers. EA highlighted an important element of Islamic banking by stating that "*Islamic Bank is very transparent in dealing with its customer and this one of the Sharia requirement, we do business in compliance with Islamic principles which is based on honesty and transparency. To ensure our high quality of transparency and quality, we have employed an external consultant to monitor our customer complaints and feedback and report the outcome on a regular basis to the Quality Assurance unit, plus we do conduct a regular performance evaluation on a very regular basis to ensure that we are within our strategy guideline*". Performance evaluation is a process used to appraise banks' progress towards reaching determined targets. The evaluation includes information about services provided, customers' retention and customer satisfaction rate, accomplishments, efficiency and effectiveness of activities, and their specific objectives. Given that solutions can be presented to design a performance measurement mechanism, banks must act according to their specific business environment. To elaborate, performance measuring mechanisms cannot be forced on an organisation from the outside; rather it is preferable that these mechanisms be designed, developed, evaluated and improved within the organisation (Moghaddam, 2012).

The financial crisis affected all financial centres around the world; indeed, before the financial crisis, differences in capital structure did not have much of an impact on banks' performance. Moreover, while during the crisis banks with a strong capital base had better market performance, after the financial crisis capital structure became vital, thus highlighting the importance of the Basel capital requirement as a key to banks' survival (Merrouche et al., 2013). JK stated that "*there is no doubt that the financial crisis has hit everybody, and our strategies management tools such as BSC has helped us to mitigate the effect of such crisis, but in general after the financial crisis, the customers have shifted away from investment banking to more secured and solid asset based income. At beginning of 2013, we experienced some inflow of fund back into the investment banking system, and banks such as us, who has very good strategy that is structured on retaining our customers and providing them with best diversified investments products, this enabled us to attract higher inflow of these fund to our bank*. Moreover, RM stated that "*the strategy and BSC concept were very clear before and during the crisis and it was very robust but do the bank adhere to it, I doubt that, we have diverted far away from it during the crisis. We just want to float over the water, we were sinking below the water, and thank god we have passed that time. We have learned a very good lesson, when you put a strategy you should adhere to it, it's like the cushion that protect you when you fall*".

According to Zhu and Bario 2012, the regulatory focus has shifted from monitory control to prudential control: "the changing characteristics of the financial system have recently encouraged a shift of focus in the analysis from the role of monetary controls to that of prudential controls in the transmission mechanism, especially to that of capital regulation. A few decades back, a variety of restrictions were in place in several countries on intermediaries' balance sheets as part of credit allocation and overall credit control policies. Over time, as these restrictions were lifted, and the only constraint receiving attention was the minimum reserve requirements. This was considered a fundamental part of the bank lending mechanism. Indeed, changes in the non-bank public's portfolios between traditional capital market instruments (such as bonds) and the traditional deposits were seen as affecting the supply of bank lending. More recently, and given how changes of minimum capital requirements have affected banks' behaviour, a fiery debate has begun to intensify. The debate surrounds consideration of the corresponding implications for the transmission mechanism based on the differential cost of equity funding (the "bank capital" channel)" (Zhu and Bario, 2012, p. 237). Indeed, this was confirmed by SR, who stated that "*The Central Bank in Bahrain is always interested in what the banks do, and we are under focus and radar for what we do to our customers, how we select our customer, is our Know Your Client (KYC) procedure is adequate, type of asset we hold, therefore, the due diligent and the KYC process is very important part of our business process. The Central Bank has become very active after the 2008 financial crisis, and they are very strict on submissions of monthly, quarterly prudential reports. They use to get these report for filing only! Now, they question the report line by line. So yes I believe the central bank are very interested in banks strategy*".

Stulz and Beltratti (2012) argued that "The better-performing banks come from significantly more tightly regulated countries, i.e., from countries with more powerful supervisors, more restrictions on what counts as capital, more restrictions on banking activities, and more private monitoring. Banks that performed better also come from countries with a worse institutional environment. The anti-director index does not differ between the best-performing banks and the worst-performing banks. The worst-performing banks have a significantly more shareholder-friendly board" (Stulz and Beltratti, 2012, p.10). AM believed that very good strategy and the correct strategic management tools, complemented by a very good regulation framework, have helped the bank to perform well during and after the financial crisis: "*Strong strategy model and very good Central bank regulation, no doubt has* *its positive effect on our banks profitability, if you but very strong, solid and organise strategy that fit your business, it will generate a positive return to your bank, and this is exactly what we have done. It is the other way round, if you have no well-structured strategy, you will struggle to maintain your market shares and profitability, i.e. garbage in garbage out. I am confident that the BSC tools has helped us, and it has a positive impact on our banks profitability in the past 10 years*".

4.3.7 Learning and Growth Dimension of BSC: Staff related perspectives, measures and drivers of the Islamic banks.

Does the Learning and Growth dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?

An organisation's ability to compete in the financial market is gradually being seen as dependent on people skills, information and knowledge of its directors and staff. This ability is viewed as intellectual capital, and set to good practice while formulating, executing and fine-tuning strategies (Nedelea and Paun, 2009). On the other hand, Ombuna et al. (2013) believed that the learning and growth dimension determines the bank's learning and growth process. The goals established in the financial, customer, and internal business process dimensions dictate where the bank must excel to achieve breakthrough performance. The objectives and goals in the learning and growth dimension provide the infrastructure to enable the achievement of ambitious goals in the other three dimensions.

MK believed that there should be a link between strategy, strategic management tools and the human resource department; he felt that the latter can structure internal appraisal mechanisms which must consider learning, staff innovation and performance in their reward system. Indeed, he stated, "*It is very important and critical to link the learning and growth perspective measure to your overall strategy and to your performance indicators, as positive performance can't be achieved without having the HR side aligned to the strategy, learning and growth is like the blood of our bank, heart that keep us progressing and innovated*". The learning and growth dimension is part of a strategy to create an environment that supports organisational change, innovation and growth. Under this dimension, directors should identify measures to answer the following query: To accomplish our vision, how will we sustain our capability to change and progress? This dimension is associated with the employees of the organisation, and measures the extent to which the organisation applies efforts to provide its employees with opportunities to grow and learn in their field. Some of the common measures found under this dimension include: employee empowerment, motivation scheme, employee progress scheme and information systems capabilities (Panicker and Seshadri, 2013).

The learning and growth aspect of the Balanced Scorecard plays a significant role in the success of the organisation. According to Lehmann (2014), the Balanced Scorecard is resourceful and motivates staff to fulfil the other three Balanced Scorecard prospective goals. Organisations that only focus on financial goals often treat investments to motivate and advance people as expenses to be reduced when financial performance declines. The Balanced Scorecard emphasises the importance of investing today for future benefit, which includes improving staff capabilities, productivity, the way things are done, and the motivation of staff. It is very important for banks to measure the return on investment of their human capital; according to Kaplan, this measuring can be broken down into three main categories, namely satisfaction, retention and productivity (Kalpin and Norton, 1996). This is in line with what SR stated: "*I believe in career development and motivation, once you have a clear career plan* *for your staff, you will know what you are going to get in few years from now. And this is what BSC has helped us to focus on, and it helped us to build strong team. We have built a very strong career development to all our team that is based on various parameters, if the staff achieve certain things he move to the next step, it really helped us to eliminate the biases of evaluating your employee and in rewarding the innovative staff. We have increased our staff retention and satisfaction, we have very low staff turnover compare to our competitors*". In contrast, MA expressed a different point of view in relation to learning and growth; indeed, he stated that "*Human assets of the organisation are difficult to evaluate and not easy task, and BSC is limited in this regards, accordingly, the attraction of the skills required were always obtained from the market than natural internal progression, we need to have more structured internal career development strategy, the only area that will be very difficult to achieve this goal is Sharia"*. All strategies have objectives and goals, and the same applies to the Balanced Scorecard; each dimension of the BSC has an objective that must be achieved otherwise it loses its value. When asked about what they thought the learning and growth aspect could achieve in their bank, most believed that motivation, carrier progression, job security and fairness in treating staff are important. For example, SR stated, "*I believe that job security, retention and motivation, are most important elements in the learning and growth prospect, especially after the financial crisis, job security become the most important concern to all financial institution staff. Many people lost their job after the 2008 financial crisis, and there were big drop in banker's remuneration packages. I will give you a real example, before the crisis we use to offer any new staff up to 20-25% on top of what he is earning in his existing job, just to attract him to move. Few weeks ago, we have recruited some staff at middle management level, and offered them a discount of 20% of what they get, all of them has* *accepted our offer, this discount is the price for the job security as they are moving from small bank to bigger secured organisation that is what I meant job security*".

Lei et al. (1996) claimed that learning benefits an organisation build the active fundamental competences of its staff. They proposed that organisations can achieve higher-order learning based on many critical factors, and divided these factors into three categories. The first is related to information retrieval and transfer which forms the basis of a firm's general and tacit knowledge base. The second concerns investigations that allow an organisation to constantly improve and redefine heuristics. Finally, organisation need to encourage dynamic practices in order to develop organisation-specific skills and capabilities. In turn, these characteristics of the learning process should be systematically incorporated into plans to accomplish Meta learning; Meta learning is defined as the concurrent conceptualisation of different and contrary forms of knowledge (Lei et al., 1996; Prahalad and Bettis, 1986). Hence, learning and growth is an important element of an organisation's strategy management tools, as it enables the organisation to maintain its highly-skilled and high calibre staff, whose growth in turn leads to growth for the organisation. According to KN, investing in human resources is key to future growth: "*Investing in staff like investing in your future growth, it is a seed that you plant today to get the crops in the future. When the staff feel that they are going to be rewarded for their creativity, and that they will be evaluated based on their performance, they will start competing with each other for the best innovated output, which will create an innovated future team. Computation raise the creativity. This can be verified and measured by implementing the right control tools such as reporting and verifying these achievement".*

4.3.8 Characteristics of staff-related perspectives

The respondents were next asked if the implementation of the BSC has helped in communicating what the Islamic banks are attempting to achieve for their staff at all levels; the responses were mixed. Some of the executives believed that if the strategy and its tools are not communicated to staff, then they have no value. In contrast, others believed it is a must, but is not as important as the strategy itself. The majority agreed that the strategy and its management tools should be very clearly communicated to staff at all levels; for instance, AM believed that, "*if we don't communicate our strategy to our staff then strategy will have no value. Strategy and BSC are tools that help and support management to achieve their goal through the cooperation of all staff at all level, so if the staff don't know what is expected from him to do, then how he will work to achieve this goals?*" Everse (2011) highlighted the issue of strategy communication in her article; indeed, she stated that "A frustrated CEO recently shared with me that her employees had lost their edge. They were internally focused, their speed-to-market was down, and they couldn't find a good balance between serving customers well while making healthy margins. The result was slow progress against the company strategy and an inability to profitably deliver on the value proposition. She had attempted to motivate employees and be clear about the strategy, but she was falling short and was looking for answers on what to do next. The solution in many cases is to overhaul internal communications strategies in order to convince employees of the authenticity, importance, and relevance of their company's purpose and strategic goals. Here are just a few communications approaches that will help you effectively reach your employees and encourage behaviors that advance your strategy and improve your results".

Learning and growth represents an important part of banks' strategy to the extent that it is even afforded special attention by the Central Bank of Bahrain (CBB) – the country's regulatory body. The CBB has issued a regulation rule stipulating that each staff member of the financial institutions in Bahrain must attend certain training courses (minimum 5 days) at the Bahrain Institute of Banking and Finances (BIBF). In addition, anti-money laundering is a mandatory course that all staff members must take on a yearly basis. Moreover, the CBB closely monitors and assesses the credit evaluation process and the risk management mechanism of the banks through regular reporting. Staff development and training help organisations develop business risk awareness. According to Beasley et al. (2006, p. 52), "A challenge for any risk management system is ensuring that all employees embrace a common set of definitions and perspectives. Depending on an employee's background or training, the concepts of "risk" and "risk management" may vary, so one core objective of ERM is to bring a consistent and clearly defined approach to risk management to all employees. As a result, training objectives and performance measures related to learning and education about risk management can be added to this perspective of the balanced scorecard" (Beasley et al., 2006, p. 52). Indeed, this is exactly the issue that NK raised for discussion during the interview; she stated that "*regulatory bodies are interested in the financial issues more than the learning and growth, but yes they give very close attention to issues such as risk management, disaster recovery plan and succession plans especially at the senior level, and they emphasis heavily on training*". Indeed, this is what gives the learning and growth dimension a substantial weight in the Balanced Scorecard model.

One of the areas that the interviewees were focused on was whether the BSC has enabled the IB to retain its best performing employees and thus continue to achieve positive financial & non-financial performance. NK believed that the bank should adhere to its strategy in all circumstances, and that a strategy is set to show us the path to achieve our shareholder and management goals, which mainly revolve around having higher performance and growth. Indeed, she stated "*I think the BSC model provides excellent tools, whether directly or indirectly it has affected the bank performance, and for us, we can feel that, our performance were better after implementation and continued using the BSC, and I am sure that if the top management be more strict in applying our strategy and pay more attention to such tools, it will give better result. The bank has progressed a lot since we have more structured strategy, our balance sheet and P&L had a steady growth since 2005 the date we have implemented such concept. The BSC has helped us to improve our P&L target due to the high performance of our staff which are very loyal to the bank, and most of them are not willing to move to other organisation even with some top up to their salary*".

4.3.9 Internal Process of BSC: Perspectives, measures and drivers

Does the Internal Processes dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?

There are always better way to do things, and this leads us to efficiency. Once we stop thinking of how to improve processes and eliminating unnecessary process we will be behind. After analysing the importance of the customer dimension of the BSC, the importance of the learning & growth dimension of the BSC was analysed in the study. Internal process is a strategy designed for providing services and producing goods in the most efficient and effective ways. Therefore, executives were asked to respond to the following question: To satisfy your clients, stakeholders and shareholders, what internal business processes must you implement? The important idea of this viewpoint is that the values of the internal business processes can lead to financial success and satisfied customers. Generally speaking, the measures used for this dimension include: price that we pay for bad quality, cost of noncompliance (penalty imposed by client or lost opportunity cost), process innovation, time savings, and cost cutting. Panday (2005) conducted a study with a group of bank executives, developed the Balanced Scorecard tool and confirmed that strategic goals are significantly driven by internal process enhancement; Panday also found and that the nonfinancial variables surpassed the financial variables. AY believed that internal process should be very clear and up-to-date to cope with market changes and to increase the efficiency of the bank. He also emphasised that the internal policies and procedures should be very strong so as to enable us to structure a very strong strategy that leads the bank to maximise the shareholder value. Indeed, he stated that "*I believe it is very important to have clear process flow and strong policies and procedures that enable the staff members to conduct a business without any doubt and fear, which will allow them to focus on the business side without concern for the operation issues. I consider that strong internal process help us to generate high revenue with lower resources. It increase our efficiency and improve our brand name. Look at the big players in the market such as Citibank, JP Morgan. All they have built the brand name by having strong internal process that support their growing business and increase their organisation financial performance*". MA agreed with AY in that internal process is a key element in banks' recovery. He highlighted that strong internal policies and procedures enable the bank to return to profitability: "*To measure staff performance, we have set up many parameters and targets, and to achieve this target, we have worked on building an excellent IT system and infrastructure and put in place the right policies and procedures. These main tools allowed us to achieve better performance, and I believe we have done well in this matter. This strategy have allowed us to lower the effect of the financial crisis, hence we have started generating* *decent income. In my view, our strategy in general and Balanced Scorecard in specific has enabled us avoiding many mistakes committed during the financial crisis. I rate this as one of the most important element of our strategy*".

The implementation of the strategy and the use of correct strategic management tools helped the banks to focus on the important part of the business process. Al-Najjar and Kalaf (2012) believed that internal processes have a minor effect on a bank's performance: "The internal processes perspective does not reveal significant improvements; the average annual growth rate was about 2%" (Al-Najjar and Kalaf, 2012, p. 49). On the other hand, Ombuna et al. (2013) studied the impact of using the BSC in commercial banks, and found that banks which had implemented the BSC had better competitive advantage in their internal business process and this was reflected in their performance. IA considered internal process to be an important element of the strategy that enables a bank to build a new product line. He stated that "*I believe that the internal process part of our strategy enabled us to have better products development innovation, and increased our productivity"*. The prospect of the internal process dimension of the BSC is an important aspect of business growth. MM held the view that *"Internal process in any business is measure of efficiency and effectiveness, if you have a clear and smooth internal process you will shorten the deal execution time and therefore will decrease cost of administration which in return will improve your profitability and build a well-known brand name"*. When questioned about what he meant by efficiency and effectiveness, and how the implementation of the BSC in the bank helped change any internal process, MM explained that "*all the banks in this region are copying from each other, we follow our competitor and they follow us, but when we implemented the BSC the game changed. We have Key Performance Indicators (KPI), and part of these KPI how we* *differentiate our self and become as a unique in our services, so we have to change many internal process and deal structure to reach this goals*".

A study conducted by Kollberg and Elg (2010) showed that the BSC is used as a tool to improve internal competencies and organisational growth. They concluded that management and employees used the Balanced Scorecard as a tool in discussions, information transmission, and knowledge enhancement and creation (Kollberg and Elg, 2010). This highlights the importance of the internal process to an organisation's success and growth, and is in line with AM's viewpoint about the internal process: "*Internal process is like the human body organic. If it is safe, healthy and strong, the other part of the body will be safe and strong. It is the same for the internal process. If it's strong and well organised, the bank will be very efficient and will have a strong cost control which in return will be reflected positively on the bank performance*". The internal process enables the banks to focus on their core business process and product development. Indeed, most of the interview respondents were asked what are the most important internal processes perspective measures that the implementation of the BSC has helped the Islamic bank to focus on. Respondents mostly cited product development and risk management assessment, innovation, increasing productivity, product leadership and productivity, and identifying training needs. RK believed that the internal process has enhanced the customer base of the bank: *"Implementing strategy and using BSC has helped us in increasing customers retention and satisfaction, we have increased our market share in the past 10 years dramatically. Our customers and clients base has increased at least by 200%, which is good compared to the other banks, bearing in mind the effect of the financial crisis which is still not over, and many banks in the region are still* *suffering from the financial crisis effect. Our year over year financial performance and growth is a good witness on what do".*

The world's financial institutions have suffered from the financial crisis, and many processes and policies have changed after this financial crisis. According to a study by McKenzie, "Internal process needs to be strengthened and the incentive system aligned with the bank's strategy objectives" (Martini et al., 2009). NK believed that the BSC has helped them in being more innovative. She stated that "*I think implementation of BSC in Islamic banking has helped the banks to achieve the goals of being innovative and having better risk management. The financial crisis has created the fear about the investment and the confidence in investment banking sector has deteriorated. Therefore, the bank started to be innovative in many aspects such as product development and using technology in banking. The Sharia aspect, was the last thing to think about it, as majority of our customer has confidence in our Sharia board".* No strategy will be successful or achieved if it not properly communicated to the concerned parties; indeed, according to Green (2011), "Companies that get the most out of their people don't take employee engagement for granted. They plan it, monitor it, and manage it so that people feel connected to and aligned with the company's vision of winning. When you get everyone in the organization running in the same direction with passion and purpose, you'll be amazed at what you can accomplish". Indeed, RS agreed with these sentiments, stating that "*Implementation of BSC has given us an effective tool to communicate our overall strategy to our shareholder as well as stakeholders, while for internal stakeholder such as staff and management, I believe it provided the tools to communicate the details of the strategy and setting goals for them to achieve (KPI) as there is no confidentiality issue in* *disclosure of our detailed strategy to our staff. One of the KPI that is set for the strategy unit, is how efficient the communication of our strategy to our shareholders and stakeholders is*".

In strategic planning and strategic management tools implementation, there are certain roles that the central bank must play. It must first ensure that the banks have the right internal process and procedures, and proper IT infrastructure; the most important aspect is a proper disaster recovery system and plan. Almost all banks in Bahrain pay considerable attention to the regulatory bodies; indeed, according to Beardsley et al. (2005, p. 50) "The far-reaching impact of regulation means that for companies to maximize their long-term value, they must link up their regulatory strategies with their product, business unit, and corporate strategies. Otherwise, they will often fail to keep their finger on the regulatory pulse, and the result could be ineffective and desultory responses to the opportunities and risks posed by regulation". KM believed that the Central Bank in Bahrain is playing a great role in ensuring that adequate policies and procedures are implemented in a professional manner: "*The central bank is excellent in monitoring and regulating the banks in Bahrain, I believe they have done a great job especially after the financial crisis. Prior to the financial crisis I think they were a little lenient, and were not very active and efficient. The financial crisis was like a wakeup call to the central bank and to the banks. Nowadays, the regulators are closely monitoring the capital adequacy, accounting standard application, policy and procedure enforcement especially that are related to risk management, IT systems and infrastructure and the disaster recovery plan"*. Furthermore, AY believed that implementation and adhering to the strategy have mitigated the effects of the financial crisis on the bank's performance and helped the bank to be profitable and maintain its growth: "*I am a believer in strategy and BSC is one of the excellent tools that help us to improve our operation and process. This tools has mitigated the* *effect of the financial crisis on our business and allowed us to get this crisis behind us very fast. We had a decent growth during the crisis, but beginning of 2011 we had wonderful growth due to the confidence that our clients has in our banks and the financial performance that we had achieved"*.

4.3.10 Characteristics of Internal Process

The respondents were then asked if the implementation of the BSC has helped in communicating what the IB is attempting to achieve by using efficient or effective internal process to all concerned parties. Indeed, all the respondents agreed that the BSC has helped in this regard. For example, JM stated that "*Yes it does, the BSC process in itself is an efficient internal communication channel*".

Following this, the respondents were questioned about the robustness of the definition of internal process perspective of the BSC in IB at times of crisis, recession or distress. All of the respondents readily agreed that it was highly robust and clear.

The respondents were then asked about how concerned the regulators are with the internal processes perspective measures. Indeed, 19 of the interviewees considered the regulators to be very close in monitoring the IBs. Finally, the respondents were asked if they think that the BSC has enabled the IB to continue improving its efficiency and internal processes to achieve positive financial & non-financial performance. Only one of the respondent believed that it is not an effective tool, while the remaining 20 respondents viewed the BSC as an excellent tool for effective functioning of the banks, which in turn contributes to the banks' business growth and better performance.

4.3.11 Analysis of Other Factors

Are there any other factors influencing the implementation of BSC to achieve positive performance in Islamic banks in Bahrain?

After analysing the internal process dimension of the BSC, the importance of other factors that influence the implementation of this tool were analysed; some of the factors cited included:

4.3.12 Significance of enhancing the roles of the employees

The strategy process affects key people in the organisation in the way they think and act; indeed, if the strategic development does not change the organisation's executive thinking, then the implementation of this strategy will not have a real impact. If this is the case, then there must be changes in terms of the way organisations' staff members think and they must be engaged in strategy planning processes so as to make the strategy successful (Eden and Ackermann, 2004). NA highlighted a very interesting process in crafting the bank strategy; she explained that "*I believe that all staff should participate in the strategy planning process, as the higher level executive know the high level business requirements, while the middle and lower level management know the bottom line of the business and day to day activities. So they will be in a better position to give things and ideas that are related to the business, they understand the customer better than senior executive do, so if you combined them (senior management and other levels of management) together you get the maximum outcome of your strategy, and this is what we do in in our annual strategic planning meeting in our bank. We do it in two level, first middle and joiner manager, and second level on higher management and board of directors*". Strategy is a component of the plan and actions drafted to achieve the final goals of the organisation; these goals will be achieved through the organisation's staff, and so without involving the concerned staff members, the important elements of the action plan are missed. Indeed, according to Randall (2013), "By involving your employees in your strategising, you're preserving and protecting your business's success. For their response to be nimble, they need more than marching orders".

It is natural to involve all the management in drafting and implementing the bank's strategy; indeed, RA stated that each staff member should have a clear KPI (Key Performance Indicator) and also added that the strategy of the bank that will lead to its success, and to high performance must be clearly shared with all staff: "*Communication of BSC goals and reviews will ensure that the bank moves according to its planned direction, and will enable us to achieve the ultimate goals of our strategy, and this has been proven during the financial crisis, and after the financial crisis. We have made a loss during the crisis for one year, and then we get out of the mud, and went back to business as usual, we again shine like a star. This definitely will not happen if we don't have a clear and well defined strategy that is clearly communicated to our staff and management. We set a KPI for each staff member, and they are evaluated on annual basis based on these goals and objective achievement*".

Moreover, the people involved in crafting and implementing the strategy should feel the ownership of this process. Hamel (1992) debated that executives should try to build the pre-requirements to facilitate effective strategy formation, that is, establishing an environment in which strategy can emerge and develop as the organisation continually revives itself to manage its dynamic changing environment. Hamel concluded that strategy should not just be the domain of the senior management, but that front-line individuals and the organisation's younger generation should also be allowed to give their opinions and thoughts. Indeed, it would perhaps be a good idea for the strategy to be a combination of both the enthusiasm of youth and the wisdom of age. Employee participation can be implemented at several levels and can be communicative or consultative. Gallagher (2002) claimed that relations of engagement for the interaction of executives and employees in reaching a decision should be articulated, at the same time ensuring that leaders do not abdicate legitimate power and that employees are not involved in decisions beyond their knowledge, capability, interest, or responsibility.

4.3.13 Significance of reviews, strategy, strategy management tools and performance measures

The strategy formulation practice and executive activities exercised as part of implementation require several planning and organisation timetables. As such, the strategy developed for the purpose of strategy organisation performance is divided into three groups: short-, medium- and long-term. The execution each of them requires the knowledge and skills of all staff levels, as well as the preparation of schedules; indeed, it can result in many different outcomes. Uniformity of short- and medium-term activities with long-term actions is very important. If the right actions are conducted at the right time, then very rarely will there be a need to modify the strategy enforced by untypical external and internal changes (Sołoducho-Pelc, 2015). Due to the current dynamic business environment, and challenges faced by the banking sectors around the globe in general and in Bahrain specifically due to the severe decline in oil prices, there should be a regular review of strategy that enables banks to cope with these new challenges. Environmental challenges and changes are now so unpredictable that decisions made under a strategy have to take into consideration the future scenarios, whose development needs long-term planning (Getz et al., 2009). According to RK, strategy is like a train track that controls your movement so that you can smoothly reach your goals: "*A regular strategy review give us the chance to refocus our strategy and to realign it with our original objective. After the financial crisis we had a major strategic meeting where we have made the decision to review our long-term strategy, the strategy that was focusing on US market as our main marker. After the crisis we have refocus our strategy on the regional market. On an annual basis we review our 5-10 years strategy to ensure that our short-term strategy 1-5 years is in line with the long term strategy and the short- term strategy will enable us to achieve the long term one. After the crisis, we have shifted our strategy horizon from the 1-5 years plan to the 1-3 years plan and we started to conduct more frequent reviews, but we never diverted of our original strategy once we have agreed on it. We do modify it to fit the current situation, but not divert or ignore it. Strategy is the train channel that enable us to reach our distention, and prevents us from going out of our value, i.e. to maximise our shareholder value*".

Furthermore, the strategy should be very clearly communicated to all staff members so as to gain their cooperation in implementation. Neves and Eisenberger (2012) studied the relationship between management communication and performance, and found that there is a positive relationship between strategy communication and organisational performance. Moreover, they argued that "The present study advances our theoretical knowledge concerning how management communication affects performance, with implications for practice. Specifically, it reveals that management communication affects performance mainly because it signals that the organization cares about the well-being and values the contributions of its employees" (Neves and Eisenberger, 2012, p. 452). AY fully supported this argument, stating that "*if you don't communicate what you want to achieve, nobody will know about it, and will not be achieved. I believe that strategic planning in general and the BSC in specific has helped us to be more transparent and open in communication which enabled us to reach our goals and continue our annual growth and performance. Strategy is our magic stick that we use to increase our corporate market value*".

4.3.14 Impacts of management conflicts, on strategic planning in IBs

It is very important that top management and the board of directors are harmonised, cooperate and work as a team. Mehra et al. (2006) concluded that for any organisations that want to be efficient, and want to exceed their competitors in performance, a well-defined approach is to focus on the harmonisation of their leadership. Executive leaders need to play a pivotal role in shaping collective norms, encouraging teams to cope with their environments, and coordinating collective action. According to AM, conflict creates an uncomfortable atmosphere that leads the banks to go backward instead of forward, and diminishes their shareholder value; he stated that "*conflict in anything and anywhere is a failure and weakness, and cooperation and harmonisation is the key for prosperity and success. When I was a kid my father taught me from his wisdom, he brought one stick and asked me to break it, I was laughing at him, so I grabbed it and broke it. He smiled and told me make two sticks out of the twenty sticks, so again I broke them. He continued like this till I reached a point that I can't break them, but he continue asking me to add sticks, it is getting harder to even bind them, so it was his turn to smile!! So he look at me and said, my son if you get along with your friend and family, than you are like the group of these stick. The higher the numbers you get along with them the stronger you get, and it is the other way round*". AM was trying to show that the higher the cooperation between the management, the higher the probability of the strategy succeeding and the bank prospering. In contrast, the more intense the conflict between management and board members, the higher the possibility of failure.

4.3.15 Sharia impact on IBs performance

Sharia is a key component of Islamic banking structures. Some of the bankers believed that Sharia is an obstacle to achieving the organisation goals. MA stated that*" I believe Sharia has a critical role in the success of Islamic banking, but unfortunately, most of these scholars are not economists, so they think only about the religious point of view. They don't have an overview of the modern economic environment, they think we are still in the time of barter. Yes they add an accreditation to our products, but they are very slow in processing and understanding the deals, and sometime they are very difficult to get consent with our point of view, I think they are an obstacle to us*". On the other hand, MA had a mixed opinion on Sharia: "*Sharia is an additional layer of control, it has nothing to do with strategy, they are interested in the business activities of the bank, so they neither support nor hinder, or I can say they are more of an obstacle sometimes as you need to explain the things many times for them to understand why we are doing such things. They should concentrate on products compliance and leave the business to business people*". Indeed, it remains unclear as to what the exact effect of Sharia is on strategic planning, and what type of role it should play in the strategy planning process and in selecting the strategic management tools.

On the other hand, the central bank of Bahrain emphasises the important role that the sharia supervisory board plays in crafting Islamic banks' strategies and tools. Any new product or new deal structure must be reviewed and approved by the board scholars and hence they play a critical role in product development. For example, in 2009 after the financial crisis, many clients were asking for hedging instruments to protect their asset value, and so we thought of an Islamic option. Therefore, the dealer wrote to the Sharia board requesting the option approval, which was immediately declined. Accordingly, we thought about a different structure and called it Arbon (advance payment), whereby the investor pays the amount and if he/she does not buy the product then he/she loses the payment. This is precisely the option that we have built in all components of the option, although it is called Arbon; this product was approved.

4.4 NVivo Analysis

Descriptive analysis focuses more on the qualitative measures using the recoded answers. Because of the nature of the interviewees' answers, which mostly contained qualitative data, the NVivo software was used for this purpose. The results obtained using the NVivo applications are summarised in Appendix C, which is a detailed NVivo report.

Based on the full NVivo report, it is evident that there exists a strong relationship between the implementation of the 4-dimensional Balanced Scorecard model as a strategic management tool and the positive performance of the Islamic banks in Bahrain. The implementation of the financial dimension of the Balanced Scorecard model is indeed reflected positively in the bank's overall performance; moreover, there is a strong correlation between the financial dimension and performance.

The financial dimension/perspective of the Balanced Scorecard model has a relationship with the performance of the Islamic banks in Bahrain. The NVivo report indicated that this aspect is a key dimension in the strategic planning of the Islamic banks in Bahrain.

Indeed, the Pearson correlation coefficient between financial dimension and performance was 0.85142, as generated by NVivo; this is close to 1.0, which indicates that there is a very strong relationship between the financial dimension and bank performance. In fact, this indicates that it is one of the most important dimensions. Consideration of the financial dimension comes along with the analysis of a number of factors, such as return on capital employed, cash flow return on investment, and quarterly/yearly financial result. In most cases, the definition of the objectives for the financial dimension of the Balanced Scorecard model is seen to be very easy. All business and financial institutions have financial objectives and are accustomed to using the financial metrics. However, the greatest challenge is to shift focus to other perspectives within the business away from the financial one. The positive relationship between the financial dimension and the positive performance of the Islamic banks in Bahrain is affected by other dimensions, such as the customers and the internal process. According to AY, "*our success is our shareholder and stakeholder success, if we maximise their value, and our bank business is growing in line or better than the market growth, then we have achieved our goals. We should not only think about financial dimension, but we have to consider all other factors, we should think behind the box and not outside the box*". This is in line with suggestion from Kaplan and Norton (1996), who stated that we should use the Balanced Scorecard as an innovation tool to add value to an organisation in achieving its vision and mission, and to improve the financial result of the organisation; indeed, this tool enhances the process of decision making.

The customer dimension of the Balanced Scorecard model and its implementation both have a positive relationship with the performance of the Islamic banks in Bahrain, as generated by NVivo. Indeed, the correlation was 0.796602, which again indicates a very strong relationship. It is lower than the financial dimension, but is still close to 1, thus meaning that customer satisfaction is a vital component of a strategy management tool and of strategic planning. The customer dimension of the Balanced Scorecard model plays a crucial role in the overall performance of the business in the market. This calls for the need to ensure that organisations meet the expectations of their customers and that all queries and complaints are directed towards the right units to enable them to meet their customers' expectations. There are a few key indicators in this dimension. The first is that customers will always find an alternative when their needs are not met. As such, poor performance in this area will automatically result in future decline, regardless of the current situation of satisfaction. To develop metrics for satisfaction, the analysis of customers should be based on the services being provided to the various customer groups. Included in this dimension are key factors such as customer retention, customer satisfaction, market share, and cash flow per customer. This strong relationship was highlighted by NK in her statement: "*capital of the bank is our heart, and customer is our blood, heart without blood can't function and blood without heart has no value, this is the way we consider our customers, the more customers added, and the higher customers retention and satisfaction, is the higher income to our organisation which lead to higher shareholder value and of course higher bonus to us*".

The learning and growth dimension of the Balanced Scorecard model has a direct influence on the performance of any institution. The relationship between this dimension and performance was lower than the financial and customer dimensions, although it was still a very significant relationship. The Pearson correlation coefficient between the learning and growth dimension and performance was 0.778844, as generated by NVivo. The relationship is very strong and indicates that there exists a direct positive relationship between the implementation of the learning and growth dimension of the Balanced Scorecard model, and the positive performance of the Islamic banks of Bahrain. Alignment of personal goals is a prerequisite as far as the learning and growth dimension is concerned. Different employees attached to the institution tend to have different goals that seem to work towards the common objectives of the institution. When considerations are given, and when all of them are aligned with respect to their targets, this benefits the institution as a whole. The learning and growth dimension, which includes training and career development, plays a key role in the success of the strategy. When Gulf Finance House Bank implemented the BSC model, the first thing they did as an implementation committee was to have set up a training programme for all staff at all levels. This was the case not only in strategy implementation, but for many other topics and soft skill courses such as business communication and writing reports. It also developed career paths for all staff at all levels, thus making this management tools implementation very successful. Going even further, the committee members insisted that all staff at all levels should be involved in the discussion and implementation of this critical project that will affect all bank units. The banks need to develop learning and growth measures that assess the number of hours each managerial staff member has spent on training courses, and what the benefits of the training are. Indeed, the organisation must build an evaluation system for its training (Jiambalvo, 2010). AM stated that "*Training for staff is like when you have a farm, you have to put the seed and keep on watering it every day till it growth, then you can get the harvest out of the tree. Training is the same, you training and develop the staff till he reach a stage that he give you the best of what he learn, which directly reflected on our business performance*".

The fourth dimension of the Balanced Scorecard is the internal process dimension, which also influences the performance of Islamic banks in Bahrain. It scored a Pearson correlation coefficient of 00.712313, which is again close to 1, thus indicating that there is a strong correlation between the internal process dimension and the performance of the Islamic banks in Bahrain. Although this dimension has scored a lower correlation, it is still at a high level and is as important as the other dimension. This dimension includes an important part of the Balanced Scorecard, such as policy and procedure process, new product, and internal communication of strategy. Indeed, Kang and Fredin (2012, p. 657), conducted a study to investigate the effects of feedback on performance, and reached the conclusion that "Our findings indicate that direct and clear guidance from the top manager of a business may be seen as pressure by lower-level managers, thereby suggesting that they (the lower-level managers) use all BSC measures in their evaluations. It is important for top managers to create such a performance evaluation environment so that all BSC measures are considered".

Many other factors were also analysed using NVivo software. These factors were seen as affecting the implementation of the Balanced Scorecard model. Examples of such factors include employees' participation in the planning process, ownership of approved plans, harmonisation of management and engaging of external consultants in the planning cycle. The NVivo results showed that these factors were positively affecting the performance of the Islamic banks in Bahrain. One of the most important elements of this dimension is management harmonisation and conflict. As stated by BA, "*Conflict and harmonisation are key items in management, the highest the harmonisation among the board and management, and between the management levels will lead to higher success of the strategy. In 2008 after the crisis there were dispute between the top management, especially about the divided* *strategy and policy, some were insisting to pay dividend and other say no we have to save our liquidity. If I look at our position today, I will say I am confident that if we didn't pay the dividend in 2008 we are in much better position now and we are generating an excellent return. The shareholder has paid the price of the conflict between the board and senior management".*

4.5 Hypothesis Testing

The above measures show that most of the respondents regarded the BSC as important at all levels (i.e. question, dimensions, and model levels). As discussed earlier, the calculated standard deviations were less than 1, thus indicating that there exists no or only a small difference between the sample participants. However, whether there exists a significant difference in their answers will only be shown using the test of significance measures, and thereby the hypothesis can be rejected or accepted. Due to the fact that the rules of parametric statistics were relaxed in relation to the calculation of descriptive statistics and the application of true probability sampling methods, one sample t-test is a parametric (population measure) test that assesses the population mean. The null and alternative hypotheses of the one tailed one sample t-test are as follows:

H_0: $\mu < 4$

Ha: $\mu \geq 4$

Significance rules:

If the probability value (p-value) calculated by one sample t-test was less than 5%, then the null hypothesis would be rejected and the alternative hypothesis embraced (i.e. the test would be significant). The level of confidence would be 95% (100% - 5%):

- If the p-value calculated was higher or equal to 5%, then the null hypothesis would not be rejected. Therefore, it is concluded.

According to Woodrow (2014), "In qualitative research design, it is not sufficient just to accept the scores of means produced by the descriptive statistics, the researcher needs to ascertain whether the differences are significant. T-test can do this by producing a probability coefficient (p). The difference is usually said to be significant if p <0.05. As with any statistical test, the assumptions need to be met. The assumptions for t-test are that the data are normally distributed" (Woodrow, 2014, p. 64).

The t-test of significance was computed because this test is applicable to both parametric and non-parametric statistics. Detailed tables of these results are shown in Appendix B. In line with the earlier approach, the analysis was conducted at the three above-mentioned levels (Question, Dimension, and Model), as shown below (Table 9):

Table 9: Summary result of hypothesis testing

Level	t Test	
	t	sig.
Level (1): Question No. of questions with a significance level of ≤ 5%. ***Interpretation***: This means the respondents, based on t-test - perceived 100% of the questions/factors in the BSC model in the same manner and therefore the hypothesis is rejected for these questions. In contrast, the BSC positively affects the performance of Islamic banks in Bahrain. In fact, the probability obtained was either zero or less than 3.5%, using the one tailed test and almost the same results were obtained using the two tailed test.	44	Yes
Level (2): Dimension No. of dimensions with a significance level of ≤ 5%. ***Interpretation***: This means that the respondents, based on t-test - perceived all the four dimensions of the BSC model in the same manner and therefore the hypothesis is rejected for these dimensions. In contrast, the BSC positively affects the performance of Islamic banks in Bahrain.	4	Yes
Level (3): Overall model At this level, the t-tests and other tests for all questions were calculated as one measure, and therefore the test is at the BSC overall model. ***Interpretation***: This means that the respondents, based on the t-test - perceived the BSC model in the same manner and therefore the hypothesis is rejected meaning that the BSC positively affects the performance of Islamic banks in Bahrain.	1	Yes

In summary, the test of significance, as shown above in Table 4, indicated that there exists an agreement among the respondents regarding the BSC model and its effects on the performance of Islamic banks in Bahrain. This is true at the top hypothesis level (i.e. model level) as well as the detail level (i.e. lowest elements of the BSC model). All the factors scored zero or less than 3.5% probability on the t-test, which indicates that there exists no difference among the respondents in relation to the effects of the BSC on the performance of Islamic banks in Bahrain.

The detailed discussion put forth earlier about the BSC's four dimensions has shown that the respondents gave a score of more than 4 points for most of the questions. Based on the responses analysis table, it is clear that at least 14 respondents answered all the questions with 4 or 5 points.

Further analysis of the financial performance of the banks under the study revealed an interesting result pertaining to those banks with a clear well-structured strategy and that used clear strategic management tools to manage and measure the outcome of their strategy. Indeed, these banks exhibited better performance than the banks that either had a strategy and used strategic management tools but diverted from this during the financial crisis, or those that had no clear well-structured strategy (Appendix D). This confirms the qualitative analysis outcome that there is a strong relationship between the implementation of strategy and strategic management tools/Balanced Scorecard and banks' performance. This result is in line with what Al-mawali et al. (2010)'s conclusion about the effect of using the BSC on Jordanian banks. Indeed, they found a mixed result for each dimension of the Balanced Scorecard in terms of its effect on banks' performances; indeed, each dimension had a different impact on the banks' performance, although all of them had a positive relationship.

4.11 Summary

The literature review has comprehensively outlined the literature related to the theme. It spoke about the Islamic banking segment and also discussed the meaning of the Balanced Scorecard and its significance. Indeed, both the literature review and analysis of the present study emphasised that the BSC is an effective strategic management tool which should always be considered by Islamic banks irrespective of products offered and legal structure or other organisational dimensions. However, some of the Islamic bankers believed that to make the BSC model more effective, a fifth dimension should be added to the current model; this is a

Sharia dimension, and would allow the BSC tool to fit the Islamic banking business model. Indeed, as Sharia is an important element of Islamic banking, this dimension should be considered separately from the other four.

CHAPTER 5
CONCLUSION

This chapter summarises the major settings and findings of the study. It deals with the major conclusions that may be drawn from the research. The chapter further provides notes on criteria of truth, reliability, validity, generalisability, and lists the limitations of the research.

The current study highlighted the importance of using a strategic management tool in strategy planning implementation and measurement (in this case the Balanced Scorecard model) to increase the profitability and enhance the performance of Islamic banks.

5.1 Main Question

Does the implementation of the 4-dimensional (also called perspectives) BSC model as a strategic management tool positively affect the performance of Islamic banks in Bahrain?

Based on quantitative and qualitative measures, the answer is yes.

5.2 Sub-Questions

a) Does the financial dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
b) Does the customer dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
c) Does the internal processes dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?
d) Does the learning and growth dimension of the BSC model positively affect the performance of Islamic banks in Bahrain?

e) Are there other factors that influence the implementation of the BSC to achieve positive performance in Islamic banks in Bahrain?

The results obtained using descriptive statistics and qualitative measures revealed that the Balanced Scorecard, as a strategic management tool, does affect the performance of Islamic banks in Bahrain. 41 factors were considered, and they were all deemed to be important factors according to the respondents.

In this regard, the null hypothesis of the research is rejected because there exists a positive relationship between the Balanced Scorecard as a strategic management tool and the performance of Islamic banks in Bahrain. This research has focused on answering the question of "Does the implementation of the 4-dimensional (also called perspectives) BSC model as a strategic management tool positively affect the performance of Islamic banks in Bahrain?"

Based on the literature review, there is adequate evidence to indicate that the BSC model is an effective strategic management tool in the Islamic financial sectors, and especially in the Kingdom of Bahrain. According to a quote from the vice chairman of Al Baraka Group, "the vision is like the North Star in the desert, it keep guide you till you reach your destination" (Adnan, 2015). There are many strategic management tools that have been used in manufacturing and other industries, but according to the literature review the best fit for the banking sector is the Balanced Scorecard model, as highlighted by Al-mawali et al. (2010), who stated that the Balanced Scorecard uses a multi dimension view, thus making it an excellent strategic management tool for financial institutions.

A sample of 21 persons, most comprising senior bankers, were asked 44 questions in an interview covering the four dimensions of the BSC and other factors related to the Islamic banks in Bahrain. The sample covered 15 of the 24 banks in Bahrain, which were selected based on their willingness to participate in the. However, the persons (21) were selected using convenience methods. The interview answers were recorded in written form following a disagreement about the use of audio recording with the interviewees. The responses were re-coded for use in quantitative analysis. Using quantitative and qualitative measures, the analysis of the responses showed that there exists almost a consensus among the respondents that the implementation of the 4-dimensional BSC model as a strategic management tool positively affects the performance of Islamic banks in Bahrain. This has been evidenced by the high mean averages obtained for each question and supported by low standard deviation and almost zero t-test measures. In addition, the NVivo was used for qualitative analysis and the same interpretation was found, whereby the implementation of the BSC model is highly related to the performance of Islamic banks in Bahrain.

There is enough evidence from the analysis to suggest that the four dimensions of the BSC model are important when implementing the BSC to achieve performance results. The respondents agreed that none of the BSC dimensions can be dispensed with. This conforms to the conclusions of the literature review, which emphasised the totality of the BSC model, and seemed to indicate that partial implementation would not be effective. Indeed, organisations can benefit from the BSC when it translates corporate visions into strategy and uses financial and non-financial measures (Kaplan and Norton, 1996). In addition to the four dimensions, there is also evidence that there exist other factors which should be considered by the Islamic banks in Bahrain when implementing the BSC as a strategic management tool, such as the level of open communication, influence of regulations and rules, Sharia compliance, existence of conflict of interest, and corporate governance. Based on the analysis part of this research, it can be concluded that the primary question of the present study can be positively answered, whereby the implementation of the 4-dimensional BSC model as a strategic management tool does positively affect the performance of Islamic banks in Bahrain, including times of crisis and recession.

Similarly, the main null hypothesis and sub-hypotheses are rejected based on the research findings, and therefore there exists a relationship between the implementation of the 4-dimensional BSC model as a strategic management tool and the positive performance of Islamic banks in Bahrain.

The main conclusions of this research emphasise that the BSC is an effective strategic management tool which should always be considered by Islamic banks regardless of products offered and legal structure or other organisational dimensions. The interview respondents expressed a certain viewpoint during the interviews, stating that the BSC has reached its maturity and thereby needs to be updated specifically for use by Islamic banks in Bahrain. However, the respondents did not indicate the areas in which the BSC model could be developed or enhanced.

5.3 Practical and theoretical Implication

The findings of this research showed a relationship between the Balanced Scorecard strategic management tool and the performance of Islamic banks in the Kingdom of Bahrain. Prior to this study, no researcher had given enough attention to the importance of strategic planning and strategic management tools and how these affect the growth of organisations. Moreover, many bank management teams believed that strategic planning and the Balanced Scorecard are a waste of management time, and the bank's money. This study has highlighted the implications and consequences of implanting strategic planning and strategic management tools. One important practical implication of this study is for the implementation of a measurement control scheme. Indeed, the implementation of a control and performance measurement scheme requires the use of multiple performance measure mechanism that are critical to the success of Islamic banks in the Kingdom of Bahrain. The implementation of multiple dimension performance measures could emphasise the importance of some business elements that are not known to the management, such as the role played by Sharia law in banks' performance.

Another important element of this study is the importance of management harmonisation and cooperation in crafting the banks' strategy and in implementing one of the management tools. Indeed, this study focused on the importance of involving all levels of management when putting together and implementing the banks' strategy and its tools. The study focused on the interrelation of the Balanced Scorecard element, and the effect of one dimension on the overall strategy. Moreover, using the Nvivo software, the study tested the cross link between each dimension of the Balanced Scorecard and its effect on the banks' performance. It then went on to highlight other factors that had long been ignored due to management perceiving these factors as non-income generated activities, such as training, staff career path, customer retention, and satisfaction. One of the important areas that this study has highlighted is the benefit of clear strategy communication to all stakeholders and how this affects the banks' performance. Moreover, the study discussed the involvement of all staff members in setting up the strategy and in choosing the right strategic management tools which can help in achieving smooth implementation and success in reaching the optimum benefit of this strategy.

5.4 Limitations of the Study

The present study has a number of limitations. One of these limitations concerns measuring the performance of Islamic banks. There are numerous perspectives on measuring the performance of organisations. However, this study focused on a few performance contrasts in order to develop a realistic scope of research. Difficulties were also experienced in terms of access to data that would help in measuring the performance of the financial institutions. Some of the data required to measure the financial performance of financial institutions is sensitive, and hence many organisations are reluctant to share this information. Another limitation concerned the evaluation of strategic planning and the strategic management tools within the selected organisation. There are numerous models and strategic management tools. However, the current study concentrated on examining the impact of the Balanced Scorecard. Other strategic management tools have not been captured in the study.

There are some additional limitations of this research which might have restricted the scope and affected the outcome of the research. The current study had to deal with several limitations, all of which have been outlined below:

i. **Tiresome procedure**: Since the researcher decided to use a mixed method, including qualitative and quantitative approaches (interviews, which were then translated to scale) for the research, he had to make comprehensive preparations in advance. This was necessary in order to deal with the varied requirements of the procedures while conducting analysis. Many respondents felt that the BSC had reached its maturity and thus there was a need to update it specifically for use by the Islamic banks. Consequently, the researcher had to be very careful while assessing and investigating the data and making inferences from which to formulate results.

ii. **Limited resources**: There was a data access limitation when dealing with Gulf Cooperation Council GCC due to the transparency culture that exists in this region; this meant that the research was limited to Bahrain only. To overcome such a limitation, the researcher included banks with a mixed ownership, i.e. GCC shareholders, and board of directors. Further, this also limited the sample size to merely 21 interviewees and 15 banks. To overcome the financial data sensitivity, the researcher agreed with the candidates that the names of the banks would not be disclosed.

iii. **Study limited to a specific location**: The research was only conducted in Bahrain. As such, it is difficult to know if the same inferences could be drawn were the study to have been conducted in other parts of the world.

iv. **Study restricted to specific topics**: The data collected for this research is exclusive and used purely for analysing the importance of the BSC and the importance of strategic management tools for Islamic banks.

v. Some of the banks used in this research were not listed on the Bahrain Stock Exchange, and thus data had to be collected through personal contact; this made it difficult to conceal the bank names.

As a part of the research, collection and analysis of qualitative data was conducted in the semi-structured format, incorporating standardised and open ended questions. For the collection of primary data, the respondents selected as the target were from a sample of 15 Islamic banks out of 24 Islamic banks in the Kingdom of Bahrain; a total of 21 respondents were interviewed. It is important to note that the researcher tried to include all the banks in Bahrain, although only 15 were willing to participate in this study.

5.5 Summary

The analysis proved that the BSC is beneficial for Islamic banks when it comes to competing with other conventional forms of banking. The study also proved that the BSC is an ideal strategic management tool medium to allow banks to reach their desired rate of growth and enhance their popularity in the market. Furthermore, the BSC can be successfully adapted to suit the varied requirements of the Islamic banks. The BSC can be an effective tool with which to plan, implement and measure strategy before gaining feedback in the context of the performance of Islamic banks in the Kingdom of Bahrain.

References

A.Rahman, K., 2015. *The Waqf Fund* [online]. Central Bank of Bahrain. Available at: https://www.cbb.gov.bh/page-p-waqaf-fund-page.htm [Accessed 8/26 2015].

Abdo, H., and Aguiar, M., 2011. *Understanding Discursive Resources and Strategic Decision Making.* 1st ed. Germany: LAP Lambert Academic Publishing.

Abrams, M., 2011. *Improving Capital Efficiency: Failure is not an Option* [online]. Open Link Marketing and Communications, NY. Available at: http://www.olf.com/software/financial-capital/articles/Improving-Capital-Efficiency-Failure-is-not-an-Option_DerivSource.pdf [Accessed 05/20 2014].

Abreu, M., and Mendes, V., 2001. *Commercial bank interest margins and profitability: evidence from some EU countries.* Paper presented at the Proceedings of the Pan-European Conference jointly ed. Thessaloniki, Greece: IEFS-UK & University of Macedonia Economic & Social Sciences.

Adnan, Y., 2015. *22nd Annual World Islamic Banking Conference.* 22nd ed. Manama: Middle East Global Advisors.

Ahmad, Z., Ahmad, Z., Ahmad, I. and Nawas, M., 2010. Balanced Scorecard: Is it a Spontaneous Performance Measurement Tool? *Interdisciplinary Journal of Contemporary Research in Business,* 2 (2), 100-107.

Ahmed, A., 2010. Global financial crisis: An Islamic finance perspective. *International Journal of Islamic and Middle Eastern Finance and Management,* 3 (4), 306-320.

Ahmed, H., 2009. Financial Crisis: Risks and Lessons for Islamic Finance. *International Journal of Islamic Finance,* 1 (1), 7-32.

Ahmed, U., 2010. *Challenges facing Islamic banking industry.* 1st ed. Pakistan: Meezan Bank Business Recorder.

Al Ajlouni, A., 2009. *Developing Strategies for Islamic Banks to Face the Future Challenges of Financial Globalization.* http://mpra.ub.uni-muenchen.de/13581/1/MPRA_paper_13581.pdf ed. Online: MPRA.

Alani, F., and Alani, K., 2012. The role of Islamic ethics in accounting environment. *Journal of Business and Management,* 2 (1), 26-30.

Albrechts, L., and Balducci, A., 2014. Practicing Strategic Planning: In Search of Critical Features to Explain the Strategic Character of Plans. *The Planning Review,* 49 (3), 16-27.

Allwood, C., 2011. The distinction between qualitative and quantitative research methods is problematic. *Quality and Quantity,* 46 (5), 1417-1429.

Al-Hamad, K., 2015. *Customer Complaints Report.* 1st ed. Bahrain: Central Bank of Bahrain CBB.

Al-Hosaini, F., and Sofian, S., 2015. A Review of Balance Scorecard Framework in Higher Education Institution (HEIs). *International Review of Management and Marketing,* 5 (1), 26-35.

AlKahalifa, M., 2013. *Bahrain Vision 2030* [online]. EDB, Bahrain. Available at: http://www.bahrainedb.com/en/EDBDocuments/EDB-Vision-2030-May-2013.pdf [Accessed 8/12 2016].

AlManai, H., 2015. *Customer Complaints Report.* 1st ed. Bahrain: Central Bank of Bahrain CBB.

Al-mawali, H., Zainuddin, Y. and Ali, N., 2010. Balanced Scorecard (BSC) Usage and Financial Performance of Branches in Jordanian Banking Industry. *International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering,* 4 (6), 1161-1168.

Al-Najjar, S., and Kalaf, K., 2012. Designing a Balanced Scorecard to Measure a Bank's Performance: A Case Study. *International Journal of Business Administration,* 3 (4), 44-53.

Amatulli, C., Caputo, T. and Guido, G., 2011. Strategic Analysis through the General Electric/McKinsey Matrix: An Application to the Italian Fashion Industry. *International Journal of Business and Management,* 6 (5), 61-75.

Andersen, G., 1998. *Fundamentals of educational research.* 2nd ed. London: Falmer Press.

Antonsen, Y., 2014. The Downside Of The Balanced Scorecard: A Case Study From Norway. *Scandinavian Journal of Management,* 30 (1), 40-50.

Arbel, A., and Orgler, Y., 1990. An Application Of The AHP To Bank Strategic Planning: The Mergers And Acquisitions Process. *European Journal of Operational Research,* 48 (1), 27-37.

Archer, J., 2007. Districts tracking goals with balanced scorecards database. *Academic Search Premier,* 26 (24), 10-15.

Ariss, R., 2010. Competitive conditions in Islamic and conventional banking: A global perspective. *Review of Financial Economics,* 19 (3), 101-108.

Armstrong, J.S., 1986. The value of formal planning for strategic decisions: Reply. *Strategic Management Journal,* 7 (2), 183-185.

Asadoorian, M., and Kantarelis, D., 2008. *Essentials of Inferential Statistics.* 5th ed. USA: University Press of America.

Asfour, H., and Haddad, S., 2014. The Impact of Mobile Banking on Enhancing Customers' E-Satisfaction: An Empirical Study on Commercial Banks in Jordan. *International Business Research,* 7 (10), 145-169.

Asif, M., and Anjum, M.A., 2012. Acceptance of Islamic Banking in Muslim Customers A Comparative Study on Flaws of Interest Based Banking vs. Positive Aspects of Islamic Banking. *International Review of Management and Business Research,* 1 (1), 9-17.

Athanasoglou, P., Brissimis, N. and Delis, D., 2008. Bank-specific, Industry-specific and Macroeconomic determinants of bank profitability. *Journal of International Financial Market,* 18 (2), 121-136.

Atkinson, A., Balakrishnan, R., Booth, P., Cote, J., Groot, T., Malmi, T., Roberts, H., Uliana, E. and Wu, A., 1997. New directions in management accounting research. *Journal of Management Accounting Research,* 9 (3), 79-108.

Awan, A., 2009. *Comparison of Islamic and Conventional Bannking in Pakistan* [online]. Institute of Information technology. Available at: http://www.ciitlahore.edu.pk/pl/abrc/proceedings/all%20papers/comparison%20of%20islamic%20and%20conventional%20(abdul%20ghafoor%20awan).pdf [Accessed April, 25 2014].

Awan, H., and Bukhari, S., 2011. Customer's criteria for selecting an Islamic bank: evidence from Pakistan. . *Journal of Islamic Marketing,* 2 (1), 14-27.

Aziz, M., 2016. *Bahrain - A workshop on the use of "Balanced Scorecard* [online]. Arab 24, UAE. Available at: http://arab24.com/portal/index.php/en/%D9%82%D8%B5%D8%B5-%D9%88%D9%85%D9%88%D8%A7%D8%B6%D9%8A%D8%B9-%D9%85%D9%82%D8%AA%D8%B1%D8%AD%D8%A9-2/bahrain/item/3179-bahrain-a-workshop-on-the-use-of-balanced-scorecard [Accessed 10/09 2016].

Bachmeier, K., 2009. *Analysis of Marketing Strategies Used by Pepsico Based on Ansoff's Theory.* Seminar paper ed. München - Germany: GRIN Verlag.

Baker, T., 1998. *Doing Social Research.* 3rd ed. New York: McGraw-Hill Inc.

Barbour, R., 1998. Mixing qualitative methods: Quality assurance or qualitative quagmire? *Qualitative Health Research,* 8 (3), 352-361.

Barrientos, M., 2015. *Bahrain Economy Overview* [online]. IndexMundi. Available at: http://www.indexmundi.com/bahrain/economy_overview.html [Accessed 3/10 2016].

Bashir, A., 2010. *Assessing the Performance of Islamic Banks* [online]. Islamic Economy and Finance Pedia. Available at: http://www.iefpedia.com/english/?p=5344 [Accessed March 12 2014].

Bashir, A., 2007. *Islamic Banks Participation, Concentration and Profitability: Evidence from MENA Countries.* Working Paper 0402 ed. Indonesia: Six International Conference on Islamic Economics and Finance - IRTI.

Bashir, A., 2001. Assessing the Performance of Islamic Banks: Some Evidence from the Middle East. *Middle Eastern and North African Economies* [online], 3 (1), April 25, 2014-10. Available at: http://www.luc.edu/orgs/meea/volume3/revisedbashir.pdf [Accessed May 1, 2014].

Basuony, K., 2014. The Balanced Scorecard in large firms and SMEs: A critique of the nature, value and Application. *Accounting and Finance Research,* 3 (2), 14-22.

Beardsley, S., Bugrov, D. and Enriquez, L., 2005. *The role of regulation in strategy.* 1st ed. The Online Journal of McKinsey & Co.: The McKinsey Co.

Beasley, M., Chen, A., Nunez, K. and Wright, L., 2006. Working Hand in Hand: Balanced Scorecards and Enterprise Risk Management. *Strategic Finance,* 87 (9), 49-55.

Beck, T., Kunt, A. and Merrouche, O., 2010. *Islamic vs. Conventional Banking: Business Model, Efficiency and Stability.* World Bank Policy Research Working Paper No. 5446 ed. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1694335: SSRN.

Benit, C., Westfall, R., Treloar, A., Phillips, R. and Jansson, M., 2007. Social factors linked to postpartum depression: A mixed-methods longitudinal study. *Journal of Mental Health,* 16 (6), 719-730.

Bentes, A., Carneiro, J., da Silva, J. and Kimura, H., 2012. Multidimensional assessment of organizational performance: Integrating BSC and AHP. *Journal of Business Research,* 65 (2), 1790-1799.

Bernard, H., 2000. *Social Research Methods: Qualitative and Quantitative Approaches.* 1st ed. USA: Sage Publications.

Best, J., and Kahn, J., 2005. *Research in Education.* 10th ed. USA: Pearson.

Bhaskar, R., 1998. *The Possibility of Naturalism: A Philosophical Critique of the Contemporary Human Sciences (Critical Realism--Interventions).* 1st ed. NY: Routledge.

Bogdan, R., and Biklen, S., 2006. *Qualitative research for education: An Introduction to theory and methods.* 5th ed. NJ: Pearson.

Boone, H., and Boone, D., 2012. Analizing Likert Data. *Journal of Extension,* 50 (2), 5-7.

Boyd, B., 1991. Strategic Planning and Financial Performance: A Meta-Analytic Review. *Journal of Management Studies,* 28 (4), 353-374.

Boyd, B.K., 1991. Strategic Planning and Financial Performance: A Meta-analytic Review, *Journal of Management Studies,* 28 (4), 353-374.

Branka, S., and Bostjan, A., 2009. *Strategic Planning and Small Firm Growth: An Empirical Examination*. *Managing Global Transitions,* 2 (2), 107-122.

Breul, J., 2005. *Performance Pay: How the Spanish Government Makes IT Work.* [online]. Federal Times, USA. Available at: http://www.federaltimes.com/search/How%20the%20Spanish%20Government%20Makes%20IT%20Work/ [Accessed 2/12 2015].

Bryant, L., Jones, D. and Widener, S., 2004. Managing Value Creation within the Firm: An Examination of Multiple Performance Measures. *Journal of Management Accounting Research,* 16 (1), 107-131.

Bryman, A., and Bell, E., 2011. *Business Research Methods.* 3rd ed. USA: Oxford University Press.

Bryman, A., 2016. *Social Research Methods.* 5th ed. London: Oxford University Press.

Bryson, J., 2011. *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement.* 4th ed. CA- USA: Jossey-Bass.

Campbell, D., and Fiske, D., 1959. Convergent and discriminant validation by the multitrait-multimethod matrix. *Psychological Bulletin,* 56 (2), 81-105.

Carr, N., 2005. Process meets progress: Borrowing from business in Charlotte-Mecklenburg. *American School Board Journal,* 24 (2), 14-17.

Carson, D., Gilmore, A., Perry, C. and Gronhaug, K., 2001. *Qualitative Marketing Research.* 1st ed. London: Sage.

Carton, R., and Hofer, C., 2006. *Measuring Organizational Performance: Metrics for Entrepreneurship and Strategic Management Research.* 1st ed. USA: Edward Elgar Publishing.

Casey, W., and Peck, W., 2004. *A balanced view of balanced scorecard. Executive Leadership Group.* White Paper ed. USA: The Leadership Lighthouse Series.

CBB, Central Bank of Bahrain, 2014. *Full CBB Register* [online]. Central Bank of Bahrain. Available at: https://www.cbb.gov.bh/page-p-cbb_register.htm [Accessed June, 20 2014].

CBB, T., 2009. *Financial Stability Report.* 1st ed. Bahrain: Central Bank of Bahrain.

Chachi, A., 2005. Origin and Development of Commercial and Islamic Banking Operations *Islamic Economics,* 18 (2), 3-25.

Charan, R.: & Colvin, G., 1999. *Why CEOs Fail It's rarely for lack of smarts or vision* [online]. FORTUNE Magazine. Available at: http://archive.fortune.com/magazines/fortune/fortune_archive/1999/06/21/261696/index.htm [Accessed 7/25 2015].

Charan, R., 2015. *Criticisms of Strategic Management* [online]. Doclecture.Net. Available at: http://doclecture.net/1-15195.html [Accessed 09/15 2016].

Chaudhary, N., and Sharma, B., 2012. Impact of Employee Motivation on Performance (Productivity) In Private Organization. *International Journal of Business Trends and Technology,* 21 (4), 29-35.

Chen, Y., Chen, C. and Tsay, C., 2010. Business strategies in the banking industry: How to construct the most appropriate strategy by applying the BSC and AHP. *Journal of Statistics & Management Systems,* 13 (5), 979-1001.

Chenhall, R., and Langfield-Smith, K., 2007. The relationship between strategic priorities, management techniques and management accounting: an empirical investigation using a systems approach. *Journal of Accounting, Organizations and Society,* 23 (3), 243-264.

Cheong, F., 2015. *Implementation of Strategic Management Accounting.* Report ed. UK: City University.

Chowhan, S., and Shekhwat, N., 2015. *Business and Management.* 1st ed. India: Lulu.com.

CMA, T., 2010. *Value Chain Analysis for Assessing Competitive Advantage* [online]. The Institute of Management Accountants. Available at: http://www.imanet.org/PDFs/Public/Research/SMA/Value%20Chain%20Analysis.pdf [Accessed Januray, 21 2014].

Cogan, D., 2008. *Corporate Governance and Climate Change: The Banking Sector.* 1st ed. USA: Ceres Inc.

Colak, M., Elbanna, S., and Thanos, I. 2014. An Exploratory Study of the Determinants of the Quality of Strategic Decision Implementation in Turkish Industrial Firms. *Journal of General Management,* 40 (2), 27-46.

Collis, D. and Rukstad, M., 2008. *Can You Say What Your Strategy IS* [online]. Harvard Business Review. Available at: https://hbr.org/2008/04/can-you-say-what-your-strategy-is [Accessed 07/10 2014].

Collis, J., and Hussey, R., 2013. *Business Research: a practical guide for undergraduate and postgraduate students.* . 4th ed. London: Palgrave Macmillan.

Cooper, D., and Schindler, P., 2013. *Business Research Methods* 12th ed. USA: McGraw-Hill/Irwin.

Cornelissen, J., 2006. Metaphor and the Dynamics of Knowledge in Organization Theory: A Case Study of the Organizational Identity Metaphor. *Journal of Management Studies,* 43 (4), 683-709.

Coyle, J., and Williams, B., 2000. An exploration of the epistemological intricacies of using qualitative data to develop a quantitative measure of user views of healthcare *Journal of Advanced Nursing,* 31 (5), 1235-1243.

Crawford, N., 2010. *What are the main ethical considerations in social research* [online]. University of Essex. Available at: https://www.essex.ac.uk/sociology/documents/pdf/ug_journal/vol3/2009SC203_NatashaCrawford.pdf [Accessed May 15 2014].

Cresswell, J., 2013. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches.* 4th ed. USA: SAGE Publications, Inc.

Cresswell, J., 2009. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches.* 3rd ed. NY: SAGE Publications.

Creswell, J., and Plano, C., 2011. *Designing and conducting mixed methods research.* 2nd ed. London: SAGE Publications, Inc.

Crotty, J., 2009. Structural causes of the global financial crisis: a critical assessment of the 'new financial architecture. *Cambridge Journal of Economics,* 33 (4), 563-580.

Darbi, W., 2012. Potential Impact of Vision and Mission Statements on Employee Behavior and Attitudes. *International Journal of Business and Social Science,* 3 (14), 95-109.

David, F., 2010. *Strategic Management: Concepts.* 13th ed. USA: Prentice Hall.

David, J., 2013. *JPMorgan Chase to Slash $1 Billion in Costs; Cut Staff by 4,000* [online]. CNBC. Available at: http://www.cnbc.com/id/100495176 [Accessed June 25 2014].

Davidson, L., 2007. Qualitative Research Methods In Psychology: Introduction Through Empirical Studies. *Journal of Phenomenological Psychology,* 38 (1), 151-154.

Davis, G., Kleindorfar, G., Kochenberger, G., Reutzel, E. and Brown, E., 1986. Strategic Planning For Bank Operations with Multiple Check-Processing Locations. *Interfaces,* 16 (6), 1-12.

Dechow, N., 2012. The balanced scorecard: subjects, concept and objects – a commentary. *Journal of Accounting & Organizational Change,* 8 (8), 511-527.

Denzin, N., 2009. *The research act: A theoretical introduction to sociological methods.* 2nd ed. Chicago: Aldine Transaction.

Devis, S., and Albright, T., 2004. An investigation of the effect of Balanced Scorecard implementation on financial performance. *Management Accounting Research,* 15 (2), 135-153.

Diener, E., 1980. Deindividuation: Effects of group size, density, number of observers, and group member similarity on self-consciousness and disinhibited behavior. *Journal of Personality and Social Psychology,* 39 (3), 449-459.

Dkhili, H., and Noubbigh, H., 2013. Management Control System and the Case of CSR in the Tunisian Industrial Companies: What Findings by the Method of Structural Equation? *International Review of Management and Marketing,* 3 (2), 86-92.

Donaldson, K., Ishii, K. and Sheppard, S., 2006. Customer Value Chain Analysis. *Research in Engineering Design,* 6 (1), 174-183.

Donalek, J.G., 2004. Demystifying nursing research: Phenomenology as a qualitative research method. *Urologic Nursing,* 24 (6), 516-517.

Drucker, P., and Maciariello, J., 2008. *Management.* 1st ed. New York: Collins.

Dusuki, A., and Abdullah, N., 2007.
Why do Malaysian customers patronize Islamic Banks? *International Journal of Bank Marketing,* 25 (3), 142-160.

Earle, T., 2009. Trust, Confidence, and the 2008 Global Financial Crisis. *Risk Analysis,* 29 (6), 785-791.

Easterby-Smith, M., Thorpe, R. and Lowe, A., 2012. *Management Research: An Introduction.* 4th ed. London: Sage.

Easterby-Smith, M., Golden-Biddle, K. and Locke, K., 2008. Working with pluralism: determining quality in qualitative research. *Organizational Research Methods,* 11 (3), 419-429.

Eastlack, J.O., and and McDonald, P.R., 1970. CEOs' role in corporate growth. *Harvard Business Review,* 48 (3), 150-163.

Eden, C., and Ackermann, F., 2004. *Making Strategy: The Journey of Strategic Management.* 1st ed. London: SAGE Publications Ltd.

El-Gamal, M., 2007. Mutuality as an antidote to rent-seeking *Shariah* arbitrage in Islamic finance. *Thunderbird International Business Review,* 4 (2), 187-202.

Elhadef, S., 2014. *World Islamic Banking Competiveness Report 2013-2014: Successful Expansion into New Market.* 1st ed. Bahrain: Ernst & Young.

Ellaboudy, S., 2010. The Global Financial Crisis: Economic Impact on GCC Countries and Policy Implications. International. *International Research Journal of Finance and Economics,* 41 (14), 177-190.

Ensign, P., 2001. Value Chain Analysis and Competitive Advantage. *Journal of General Management,* 27 (1), 18-42.

Erkens, D., Hung, M. and Matos, P., 2012. Corporate Governance in the 2007-2008 Financial Crisis: Evidence from Financial Institutions Worldwide. *Journal of Corporation Finance,* 18 (2), 389-411.

Erol, C., and El-Bdour, R., 1989. Attitudes, behavior and patronage factors of bank customers towards Islamic banks. *International Journal of Bank Marketing,* 7 (3), 31-37.

Evans, N., 2005. Assessing the Balanced Scorecard as a Management Tool for Hotels. *International Journal of Contemporary Hospitality Management,* 5 (17), 376-390.

Everse, G., 2011. *Eight Ways to Communicate Your Strategy More Effectively* [online]. Harvard Business Review. Available at: https://hbr.org/2011/08/eight-ways-to-energize-your-te [Accessed 12/20 2016].

Falshaw, R., Glaister, K. and Tatoglu, E., 2006. Evidence On Formal Strategic Planning And Company Performance. *Management Decision,* 44 (1), 9-30.

Farook, R., 2009. *Islamic Banks - Their strategies and ratings* [online]. Islamic Finance and Banking. Available at: http://islamicfinanceandbanking.blogspot.com/2009/05/islamic-banks-their-strategies-and.html [Accessed 06/25 2014].

Ferrell, O., and Hartline, M., 2012. *Marketing Strategy, Text and Cases.* 6th ed. USA: Cengage Learning.

Figge, F., Hahn, T., Schaltegger, S. and Wagner, M., 2002. The Sustainability Balanced Scorecard - Linking Sustainability Management to Business Strategy. *Business Strategy and the Environment,* 11 (5), 269-284.

Flemming, L., 2014. A Review of Strategic Planning Models Development Over The Past 50 Years, And their Effectiveness in Public Sector Organization Sector *In: International Conference on Leadership, Management and Strategic Development, St. Thomas Virgin Islands, US, March, 20-21.* USA: Academic Conferences and Publishing International Ltd, pp. 19-33.

Freeman, E., Wicks, A. and Parmar, B., 2004. Stakeholder Theory and "The Corporate Objective Revisited". *Organization Science,* 15 (3), 364-369.

Gait, A.H., and Worthington, A., 2007. *A Primer on Islamic Finance: Definitions, Sources, Principles and Methods.* Fist ed. Australia: University of Wollongong.

Gallagher, S., 2002. Decision Making: An Architect Model for Extension Applications. *The Journal of Extension,* 40 (2), 12-13.

Gelo, O., Braakmann, D. and Benetka, G., 2008. Quantitative and qualitative research: Beyond the debate. *Integrative Psychological and Behavioral Science,* 42 (3), 266-290.

Gates, L., 2010. *Strategic Planning with Critical Success Factors and Future Scenarios: An Integrated Strategic Planning Framework.* 1st ed. USA: Carnegie Mellon University.

Gereffi, G., and Fernandez-Stark, K., 2011. *Global Value Chain Analysis: A Primer* Research Paper ed. USA: Center on Globalization, Governance & Competitiveness.

Getz, G., Jones, C. and Loewe, P., 2009. Migration management: An approach for improving strategy implementation. *Strategy & Leadership,* 37 (6), 18-24.

Glaister, K., Dincer, O., Tatoglu, E., Demibag, M. and Zaim, S., 2008. A Causal Analysis Of Formal Strategic Planning And Firm Performance. *Management Decision,* 46 (3), 365-391.

Gloy, B., 2008. *A Guide to Understanding the Value Chain* [online]. Smart Marketing. Available at: http://www.agofthemiddle.org/pubs/ValueChainGuide.pdf [Accessed March 25 2014].

Giannopoulos, G., Holt, A., Khansalar, E. and Cleanthous, S., 22013. The use of the balance scorecard in small companies. *International Journal of Business and Management,* 8 (14), 1-22.

Gokturk, E., 2010. *What is Paradigm* [online]. University of Oslo. Available at: http://folk.uio.no/erek/essays/paradigm.pdf [Accessed April 10 2014].

Goldsmith, S., 2011. *Principles of Health Care Management.* 2nd ed. USA: Jones & Bartlett Publishers, LLC.

Goodman, S., Lewis, P., Fandt, P. and Michlitsch, J., 2006. *Management: Challenges for Tomorrow's Leaders.* 5th ed. USA: Cengage Learning.

Gosh, S., 2013. *A Study of Differences in Standard & Poor's and Moody Corporate Credit Rating.* Research Paper ed. NY - USA: New York University.

Gotschall, M., 2015. *Bank Scandals Fuel Interest in Islamic Finance* [online]. VOANews.com. Available at: http://learningenglish.voanews.com/content/bank-scandals-fuel-interest-in-islamic-finance/3026712.html [Accessed 7/10 2015].

Green, H., 2011. *Why Engaging Your Employees Is The Answer To Strategic Planning* [online]. Forbes. Available at: http://www.forbes.com/sites/work-in-progress/2011/03/16/why-engaging-your-employees-is-the-answer-to-strategic-planning/ [Accessed 12/20 2015].

Greenlee, J., Kelly, H., Fogarty, M., Dutty, S. and Baraybar, J., 2011. *Basel III: Issues and Implications.* 1st ed. Delaware, USA: KPMG LLP.

Greenley, G.E., 1986. Does strategic planning improve company performance? *Long Range Planning,* 19 (2), 101-109.

Guazzini, A., 2012. *What is the best way used to present the five-point likert scale data? Using mean scores or using percentages?* [online]. ResearchGate. Available at: http://www.researchgate.net/post/What_is_the_best_way_used_to_present_the_five-point_likert_scale_data_Using_mean_scores_or_using_percentages [Accessed 10/25 2015].

Gurbuz, T., 2013. A Modified Strategic Position and Action Evaluation (SPACE) Matrix Method. *In: The Theoretical and Applied Engineering and Computer Science, Hong Kong, March 13, 2013.* http://www.iaeng.org/publication/IMECS2013/: International Association of Engineers (IAENG), pp. 866-869.

Halcomb, E., and Andrew, S., 2005. Triangulation as a method for contemporary nursing research. *Nurse Researcher,* 13 (2), 71-82.

Hamel, G., 1996. Strategy as revolution. *Harvard Business Review,* 74 (4), 69-76.

Hamel, G., 1992. Strategy Innovation and the Quest for Value. *Sloan Management Review,* 39 (2), 7-14.

Hanif, M., 2011. Differences and Similarities in Islamic and Conventional Banking. *International Journal of Business and Social Science,* 2 (2), 166-175.

Hanks, G. and Media, D., 2014. *Link Between the SWOT Matrix & the Grand Strategy Matrix* [online]. AZ Central, Arizona. Available at: http://yourbusiness.azcentral.com/between-swot-matrix-grand-strategy-matrix-29065.html [Accessed November 8 2014].

Harbott, A., 2010. *What Is Value Chain Analysis* [online]. Business Thoughts. Available at: http://www.harbott.com/2010/12/02/what-is-value-chain-analysis/ [Accessed May 2 2014].

Hardy, M., and Bryman, A., 2009. *Handbook of Data Analysis.* 1st ed. USA: SAGE Publications Ltd.

Hashemi, N., Mazdeh, M., Razeghi, A. and Rahimian, A., 2011. Formulating and Choosing Strategies Using SWOT Analysis and QSPM Matrix: A Case Study of Hamadan Glass Co. *In: 41st International Conference on Computers & Industrial Engineering, 1st, Sept 2013.* USA: Curran Associates, Inc, pp. 366-371.

Hassan, K., and Lewis, M., 2007. *Handbook of Islamic Banking.* 1st ed. UK: Edward Elgar Publishing.

Hawkins, J. and Mihaljek, D., 2001. *The banking industry in the emerging market economies: competition, consolidation and systemic stability* [online]. Bank for International Settlements BIS. Available at: http://www.bis.org/publ/bppdf/bispap04a.pdf [Accessed May 15 2014].

Haycock, K., Bluestone, K. and Cheadle, A., 2012. Strategic Thinking: Leasson for Leadeership. *Leadership and Management Journal,* 26 (3/4), 1-23.

Heayam, H., 2004. Balance Scorecard in Health Sector. *EMR Journals,* 1 (16), 1-16.

Henry, D., 2014. *Citigroup still has a way to go in cost-cutting program* [online]. Yahoo Finance. Available at: http://finance.yahoo.com/news/citigroup-still-way-cost-cutting-program-225106847--sector.html [Accessed April 28 2014].

Herold, D.M., 1972. Long range planning and organizational performance: A cross validation study. *Academy of Management Journal,* 1 (1), 91-102.

Hess, D., 2004. Retrospective Studies and Chart Reviews *Respiratory Care,* 19 (10), 1171-1174.

Hidayat, E., and Abduh, M., 2012. Does Financial Crisis Give Impacts on Bahrain Islamic Banking Performance? A panel regression analysis. *International Journal of Economics and Finance,* 4 (7), 79-87.

Hope, K., and Waterman, H., 2003. Praiseworthy pragmatism? Validity and action research. *Journal of Advanced Nursing,* 44 (2), 120-127.

Hopkins, E., and Hopkins, S., 1997. Strategic planning-financial performance relationships in banks: a causal examination. *Strategic Management Journal,* 18 (8), 635-652.

Iles, T., 2015. *Country Report Bahrain.* 1st ed. London: Economist Intelligence Unit.

Imam, P., and Kpodar, K., 2010. *Islamic Banking: How has It Diffused?* IMF Working Paper ed. USA: International Monetary Fund.

Iseri-Say, A., Toker, A. and Kantur, D., 2008. Do popular management techniques improve performance? *Journal of Management Development,* 27 (7), 660-677.

Ireland, D., and Hirc, M., 1992. Mission statements: Importance, challenge, and recommendations for development. *Business Horizons,* 35 (3), 34-42.

Ittner, C.D., Larcker, D.F. and Randall, T., 2003. Performance implications of strategic performance measurement in financial service firms. *Accounting, Organizations and Society,* 28 (7-8), 715-741.

Jack, L., 2009. The adoption of strategic management accounting tools in agriculture post subsidy reform: a comparative study of practices in the UK, the US, Australia and New Zealand. *Research Executive Summaries Series,* 5 (7), 1-8.

Jamaldeen, F., 2007. *Dubai Islamic Bank & History Islamic Banking in Dubai* [online]. Islamic Banking Expert. Available at: https://ifinanceexpert.wordpress.com/2007/11/08/dubai-islamic-bank-history-islamic-banking-in-dubai/ [Accessed 6/25 2015].

Jeffery, K., 2011. *Questionnaires Vs. Interviews Research Methods* [online]. WordPress.com. Available at: https://kjeffree.wordpress.com/2011/10/14/questionnaires-vs-interviews/ [Accessed 10/20 2016].

Jiambalvo, J., 2010. *Managerial Accounting.* 4th ed. USA: John Wiley & Son, Inc.

Jick, T., 1979. Mixing Qualitative and Quantitative Methods: Triangulation in Action. *Administrative Science Quarterly,* 24 (4), 602-611

Ji-Ling, K. and Ching, W., 2012. *Credit Rating Rational* [online]. RAM Rating Services Berhad, Kuala Lumpur. Available at: http://www.bankislam.com.my/en/Documents/cinfo/RAM/RAM-121129-BankIslamRationale.pdf [Accessed March 12 2014].

Johnson, P., and Clark, M., 2006. *Business and Management Research Methodologies.* 1st ed. NY: SAGE Publications Ltd.

Johnson, R., and Turner, L., 2003. Data collection strategies in mixed methods research. *In:* A. Tashakkori, and C. C. Teddlie, eds., *Handbook of mixed methods in social and behavioral research.* 1st ed. Thousand Oaks, CA: Sage, 2003, pp. 297-319.

Jones, K., 2004. A balanced school accountability model: An alternative to high-stakes testing. *Phi Delta Kappan,* 85 (8), 584-590.

Kambli, V., 2013. *GE/McKinsey Matrix* [online]. Kambli Viplav Consultancy. Available at: http://www.viplavkambli.com/notes/pdfs/gemckinsey.pdf [Accessed October 12 2014].

Kane, F., 2014. *Call for unification of Sharia banking standards* [online]. The National , Abu Dhabi. Available at: http://www.thenational.ae/business/banking/call-for-unification-of-sharia-banking-standards [Accessed 6/29 2015].

Kang, G., and Fredin, A., 2012. The balanced scorecard: the effects of feedback on performance evaluation. *Management Research Review,* 35 (7), 637-661.

Kaplan, R., 2010. *Conceptual Foundations of the Balanced Scorecard.* Working Paper ed. USA: Harvard Business School.

Kaplan, R., 1998. Innovation action research: Creating New Management Theory and Practice. *Journal of Management Accounting Research,* 10 (1), 89-118.

Kaplan, R., and Norton, D., 2001. Transforming the Balance Scorecard from Performance measure to Strategic management. *Accounting Horizons,* 15 (2), 147-160.

Kaplan, R., and Norton, D., 1996. *The Balanced Scorecard: Translating Strategy into Action.* 1st ed. USA: Harvard Business Review Press.

Kaplan, R., Norton, D. and Barrows, E., 2008. Developing the Strategy: Vision, Value Gaps and Analysis. *Balance Scorecard Report,* 10 (1), 1-5.

Kaplan, S., and Norton, D., 1992. The balanced scorecard - Measures that drive performance. *Harvard Business Review,* 70 (1 (Jan-Feb)), 71-79.

Karger, D.W., and Malik, Z., A., 1975. Long-range planning and organizational performance. *Long Range Planning,* 1 (1), 60-64.

Kassim, S., and Majid, M.S.A., 2010. Impact of financial shocks on Islamic banks: Malaysian evidence during 1997 and 2007 financial crises. *International Journal of Islamic and Middle Eastern Finance and Management,* 3 (4), 291-305.

Kendall, N. and Kendall, A., 2015. *The Importance of Strategic Management* [online]. Applied Corporate Governance. Available at: http://www.applied-corporate-governance.com/importance-of-strategic-management.html [Accessed 11/20 2015].

Kerr, J., 2010. *Strategic vision and the balance scorecard* [online]. Management-Issues.com. Available at: http://www.management-issues.com/opinion/5873/strategic-vision-and-the-balanced-scorecard/ [Accessed 10/25 2015].

Kirkpatrick, G., 2009. *The Corporate Governance Lessons from the Financial Crisis.* 1st ed. France: FINANCIAL MARKET TRENDS - OCED.

Kitching, J., Blackburn, R., Smallbone, D. and Dixon, S., 2009. *Business Strategies and Performance During Difficult Economic Conditions.* 1st ed. Kingston University Research Repository- UK: Department for Business Innovation and Skills (BIS).

Klein, L., 2010. *Increasing Survey Response Rates* [online]. NRI - USA. Available at: http://www.nri-inc.org/projects/sdicc/ta/klein_3.pdf [Accessed January 15 2014].

Kludacz, M., 2012. *Financial dimension of measurement and assessment in the model of performance card for the hospitals* [online]. Advanced Research in Scientific Areas 2012. Available at: file:///C:/Users/aalsatrawi.FEP/Downloads/Financial%20dimension%20of%20me%20(1).pdf [Accessed 11/12 2015].

Kollberg, B., and Elg, M., 2010. The Practice of the Balanced Scorecard in Health Care Services. *International Journal of Productivity and Performance Management,* 5 (60), 427-445.

KPMG, I., 2012. *Optimizing Banking Operating Models From-Strategy-to-Implementation* [online]. KPMG, International - USA. Available at: http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/optimizing-banking-operating-models/Documents/from-strategy-to-implementation.pdf [Accessed May 20 2014].

Kraaijenbrink, J., 2015. *Alternative for the Balanced Scorecard: The Performance Prism.* [online]. Kraaijenbrink Training & Adviesory. Available at: http://kraaijenbrink.com/2012/10/an-alternative-for-the-balanced-scorecard-the-performance-prism/ [Accessed 7/27 2016].

Kralev, T., 2011. Management by Objectives: Management Philosophy for Prosperous Tourism Organizations. *UTMS Journal of Economics,* 2 (1), 83-87.

Laeven, L., and Valencia, F., 2008. *Systemic Banking Crises: A New Database.* IMF Working Paper WP/08/224 ed. USA: International Monetary Fund.

Laitinen, K., and Chong, G., 2006. How do small companies measure their performance? *Problems and Perspectives in Management,* 4 (3), 49-68.

Lee, C., Lee, J. and Lee, A., 2013. *Statistics for Business and Financial Economics.* 3rd Ed. New York: Springer Publisher.

Lee, N., 2006. Measuring the performance of public sector organisations: a case study on public schools in Malaysia. *Measuring Business Excellence,* 10 (4), 50-64.

Lehmann, C., 2014. *How to Manage Performance: Kaplan and Norton's Balanced Scorecard* [online]. Taylor & Francis LLC. Available at: http://www.ittoday.info/ITPerformanceImprovement/Articles/2014-03Lehmann.html [Accessed 11/20 2015].

Lei, D., Hitt, M. and Bettis, R., 1996. Dynamic Core Competences through Meta-Learning and Strategic Context. *Journal of Management,* 22 (4), 549-569.

Leonard, G., Timothy, N. and J. William, P., 1993. *Applied Strategic Planning: A Comprehensive Guide* 2nd ed. New York: McGraw-Hill.

Light, D., 1998. Performance Measure: Investors'' Balance Scorecard. *Harvard Business Review,* 76 (6), 17-20.

Llewellyn, D., 1997. Banking in the 21st Century: The Transformation of an Industry. *Bulletin Economique Et Financier,* 11 (49), 5-27.

Lodhi, S., and Kalim, R., 2006. Strategic Directions for Developing an Islamic Banking System. *Review of Islamic Economics,* 10 (1), 6-21.

Lucifora, C., 2015. *Performance-related pay and labor productivity* [online]. IZA World of Labor, Germany. Available at: http://wol.iza.org/articles/performance-related-pay-and-labor-productivity/long [Accessed 8/25 2015].

Luka, M., and Frank, I., 2012. The Impacts of ICTs on Banks. *International Journal of Advanced Computer Science and Applications,* 3 (9), 145-149.

Lundy, M., Gottret, M., Ostertag, C., Best, R. and Ferris, S., 2007. *Participatory Market Chain Analysis for Smallholder Producers.* 1st ed. USA: Centro Internacional de Agricultura Tropical.

Madsen, O., and Stenheim, T., 2014. Perceived benefits of balanced scorecard implementation: Some preliminary evidence. *Problems and Perspectives in Management,* 12 (3), 81-90.

Malina, A., and Selto, F., 2001. Communicating and controlling strategy: an empirical study of the effectiveness of the balanced scorecard. *Journal of Management Accounting Research,* 13 (1), 47-89.

Maltz, A., Shenhar, A. and Reilly, R., 2003. Beyond the Balanced Scorecard: Refining the Search for Organizational Success Measures. *Long Range Planning,* 36 (2), 187-204.

March, J., and Sutton, R., 1997. Organizational performance as a dependent variable. *Organization Science,* 8 (6), 698-706.

Marczyk, G., Festinger, D. and DeMatteo, D., 2005. *Essentials of Research Design and Methodology.* 1st ed. NY: John Wily.

Marie, A., Ibrahim, M. and Al Nasser, A., 2014. Effects of Financial and Non-financial Performance Measures on Customers' Perceptions of Service Quality at Islamic Banks in UAE. *International Journal of Economics and Finance,* 6 (10), 201-213.

Martini, L., Stegemann, U., Heuser, M., Fest, M. and Windhagen, E., 2009. *Bad Banks Finding the right exit from Financial Crisis.* 1st Ed. New York: Mckinsey.

Martinsons, M., Davison, R. and Tse, D., 1999. The Balanced Scorecard: A Foundation For The Strategic Management of Information Systems. . *Decision Support Systems,* 25 (1), 71-88.

Marr, B., and Creelman, J., 2011. *Creating and Implementing a Balanced Scorecard: The Case of the Ministry of Works - Bahrain.* Case Study ed. London: Advanced Performance Institute, BWMC Ltd.

Maxwell, J., 2013. *Qualitative Research Design: An Interactive Approach.* 3rd ed. NY: SAGE Publications.

Maxwell, J., and Loomis, D., 2003. Mixed methods design: An alternative approach. *In:* A. Tashakkori, and C. Taddey, eds., *Handbook of mixed methods in social and behavioral research.* 2Ed ed. Thousand Oaks, CA: Sage Publication Inc., 2003, pp. 241-272.

May, G., 2010. *Strategic Planning: Fundamentals for Small Business.* 1st ed. New York: Business Expert Press.

Mehra, A., Smith, B., Dixon, A. and Robertson, B., 2006. Distributed Leadership in Teams: The Network of Leadership Perceptions and Team Performance. *Leadership Quarterly,* 17 (3), 232-245.

Merriam's, S., 1998. *Qualitative Research and Case Study Applications in Education: Revised and Expanded from Case Study Research in Education.* 2nd ed. San Francisco: Jossey-Bass.

Merrouche, O., Moghaddam, A. and Detragiache, E., 2013. Bank Capital: Lessons from the Financial Crisis. *Journal of Money, Credit and Banking,* 45 (6), 1147-1164.

Metawa, S., and Almossawi, M., 1998. Banking behavior of Islamic bank customers: perspectives and implications. *International Journal of Bank Marketing,* 16 (7), 299-313.

Mifc, T., 2015. *Technology and Innovation in Islamic Banking* [online]. World's Islamic Finance Marketplace - Malaysia. Available at: http://www.mifc.com/index.php?ch=28&pg=72&ac=119&bb=uploadpdf [Accessed 6/23 2015].

Miles, M., and Huberman, M., 1994. *Qualitative Data Analysis: An Expanded Sourcebook.* 2nd ed. UK: Sage Publications, Inc.

Mintzberg, H., 2013. *The Rise and Fall of Strategic Planning.* 1st ed. USA: Free Press.

Mintzberg, H., 2013. *Simply Managing: What Managers Do - and Can Do Better.* 1st ed. USA: Berrett-Koehler Publishers.

Mintzberg, H., Lampel, J. and Ahlstrand, B., 2005. *Strategy Safari: A Guided Tour through the Wilds of Strategic Management.* 1st ed. NY-USA: Free Press.

Mintzberg, H., 1990. The design school: Reconsidering the basic premises of strategic management. *Strategic Management Journal,* 11 (3), 171-195.

Mitchell, E., 1986. Multiple triangulation: A methodology for nursing science. *Advances in Nursing Science,* 8 (3), 18-26.

Mitchell, R., and Bernauer, T., 1998. Empirical research on international environmental policy: designing qualitative case studies. *The Journal of Environment & Development,* 7 (1), 04-31.

Moghaddam, T., 2012. The Role of Balanced Scorecard Implementation on Financial Performance Transparency. *Life Science Journal,* 9 (4), 3963-3970.

Moin, M., 2008. *Performance of Islamic Banking and Conventional Banking in Pakistan: A Comparative Study.* MBA., University of Skovda.

Molyneux, P., and Iqbal, M., 2005. 1st ed. NY USA: Palgrave Macmillan.

Morse, J., and Chung, S., 2003. Toward holism: The significance of methodological pluralism. *International Journal of Qualitative Methods,* 2 (3), 1-12.

Murphy, G., Trailer, J. and Hill, R., 1996. Measuring performance in entrepreneurship research. *Journal of Business Research,* 36 (1), 15-23.

Nabradi, A., 2010. *Strategic Management Process: Strategy formulation* [online]. University of Debrecen. Available at: http://www.agr.unizg.hr/multimedia/pdf/strategic_mgmt_4.pdf [Accessed June 20 2014].

Nazim, T., 2015. *A critical analysis of Balanced Scorecard as a performance measurement tool: an overview of its usage and sustainability* [online]. academia.edu. Available at: http://www.academia.edu/6154100/_A_critical_analysis_of_Balanced_Scorecard_as_a_performance_me asurement_tool_an_overview_of_its_usage_and_sustainability [Accessed 3/18 2016].

Nazim, A., and Kasbati, M., 2016. *World Islamic Banking Competitiveness Report 2016.* 1st ed. Bahrain: E&Y.

Nedelea, S., and Paun, L., 2009. The Importance of the Strategic Management Process in the Knowledge-Based Economy. *Review of International Comparative Management,* 10 (1), 95-105.

Neely, A., 1999. The performance measurement revolution: why now and what next? *International Journal of Operations & Production Management,* 19 (2), 208-228.

Neely, A., Kennerley, M. and Martinez, V., 2008. *Does the Balance Scorecard Work: An Empirical Investigation?* Working Paper ed. UK: Centre for Business Performance, Cranfield School of Management.

Neves, P., and Eisenberger, R., 2012. Management Communication and Employee Performance: The Contribution of Perceived Organizational Support. *Human Performance,* 25 (4), 452-464.

Neuman, W., 2009. *Social Research Methods: Qualitative and Quantitative Approaches.* 7th ed. NJ, USA: Pearson.

Newman, I., Ridenour, C., Newman, C. and DemMarco, G., 2003. A typology of research proposes and its relatiionship to mixed methods. *In:* C. Teddlie, and A. Tashakkori, eds., *SAGE Handbook of Mixed Methods in Social & Behavioral Research.* 1ed ed. London: SAGE Publication, 2003, pp. 167-269.

Nickols, F., 2008. *Strategy Strategic Management Strategic Planning and strategic thinking.* 1st ed. USA: Educational Testing Service (ETS).

Niven, P., 2014. *Balanced Scorecard Evolution: A Dynamic Approach to Strategy Execution.* 1st ed. New Jersey: John Wiley & Sons.

Niven, B., 2008. The EHRC: Transformational, Progressively Incremental or a Disappointment? *The Political Quarterly,* 79 (1), 17-26.

Olascoaga, E., 2008. *Dynamic Strategic Alignment: an integrated method. Handbook of Collaborative Management Research.* 1st ed. NY: Sage Publications

Olve, N., Petri, C., Roy, J. and Roy, S., 2003. *Making Scorecards Actionable: Balancing Strategy and Control.* 1st ed. New York: John Wiley & Sons.

Ombuna, D., Omido, K., Garashi, H., Odera, O. and Okaka, O., 2013. Impact of Balanced Scorecard Usage on the Performance of Commercial Banks. *International Journal of Information Technology and Business Management,* 10 (1), 40-48.

Oslen, N. and Oslen, H., 2010. *Elements of a Strategic Plan* [online]. OnStrategy. Available at: https://onstrategyhq.com/wp-content/uploads/2010/01/Elements-of-a-Strategic-Plan-Article-in-Ledger-Winter-09.pdf [Accessed May 25 2014].

Oslen, W., 2011. *Data Collection: Key Debates and Methods in Social Research.* 1st ed. London: Sage Publication.

Otley, D., 1999. Performance management: a framework for management control systems research. *Management Accounting Research,* 10 (4), 363-382.

Panday, M., 2005. Balanced scorecard: myth and reality. *Interfaces,* 1 (30), 51-66.

Panicker, S., and Seshadri, V., 2013. Devising a Balanced Scorecard to determine Standard Chartered Bank's Performance: A Case Study. *International Journal of Business Research and Development,* 2 (2), 35-42.

Parmenter, D., 2010. *Key Performance Indicators (KPI): Developing, Implementing, and Using* 2nd ed. NJ USA: John Wiley & Sons.

Patton, J., 1996. *Analysis of thinking and research about qualitative methods.* 1st ed. New Jersey: Lawrence Erlbaum Associate.

Pawson, R., and Tilley, N., 1997. *Realistic Evaluation* 1st ed. London: Sage.

Peacock, J., and Peacock, P., 2011. *Oxford Handbook of Medical Statistics.* 1st ed. UK: Oxford University Press.

Pearce, J., and Robinson, R., 2010. *Strategic Management: Formulation, Implementation, and Control.* 12th ed. English: McGraw-Hill/Irwin.

Pennington, M., 2010. *The Global Banking Sector: Current Issues.* 1st ed. UK: The Chartered Institute of Management Accountants.

Peters, B., 2014. *The SAGE Handbook of Public Administration.* 2nd ed. USA: SAGE Publications Ltd.

Pirtea, M., Nicolescu, C. and Botoc, C., 2009. The Role of strategic Planning in Modern Organizations. *Series Oeconomica,* 11 (2), 953-957.

Poister, H., and Slyke, D., 2002. Strategic Management Innovations in State Transportation Departments. *Public Performance and Management Review,* 26 (1), 58-74.

Polit, D., Beck, C. and Hungler, B., 2001. *Essential of Nursing Research: Methods, appraisal and Utilization.* 5th ed. NY: Lippincott Williams and Wilkins.

Prahalad, C., and Bettis, R., 1986. The dominant logic: a new linkage between diversity and performance. *Strategic Management Journal,* 7 (6), 485-501.

Prasad, L., 2013. *Principles of Management.* 1st ed. Delhi: Tata McGraw-Hill Education.

Qiu, J., and Donaldson, L., 2012. Stop ford and Wells were Right! MNC Matrix Structures *do* fit a "High-High" Strategy. *Management International Review,* 52 (5), 671-689.

Raddar, L., and Louw, L., 1998. The Space Matrix: A Tool for Calibrating Competition. *Long Range Planning,* 31 (4), 549-559.

Randall, M., 2013. *Employees Can't Carry Out A Strategy If They Didn't Help Plan It* [online]. Business Indiser. Available at: http://www.businessinsider.com/involving-employees-in-strategizing-2013-6 [Accessed 12/20 2015].

Razvan, N., 2013. *Using General Electric/ McKinsey Matrix in Selecting the Central and East European Markets.. Management Strategies Journal,* 19 (1), 59-66.

Richard, P., Devinner, T., Yip, G. and Johnson, G., 2009. Measuring Organizational Performance: Towards Methodological Best Practice. *Journal of Management,* 35 (3), 718-804.

Rigby, D., 2003. *Management Tools 2003* [online]. Bain & Company, Inc. Available at: http://www.bain.com/Images/12065.pdf [Accessed 4/20 2015].

Rigby, D., 2001. Management Tools and Techniques: A Survey. *California Management Review,* 43 (2), 139-160.

Rigby, D., and Bilodeau, B., 2015. *Management Tools & Trends 2011.* 1st ed. Boston, MA: Bain &Co.

Robbins, S., Decenzo, D. and Coulter, M., 2012. *Business Administration – Principles and Applications.* 1st ed. Athens: Kritiki Publishing SA.

Roberts, K., and Tayan, B., 2002. *Nursing Research Processes: an Australian perspective.* 2nd ed. South Melbourne: Nelson Thomson Learning.

Robson, C., 2007. *How to do a Research Project: a guide for undergraduate students. .* 1st ed. Oxford: Wiley-Blackwell Publishing.

Robson, C., 2002. *Real World Research.* 3rd ed. Oxford: Blackwell Publishers Inc.

Rodgers, R., and Hunter, J., 1991. Impact of management by objectives on organizational productivity *Journal of Applied Psychology,* 76 (2), 322-336.

Rogers, E., and Wright, P., 2008. *Measuring Organizational Performance in Strategic Human Resource Management: Problems and Prospects* CAHRS Working Paper Series ed. NY USA: Center for Advanced Human Resource Studies.

Rogers, E., and Wright, P., 2008. *Measuring Organizational Performance in Strategic Human Resources Management:Looking Beyond the Lamppost.* CAHRS Working Paper ed. NY -USA: Center for Advanced Human Resource Studies (CAHRS).

Rohm, H., 2008. *Using the Balanced Scorecard to Align Your Organization* [online]. Balanced Scorecard Institute, USA. Available at: http://balancedscorecard.org/Portals/0/PDF/BalancedPerformance_Article1.pdf [Accessed March 20 2014].

Rohm, H., Wilsey, D., Perry, G. and Montgomery, D., 2016. *The Institute Way: Simplify Strategic Planning and Management with the Balanced Scorecard.* 1st ed. USA: The Institute Press.

Ronchetti, J., 2006. An Integrated Balanced Scorecard Strategic Planning Model for Nonprofit Organizations. *Journal of Practical Consulting,* 1 (1), 25-35.

Roth, W., 2015. Strategic Planning As An Organization Design Exercise. *Performance Improvement,* 54 (6), 6-12.

Russel, J. and Russel, L., 2006. *Strategic Planning 101* [online]. American Society for Training & Development. Available at: http://search.proquest.com/docview/902815255/fulltextPDF/B1AD46E5586142DFPQ/3?accountid=14693 [Accessed June 25 2014].

Russell, J., and Russel, L., 2005. *Strategic Planning Training.* 1st ed. USA: ASTD Press.

Safari, M., 2015. A conceptual model to explain strategic alignment in the financial services based on Balanced Scorecard. *International Letters of Social and Humanistic Sciences,* 43 (2), 98-108.

Saini, S., Saini, D., Yousif, J. and Khandage, S., 2011. *Cloud Computing and Enterprise Resource Planning Systems* [online]. World Congress on Engineering. Available at: http://www.iaeng.org/publication/WCE2011/WCE2011_pp681-684.pdf [Accessed June 25 2014].

Saleem, Q., and Rehman, R., 2011. Impacts of liquidity ratios on profitability. *Interdisciplinary Journal of Research in Business,* 1 (7), 95-98.

Salkind, N., 2010. *Encyclopedia of Research Design.* 1st ed. CA, USA: SAGE Publications, Inc.

Sarantakos, S., 2013. *Social Research.* 3rd ed. NY: Palgrave Macmillan.

Saunders, M., Lewis, P. and Thornhill, A., 2009. *Research methods for Business Students.* 1st ed. London: Pearson Education Limited.

Schindler, P., and Cooper, D., 2013. *Business Research Methods.* 12th ed. NY USA: McGraw-Hill/Irwin.

Schneider, T. and Leslie, B., 2015. *10 Characteristics of a Great Strategic Plan* [online]. SwitchPoint LLC. Available at: http://www.switchpointllc.com/pdf/10%20Characteristics%20of%20Strategic%20Planning.pdf [Accessed 12/15 2015].

Schneider, Z., Elliott, D., Lobiondo-Wood, G. and Haber, J., 2003. *Nursing Research: Methods, critical appraisal and utilisation.* 2nd ed. NSW Australia: Mosby Elsevier.

Schonberger, J., 2013. Time-Relevant Metrics in an Era of Continuous Process Improvement: The Balanced Scorecard Revisited. *The Quality Management Journal,* 20 (3), 10-18.

Shadbolt, M., Beeby, N., Brier, B. and Gardner, G., 2003. *A Critique of The Use of the Balanced Score Cards in Multi-enterprise.* 1st ed. Parth, New Zealand: International Farm Management Congress.

Shen, Y., Shen, P. and Wang, C., 2016. A study of enterprise resource planning (ERP) system performance measurement using the quantitative balanced scorecard approach. *Computer in Industry,* 75 (2016), 127-139.

Siddiqui, A., 2008. Financial contracts, risk and performance of Islamic banking *Journal of Managerial Finance,* 34 (10), 680-694.

Siddiqui, K., 2009. Financial Crisis and Its Impact on the Economies of China and India. *Research in Applied Economics,* 1 (1), 1-28.

Sieber, S., 1973. The integration of fieldwork and survey methods. *The American Journal of Sociology,* 78 (6), 1335-1359.

Simerson, B., 2011. *Strategic Planning: A Practical Guide to Strategy Formulation and Execution.* 1st ed. USA: Praeger, ABC-CLIO LLC.

Simpson, R. and Carey, B., 2015. *Scorecard Can Balance Different Measures of Success* [online]. i Six Sigma - USA. Available at: http://www.isixsigma.com/methodology/balanced-scorecard/scorecard-can-balance-different-measures-success/ [Accessed 6/24 2015].

Singh, M., and Kumar, S., 2007. Balanced Scorecard Implementations Global and Indian Experiences. *Indian Studies Management Journal,* 19 (11), 21-39.

Singleton, C., 1992. *Auto Indistry Job in 1980's: A decade of Transition.* Monthly Labor Review ed. Washington, USA: United States Department of Labor.

Siraj, K., and Pillai, S., 2012. Comparative Study on Performance of Islamic Banks and Conventional Banks in GCC region. *Journal of Applied Finance & Banking,* 2 (3), 123-161.

Smith, M., 2002. Derrick's Ice–Cream Company: applying the BCG matrix in customer profitability analysis. *Accounting Education,* 11 (4), 365-375.

Smith, M., 1998. Culture and organisational change. *London Management Accounting,* 76 (3), 60-62.

Smolo, E., and Mirakhor, A., 2010. The Global Financial Crisis and Its Implications for The Islamic Financial Industry. *International Journal of Islamic and Middle East Finance,* 3 (4), 372-385.

Snykers, L., 2015. *Challenges faced by banks with changes in technology and increased regulation* [online]. International Banker. Available at: http://internationalbanker.com/banking/challenges-faced-by-banks-with-changes-in-technology-and-increased-regulation/ [Accessed 6/20 2015].

Soderberg, M., Kalagnanam, S., Sheehan, N.T. and Vaidyanathan, G., 2011. When Is A Balanced Scorecard A Balanced Scorecard? *International Journal of Productivity and Performance Management,* 60 (7), 688-708.

Sołoducho-Pelc, L., 2015. Planning Horizon as a Key Element of a Competitive Strategy. *Journal of Economics, Business and Management,* 3 (2), 161-166.

Speckbacher, G., Bischof, J. and Pfeiffer, T., 2003. A descriptive analysis on the implementation of balanced scorecards in German-speaking countries. *Management Accounting Research,* 14 (2), 361-387.

Stawarski, C., and Phillips, P., 2008. *Data Collection: Planning for and collecting all Types of Data.* 1st ed. USA: John Wiley & Sons.

Steiner, G., 2008. *Strategic Planning.* 1st ed. USA: Free Press.

Streubert, H., and Carpenter, D., 2010. *Qualitative Research in Nursing: Advancing the Humanistic Imperative.* 5th ed. USA: Lippincott Williams & Wilkins.

Strong, B., 2005. Strategic Planning: What's So Strategic About It? *Education Quarterly,* 1 (1), 4-6.

Stulz, M., and Beltratti, A., 2012. The credit crisis around the globe: Why did some banks perform better? *Journal of Financial Economics,* 105 (1), 1-17.

Suder, G., 2004. *Terrorism and the International Business Environment: The Security-business Nexus.* 1st ed. UK: Edward Elgar Pub.

Sussland, W., 2002. Connecting the Planners and Doers. *Quality Progress,* 35 (6), 55-61.

Taddey, A., 2014. *Strategic Capital Planning: A Key Management Tool* [online]. HFS Consultants, CA. Available at: http://www.hfsconsultants.com/blog/capital-planning/ [Accessed 05/10 2015].

Tashakkori, A., and Teddlic, C., 1998. *Mixed methodology: Combining qualitative and quantitative approaches.* 1st ed. CA, USA: Sage Publications, Inc.

Tayler, W.B., 2010. The Balanced Scorecard as a Strategy-Evaluation Tool: The Effects of Implementation Involvement and a Causal-Chain Focus. . *The Accounting Review,* 85 (3), 1095-1117.

Taylor, B., Kermode, S. and Roberts, K., 2007. *Research in nursing and health care: evidence for practice.* 3rd ed. Australia: Thompson.

Taylor, P. and Medina, M., 2013. *Educational Research Paradigms: From Positivism to Multi-paradigmatic* [online]. Meaning Centered Eductation. Available at:

http://www.meaningcentered.org/educational-research-paradigms-from-positivism-to-multiparadigmatic/ [Accessed July 20 2014].

Teece, D., Pisano, G. and Shuen, A., 1997. Dynamic Capabilities and Strategic Management. *Strategic Management Journal,* 18 (7), 509-533.

Thambiah, S., Hishamuddin, I. and Malarvizhi, N., 2011. Islamic retail banking adoption: A conceptual framework. *Austaralian Journal of Basic and Applied Sciences,* 5 (12), 649-957.

Thomas, L., 2007. *Islamic Finance and Its Critics* [online]. The New York times, NY. Available at: http://www.nytimes.com/2007/08/09/business/09trust.html?pagewanted=all&_r=0 [Accessed 6/11 2015].

Thompson, J., 2001. *Understanding Corporate Strategies.* 1st ed. UK: Cengage Learning EMEA.

Thurmond, V., 2001. The Point of Triangulation. *Journal of Nursing Scholarship,* 33 (3), 253-258.

Tohidi, H., 2011. Teamwork productivity & effectiveness in an organization base on rewards, leadership, training, goals, wage, size, motivation, measurement and information technology. *Procedia Computer Science,* 3 (12), 1137-1146.

Tohidi, H., Jafari, A. and Afshar, A., 2010. Strategic planning in Iranian educational organizations. *Procedia Social and Behavioral Sciences,* 2 (2), 3904-3908.

Toomela, A., 2008. Variables in psychology: A critique of quantitative psychology. *Integrative Psychological and Behavioral Science,* 42 (3), 245-265.

Torlak, G., and Sanal, M., 2007. David's Strategy Formulation Framework in Action. *Journal of Istanbul Commerce University of Science and Technology,* 12 (2), 81-114.

Toumi, K., Viviani, J. and Belkacem, L., 2011. *A Comparison of Leverage and Profitability of Islamic and Conventional Banks. Retrieved* [online]. Social Science Research Network. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1836871 [Accessed May 2 2014].

UN/DESA, T., 2015. *World Economic Situation and Prospects 2015.* 1st ed. New York, USA: United Nations.

Uppal, J., and Mangla, I., 2014. Islamic Banking and Finance Revisited after Forty Years: Some Global Challenges. *Journal of Finance Issues,* 13 (1), 1-12.

USAID, T., 2008. *Finance In Value Chain Analysis.* 1st ed. USA: United States Agency for International Development - USAID.

Veera, V., Balaji, K. and Phil, M., 2008. *Introduction to Business research.* 1st ed. NY: The McGraw-Hill Companies.

Visalli, S., Roxburgh, C., Daruvala, T., Dietz, M., Lund, S. and Marrs, A., 2011. *The state of global banking – in search of a sustainable model.* 1st ed. USA: McKinsey & Company.

Vizcaino, B., 2013. *Bahrain's Ibdar Bank eyes larger deals after three-way merger* [online]. Reuters Int'l. Available at: http://www.reuters.com/article/2013/12/02/islamic-finance-bahrain-idUSL5N0JH0UV20131202 [Accessed April 20 2014].

Wallace, V., and Herrick, A., 2009. *The Future of Banking Reappraising Core Capabilities after the Crisis.* 1st ed. USA: Booz & Company.

Ward, D., 2009. *An Overview of Strategy Development Models and the Ward-Rivani Model* [online]. IDEAS -Federal Reserve Banl of St.Louis. Available at: http://128.118.178.162/eps/get/papers/0506/0506002.pdf [Accessed June 2014 2014].

Weaver, K., and Olson, J., 2006. Understanding paradigms used for nursing research. *Journal of Advanced Nursing,* 53 (4), 459-469.

Weihrich, H., 2010. *The TOWS matrix—A tool for situational analysis* [online]. University in San Francisco, California. Available at: http://www.usfca.edu/fac-staff/weihrichh/docs/tows.pdf [Accessed March 25 2014].

Weihrich, H., 1982. The TOWS matrix—A tool for situational analysis. *Long Range Planning,* 15 (2), 54-66.

Wells, D., L., and Doherty, L.M., 1993. *Hand Book for Strategic Planning.* 1st ed. USA: Department of the Navy (DON).

Wertz, J., Frederick, J., Charmaz, K. and Mcmullen, M., 2011. *Five Ways of Doing Qualitative Analysis.* 1st ed. USA: Guilford Press.

Wiersma, W., and Jurs, S., 2009. *Research Methods in Education: An Introduction* 9th ed. USA: Pearson Publishing.

Willis, J., 2007. *Foundations of Qualitative Research: Interpretive and Critical Approaches.* 1st ed. USA: SAGE Publications, Inc.

Wilson, R., 2009. *The Development of Islamic Finance in the GCC* [online]. Chartered Institute of Management Accountants. Available at: http://www.cimaglobal.com/Study-with-us/Islamic-finance-qualifications/Islamic-finance-resources/Islamic-finance-articles/Development-of-Islamic-finance-in-the-GCC/ [Accessed 04/12 2015].

Wiwit, K., 2014. *Sharia Banking: bank of Indonesia* [online]. Bank of Indonesia. Available at: http://www.bi.go.id/en/perbankan/syariah/Contents/Default.aspx [Accessed 8/20 2015].

Wood, J., and Wood, M., 2005. *Peter F. Drucker (Critical Evaluations in Business and Management).* 1st ed. London: Routledge.

Woodrow, L., 2014. *Writing about Quantitative Research in Applied Linguistics.* 1st ed. London: Palgrave Macmillan.

Wu, H., Tzeng, G. and Chen, Y., 2009. A fuzzy MCDM approach for evaluating banking performance based on Balanced Scorecard. *Expert Systems with Applications,* 36 (6), 10135-10147.

Wu, H., 2012. Constructing a strategy map for banking institutions with key performance indicators of the balanced scorecard. *Evalation and Program Planning,* 35 (3), 303-320.

Wulf, T., Meißner, P. and Stubner, S., 2010. *A Scenario-based Approach to Strategic Planning – Integrating Planning and Process Perspective of Strategy.* Working Paper ed. Germany: Center for Scenario Planning at HHL Leipzig Graduate School of Management.

Zawya, T., 2012. *The Saudi Gazette* [online]. Zawya - Dubai. Available at: http://www.propelconsult.com/investment-in-mena-private-equity-market-seen-improving/index.html [Accessed 8/25 2015].

Zhan, E., 2010. *Strategizing needs Systems Thinking.* Research Paper ed. Germany: Universität Stuttgart.

Zhang, Y., and Li, L., 2009. Study on Balanced Scorecard of Commercial Bank in Performance Management System. *In: International Symposium on Web Information Systems and Application, Nanchang, P. R. China, May 22-24, 2009, pp. 206-209, 22-24.* China: Academy Publisher, pp. 206-209.

Zhu, H., and Berio, C., 2012. Capital regulation, risk-taking and monetary policy: A missing link in the transmission mechanism?. *Journal of Financial Stability,* 4 (8), 236-251.

APPENDIX

Document V:

Investigating the effects of implementing the 4-dimensional BSC as a strategic planning model on the performance of banks in the Kingdom of Bahrain.

<u>Interview Questions on Balanced Scorecard (BSC)</u>

Section A: Demographic and General Questions

a) Gender
b) Age
c) Education level
d) Experience profile
e) Position within organisation

Section B: The awareness and importance of the BSC model as a strategic planning model

Q1: How important is it to the Islamic banks to define their vision?

Q2: How important is it to the Islamic banks to define their mission?

Q3: How important is it to the Islamic banks to define their strategic goals and thrusts?

Q4: How confident are you that the BSC model can assist in defining the above strategic matters for Islamic banks?

Q5: What do you think about the optimum strategic planning cycle using the BSC for Islamic banks (e.g. 1, 2, 3, 5, 7, or 10 years), and why?

Q6: Have you ever participated in a strategic planning cycle using the BSC for Islamic banks, and if yes what was your role?

Q7: In your opinion, has the standard 4-dimensional BSC model reached its maturity and if so is it in need of major improvement or modification to be fit better with and be more effective for Islamic banks in Bahrain?

Section C: The importance of the financial dimension of the BSC

Q1: How important is it to define return on investment or other profitability measures to achieve positive performance of Islamic banks? Explain how?

Q2: What are the most important financial measures that the implementation of the BSC has helped the Islamic banks to focus on?

Q3: What do you think about the main financial driver that THE BANK is attempting to achieve when implementing the BSC; is it on cost reduction, risk management, or profit growth? Explain more using examples from the past 5 – 10 years.

Q4: Does the implementation of the BSC help in communicating profitability targets to the shareholders of Islamic banks? How is this achieved and verified?

Q5: How robust is the definition of the financial dimension in the BSC in THE BANK at times of crisis, recession or distress? Do the banks adhere to the BSC or ignore the BSC and plan independently or differently?

Q6: How concerned are the regulators with the financial measures of THE BANK stemming from the BSC, and how and when?

Q7: Do you think the BSC has enabled THE BANK to achieve positive financial performance in the past 10 years or at least reduce the adverse financial effects of the resultant crisis?

Section D: The importance of the customer dimension of the BSC

Q1: How important is it to define the customer perspective measures (e.g. market share, customer satisfaction) to achieve positive performance of Islamic banks? Explain how?

Q2: What are the most important customer perspective measures that the implementation of the BSC has helped the Islamic banks to focus on?

Q3: What do you think about the main customer-related driver that THE BANK is attempting to achieve when implementing the BSC; is it completive advantage, market share, customer satisfaction, retention, or Sharia related thrusts? Explain more using examples from the past 5 – 10 years.

Q4: Does the implementation of the BSC help in communicating what the THE BANK is attempting to achieve for its customers? How is this achieved and verified?

Q5: How robust is the definition of customer perspective in the BSC in THE BANK at times of crisis, recession or distress? Do the banks adhere to the BSC or ignore the BSC and plan independently or differently?

Q6: How concerned are the regulators with the customer perspective measures, due diligence, or KYC of THE BANK stemming from the BSC, and how and when?

Q7: Do you think the BSC has enabled THE BANK to maintain or sustain its market share and retain its main customers, thereby achieving positive financial and non-financial performance in the past 10 years or at least reducing the adverse effects of the resultant crisis?

Section E: The importance of learning and growth dimension of the BSC

Q1: How important is it to define the learning and growth perspective measures (e.g. personnel development, motivation, attitude, recognition, fairness, benefits) to achieve positive performance of Islamic banks? Explain how?

Q2: What are the most important learning and growth perspective measures that the implementation of the BSC has helped the Islamic bank to focus on?

Q3: What do you think about the main staff-related driver that THE BANK is attempting to achieve when implementing the BSC; is it personnel development, job security and retention, motivation, attitude, recognition, fairness, economic benefits, or Sharia related thrusts such as helping people and society? Explain more using examples from the past 5 – 10 years.

Q4: Does the implementation of the BSC help in communicating what THE BANK is attempting to achieve for its staff at all levels? How is this achieved and verified?

Q5: How robust is the definition of the learning and growth perspective in the BSC in THE BANK at times of crisis, recession or distress? Do the banks adhere to BSC or ignore the BSC and plan independently or differently? Do employees leave the bank or are they made redundant at these times? Are their financial benefits renegotiated?

Q6: How concerned are the regulators with the employee perspective measures, training, succession plans, and redundancies, of THE BANK stemming from the BSC, and how and when?

Q7: Do you think the BSC has enabled THE BANK to retain its best performing employees and therefore continue achieving positive financial and non-financial performance in the past 10 years or at least reduce the adverse effects of the resultant crisis?

Section F: The importance of the internal processes dimension of the BSC

Q1: How important is it to define the internal processes perspective measures (e.g. productivity, systems, product leadership, quality, operations, risk management, timeliness, procedures and policies) to achieve positive performance of Islamic banks? Explain how?

Q2: What are the most important internal processes perspective measures that the implementation of BSC has helped the Islamic banks to focus on?

Q3: What do you think about the main internal process driver that THE BANK is attempting to achieve when implementing the BSC; is it risk management, innovation, product leadership, IT system intensive, or Sharia related thrusts such as the best follower of Islamic rules and regulations? Explain more using examples from the past 5 – 10 years.

Q4: Does the implementation of the BSC help in communicating what THE BANK is attempting to achieve by using efficient or effective internal processes for all concerned parties including management, regulators, staff, customers, suppliers, and shareholders? How is this achieved and verified?

Q5: How robust is the definition of the internal processes perspective in the BSC in THE BANK at times of crisis, recession or distress? Do the banks adhere to the BSC or ignore the BSC and plan independently? Does THE BANK implement completely different processes or approaches in delivering its services?

Q6: How concerned are the regulators with the internal processes perspective measures, e.g. IT system security, privacy, Basel directives, international banking and accounting standards, AAOIFI, reporting cycles, prudential returns – of the THE BANK stemming from BSC, and how and when?

Q7: Do you think that the BSC has enabled THE BANK to continue improving its efficiency and top-notch internal processes to achieve positive financial and non-financial performance in the past 10 years or at least reduce the adverse effects of the resultant crisis?

Section D: The importance of other factors influencing the implementation of the BSC

Q1: How important is it to allow employees below the executive or top management levels to participate in the BSC strategic planning exercise? Discuss why and give examples.

Q2: How important is the existence of people ownership of the BSC according to each person's roles and responsibilities to the success of BSC implementation in Islamic banks? Why and at which level?

Q3: How important is it to regularly convene strategy review meetings or audits to achieve an effective implementation of the BSC in Islamic banks and what are the effects of such reviews on streamlining performance deviations?

Q4: Do you think that the performance targets or measures defined in the BSC implemented by Islamic banks are affected by the degree of open communication (upward and downward) which exists in the banks? Give examples.

Q5: Do you think the existence of conflict of interest at the top management level can adversely impact the performance targets or measures defined in the BSC in Islamic banks? Give examples.

Q6: Do you think the applicable rules, regulations, standards, or directives issued by CBB, AAOIFI, MOIC, Basel or other related bodies take precedence over BSC targets, and hence affect the performance of Islamic banks? Give more details or examples.

Q7: Being an Islamic bank, do you think the adherence to Sharia regulations leads to minimising the optimum outcomes from implementing BSC in Islamic banks? How and why?

Q8: There is a tendency in some organisations to recruit external consultants to develop the BSC strategic planning model for Islamic banks in order to achieve enhanced performance results. How true is this statement in you your opinion and why do you agree or disagree with it?

Q9: Unless you measure it, it does not exist. Do you think the implementation of the BSC in Islamic banks does generate clearly defined and measurable targets of performance? Give examples.

Appendix (A)

Interview Responses Table (Recoded Answers)

<table>
<tr><th colspan="3">Sections / Questions</th><th>Response coding</th></tr>
<tr><td colspan="3">Section A: Demographic & General Questions</td><td></td></tr>
<tr><td>A</td><td>Q0a</td><td>Name of respondent</td><td>NA</td></tr>
<tr><td>A</td><td>Q0b</td><td>Type of respondent</td><td>1= Banker/BOD member, 2= Consultant/Professional, 3= Regulator, 4=Customer, 5= Others</td></tr>
<tr><td>A</td><td>Q1</td><td>Gender</td><td>1= Male, 2=Female</td></tr>
<tr><td>A</td><td>Q2</td><td>Age</td><td>1= Less or equal 30 years, 2 = >30 - 40 years, 3= >40 - 50 years, 4 = above 50 years</td></tr>
<tr><td>A</td><td>Q3</td><td>Education level</td><td>1= Less than BSc, 2= BSc or equivalent, 3= Master & equivalent, 4= PhD & equivalent</td></tr>
<tr><td>A</td><td>Q4</td><td>Experience profile</td><td>1= Less or equal 10 years, 2 = >10 - 15 years, 3= >15 - 20 years, 4 = >20 - 25 years, 5 = above 25 years</td></tr>
<tr><td>A</td><td>Q5a</td><td>Organization (s)</td><td>1= Bank, 2= Regulatory body, 3= other private or public organizations</td></tr>
<tr><td>A</td><td>Q5b</td><td>Position (s)</td><td>1= BOD, 2= CEO/GM, 3=VP & equivalent, 4= Manager, 5= Below manager level</td></tr>
<tr><td colspan="3">Section B: The awareness & importance of BSC Model as a strategic planning model</td><td>These are coded using 5 points Likert-scale indicating degree of importance/agreement</td></tr>
<tr><td>B</td><td>Q1</td><td>How important to the Islamic banks to define their vision?</td><td rowspan="10">1= Response indicating strong disagreement with the statement.
2= Response indicating general or low disagreement with the statement.
3= Neutral or Not Sure/Confident or Not Applicable response.
4= Response indicating general or low agreement with the statement.
5= Response indicating strong agreement with the statement.

<u>Positive / Negative</u>
The above points 1 - 5 are used when answering questions/statements indicating positive feedback.
The same scale is used inversely when answering questions/statement indicating negative feedback. i.e. a strong agreement with a negative statement will be recorded as 1 point, whereas 5 points will be recorded against a strong disagreement with a negative statement.</td></tr>
<tr><td>B</td><td>Q2</td><td>How important to the Islamic banks to define their mission?</td></tr>
<tr><td>B</td><td>Q3</td><td>How important to the Islamic banks to define their strategic goals and thrusts?</td></tr>
<tr><td>B</td><td>Q4</td><td>How confident you are that the BSC model can assist in defining the above strategic matters for Islamic banks?</td></tr>
<tr><td>B</td><td>Q5</td><td>What do you think about the optimum strategic planning cycle using BSC for Islamic banks (e.g. 1, 2, 3, 5, 7, or 10 years), and why?</td></tr>
<tr><td>B</td><td>Q6</td><td>Have you ever participated in a strategic planning cycle using BSC for Islamic banks, and what was your role?</td></tr>
<tr><td>B</td><td>Q7</td><td>In your opinion, has the standard 4 dimensional BSC model reached its maturity and therefore needs major improvement or modification to be more fit or effective for Islamic bank in Bahrain?</td></tr>
<tr><td colspan="3">Section C: The importance of financial dimension of BSC</td></tr>
<tr><td>C</td><td>Q1</td><td>How important is to define return on investment or other profitability measures to achieve positive performance of Islamic banks? explain how?</td></tr>
<tr><td>C</td><td>Q2</td><td>What are the most important financial measures that the implementation of BSC has helped the Islamic bank to focus on?</td></tr>
</table>

Appendix (B)

Interview Responses mean, standard deviation, and t-Test

	Sections / Questions	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	ALL Average	SD	Stand Error	Count (DF)	t Test (p)
Section A: Demographic & General Questions																											
A **Q0a**	Name of respondent	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx					
A **Q0b**	Type of respondent	Not indicated in the original response sheet																									
A **Q1**	Gender	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	2	2				21	
A **Q2**	Age	4	4	4	4	3	3	3	4	3	4	3	4	4	4	4	2	4	4	4	3	3				21	
A **Q3**	Education level	3	3	3	3	2	3	3	2	3	3	3	3	3	3	3	3	4	3	2	3	3				21	
A **Q4**	Experience profile	5	5	5	5	4	4	4	5	5	5	4	5	5	5	5	2	5	5	5	4	4				21	
A **Q5a**	Organization (s)	1	1	1	1	2	1	1	1	3	1	1	1	1	1	1	1	1	1	1	1	1				21	
A **Q5b**	Position (s)	1	3	3	3	3	3	3	3	1	3	3	4	4	3	2	3	4	3	3	4	3				21	
Section B: The awareness & importance of BSC Model as a strategic planning model		**4.57**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**4.86**	**5.00**	**5.00**	**5.00**	**4.86**	**5.00**	**4.57**	**4.86**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**4.94**	**0.13**	**0.03**	**21**	**0.000**
B **Q1**	How important to the Islamic banks to define their vision?	5	5	5	5	5	5	5	5	5	5	5	5	5	5	2	5	5	5	5	5	5	4.86	0.65	0.14	21	0.000
B **Q2**	How important to the Islamic banks to define their mission?	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5	4.95	0.22	0.05	21	0.000
B **Q3**	How important to the Islamic banks to define their strategic goals and thrusts?	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
B **Q4**	How confident you are that the BSC model can assist in defining the above strategic matters for Islamic banks?	5	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
B **Q5**	What do you think about the optimum strategic planning cycle using BSC for Islamic banks (e.g. 1, 2, 3, 5, 7, or 10 years), and why?	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
B **Q6**	Have you ever participated in a strategic planning cycle using BSC for Islamic banks, and what was your role?	5	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
B **Q7**	In your opinion, has the standard 4 dimensional BSC model reached its maturity and therefore needs major improvement or modification to be more fit or effective for Islamic bank in Bahrain?	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
Section C: The importance of financial dimension of BSC		**5.00**	**4.67**	**4.75**	**4.60**	**4.44**	**4.11**	**4.78**	**4.22**	**5.00**	**4.70**	**4.89**	**4.30**	**4.38**	**4.14**	**3.78**	**4.56**	**4.78**	**4.67**	**4.38**	**4.36**	**4.67**	**4.53**	**0.31**	**0.07**	**21**	**0.000**
C **Q1**	How important is to define return on investment or other profitability measures to achieve positive performance of Islamic banks? explain how?																										
	Return on Equity		5	5			5	5		5			4					5	5	4			4.78	0.44	0.15	9	0.000
	Liquidity ratio and measures	5			5	5			5		5	5		5	4	5	5				5	5	4.92	0.29	0.08	12	0.000
C **Q2**	What are the most important financial measures that the implementation of BSC has helped the Islamic bank to focus on?																										
	Return on Investment	5		5	5			4	4		4	5	4	4		4		5	4	4	4	4	4.33	0.49	0.13	15	0.000
	Return on Equity	5	5	5	5	4	4	5	4	5	4	5	5			4	5	5	5	5	4	4	4.63	0.50	0.11	19	0.000
	Liquidity ratio measures		5			5	5								5	4					5	5	4.86	0.38	0.14	7	0.000
	capital adequacy						4						4				5				5		4.50	0.58	0.29	4	0.000
C **Q3**	What do you think about the main financial driver that the IB is attempting to achieve when implementing the BSC, is it on cost reduction, risk management, or profit growth? Explain more using examples in the past 5 – 10 years.																										
	Cost Reduction				3	5		4			4				5								4.20	0.84	0.37	5	0.000
	risk management	5	4		3				4		5	5	4	4			4	3	3		5		4.08	0.79	0.23	12	0.000
	profit growth	5	5	5	5	4	5	5	5	5	5	4	5	4		4	4	5	5	4	4	4	4.60	0.50	0.11	20	0.000
C **Q4**	Does the implementation of the BSC help in communicating profitability targets to the shareholders of Islamic banks? How is this achieved and verified?	5	5	5	5	4	3	5	4	5	5	5	2	5	4	2	5	5	5	5	5	5	4.48	0.98	0.21	21	0.000
C **Q5**	How robust the definition of financial dimension in the BSC in IB at times of crisis, recession or distress? Do the banks adhere to BSC or ignore the BSC and plan independently or differently?	5	5	5	5	4	4	5	3	5	5	5	5	3	5	5	3	5	5	3	3	5	4.43	0.87	0.19	21	0.000
C **Q6**	How much are the regulators concerned with the financial measures of the IB stemming from BSC, how and when?	5	5	3	5	5	4	5	4	5	5	5	5	5	3	2	5	5	5	5	4	5	4.52	0.87	0.19	21	0.000
C **Q7**	Do you think the BSC has enabled the IB to achieve positive financial performance in the past 10 years or at least reduced the adverse financial effects of resultant crisis?	5	3	5	5	4	3	5	5	5	5	5	5	5	3	4	5	5	5	5	4	5	4.57	0.75	0.16	21	0.000
Section D: The importance of customer dimension of BSC		**5.00**	**5.00**	**5.00**	**4.67**	**5.00**	**4.78**	**4.50**	**4.88**	**4.88**	**4.70**	**4.78**	**4.89**	**4.67**	**5.00**	**4.70**	**4.78**	**4.50**	**4.90**	**4.70**	**4.89**	**4.88**	**4.81**	**0.16**	**0.03**	**21**	**0.000**
D **Q1**	How important is to define the customer perspective measures (e.g. market share, customer satisfaction) to achieve positive performance of Islamic banks? explain how?	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
D **Q2**	What are the most important customer perspective measures that the implementation of BSC has helped the Islamic bank to focus on?																										
	customer satisfaction and loyalty	5			5			5	4		5	5	5	5	5	5	5	5		5	5	5	4.93	0.26	0.07	15	0.000
	Increase market share					5	4	4		5		5	5	5		4	5	5	5	4	5	5	4.71	0.47	0.13	14	0.000
	Cash flow and revenue generated by client		5	5		5			5		4				5								4.83	0.41	0.17	6	0.000
	Customers retainion				5		5				5					5			5	4			4.83	0.41	0.17	6	0.000
D **Q3**	What do you think about the main customer-related driver that the IB is attempting to achieve when implementing the BSC, is it competitive advantage, market share, customer satisfaction, retention, or Sharia related thrusts? Explain more using examples in the past 5 – 10 years.																										
	competitive advantage	5	5		4	5		3							5	5	5	5					4.67	0.71	0.24	9	0.000
	market share		5	5		5	5	4		5	4	5	4			4			5	5	5		4.69	0.48	0.13	13	0.000
	customer satisfaction, retention	5		5	5		5	5	5	5	5	4	5	5				5	4	5	5		4.87	0.35	0.09	15	0.000
	Sharia related thrusts													4			4	5	5			5	4.60	0.55	0.24	5	0.000
D **Q4**	Does the implementation of the BSC help in communicating what the IB is attempting to achieve for its customers? How is this achieved and verified?	5	5	5	3	5	4	4	5	4	5	5	5	5	5	5	5	4	5	4	4	4	4.57	0.60	0.13	21	0.000
D **Q5**	How robust the definition of customer perspective in the BSC in IB at times of crisis, recession or distress? Do the banks adhere to BSC or ignore the BSC and plan independently or differently?	5	5	5	5	5	5	5	5	5	4	5	5	4	5	4	4	2	5	5	5	5	4.67	0.73	0.16	21	0.000
D **Q6**	How much are the regulators concerned with the customer perspective measures, due diligence, or KYC of the IB stemming from BSC, how and when?	5	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
D **Q7**	Do you think the BSC has enabled the IB to maintain or sustain its market share and retain its main customers and thereby achieve positive financial & non-financial performance in the past 10 years or at least reduced the adverse effects of resultant crisis?	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	4.95	0.22	0.05	21	0.000

Appendix (B)

Interview Responses mean, standard deviation, and t-Test

	Sections / Questions	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	ALL Average	SD	Stand Error	Count (DF)	t Test (p)
	Section E: The importance of learning & growth dimension of BSC	**5.00**	**4.00**	**4.89**	**4.86**	**4.50**	**4.80**	**4.78**	**4.60**	**4.78**	**5.00**	**4.44**	**4.30**	**4.23**	**3.89**	**3.90**	**4.64**	**4.67**	**4.50**	**4.20**	**4.83**	**4.91**	**4.56**	**0.35**	**0.08**	**21**	**0.000**
E **Q1**	How important is to define the learning & growth perspective measures (e.g. personnel development, motivation, attitude, recognition, fairness, benefits) to achieve positive performance of Islamic banks? Explain how	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	**4.95**	**0.22**	**0.05**	**21**	**0.000**
E **Q2**	What are the most important learning & growth perspective measures that the implementation of BSC has helped the Islamic bank to focus on?																										
	carrier development and motivation	5					5	5	5	4	5	4	5	4	4	4	4	5	5		5	5	**4.63**	**0.50**	**0.13**	**16**	**0.000**
	personnel development		5	5		5	5	4		5		5			4	4	5	5	4	5	4		**4.64**	**0.50**	**0.13**	**14**	**0.000**
	Recognition				5				4								4					5	**4.50**	**0.58**	**0.29**	**4**	**0.000**
E **Q3**	What do you think about the main staff-related driver that the IB is attempting to achieve when implementing the BSC, is it personnel development, job security & retention, motivation, attitude, recognition, fairness, economic benefits, or Sharia related thrusts such as helping people and society? Explain more using examples in the past 5 – 10 years.																										
	personnel development,	5	4	5					5			4	4	4	5	5	5	5	5	4		5	**4.64**	**0.50**	**0.13**	**14**	**0.000**
	job security & retention,	5	5	5	5	4	5	5		5			4	5				4		5	5		**4.77**	**0.44**	**0.12**	**13**	**0.000**
	motivation, attitude, recognition,			4	5				5		5	5	4	4		4	5	4	4		5		**4.50**	**0.52**	**0.15**	**12**	**0.000**
	fairness, economic benefits						4							4								5	**4.33**	**0.58**	**0.33**	**3**	**0.003**
	Sharia related thrusts (helping people and society)		4			5								4					5	5	5	5	**4.71**	**0.49**	**0.18**	**7**	**0.000**
	fairness, economic benefits,							4		4				4					5		4		**4.20**	**0.45**	**0.20**	**5**	**0.000**
E **Q4**	Does the implementation of the BSC help in communicating what the IB is attempting to achieve for its staff at all levels? How is this achieved and verified?	5	5	5	5	5	5	5	5	5	5	5	5	5	3	5	5	5	5	4	5	5	**4.86**	**0.48**	**0.10**	**21**	**0.000**
E **Q5**	**How robust the definition of learning & growth perspective in the BSC in IB at times of crisis, recession or distres**s? Do the banks adhere to BSC or ignore the BSC and plan independently or differently? Do employees leave the bank or made redundant at these times or their financial benefits are renegotiated?																										
	the banks adhere to BSC or ignore the BSC and plan independently or differently	5	2	5		2	5	5	2	5	5	2	5	3	1	3	3		3	5	5	5	**3.74**	**1.45**	**0.33**	**19**	**0.000**
	Do employees leave the bank or made redundant at these times or their financial benefits are renegotiated?	5	4				5		5		5		1	3	5	3	5		3	1	5	5	**3.93**	**1.49**	**0.40**	**14**	**0.000**
E **Q6**	How much are the regulators concerned with the employee perspective measures, training, succession plans, and redundancies, of the IB stemming from BSC, how and when?	5	3	5	5	5	4	5	5	5	5	5	5	5	5	1	5	5	5	5	5	5	**4.67**	**0.97**	**0.21**	**21**	**0.000**
E **Q7**	Do you think the BSC has enabled the IB to retain its best performing employees and therefore the Islamic bank was able to continue achieving positive financial & non-financial performance in the past 10 years or at least reduced the adverse effects of resultant crisis?	5	3	5	4	5	5	5	5	5	5	5	5	5	3	5	5	5	5	3	5	4	**4.62**	**0.74**	**0.16**	**21**	**0.000**
	Section F: The importance of internal processes dimension of BSC	**5.00**	**4.33**	**5.00**	**4.50**	**4.83**	**4.38**	**4.25**	**4.50**	**5.00**	**5.00**	**4.56**	**4.82**	**4.29**	**4.38**	**5.00**	**4.50**	**4.30**	**4.45**	**5.00**	**4.90**	**4.75**	**4.65**	**0.29**	**0.06**	**21**	**0.000**
F **Q1**	How important is to define the internal processes perspective measures (e.g. productivity, systems, product leadership, quality, operations, risk management, timeliness, procedures & policies) to achieve positive performance of Islamic banks? explain how?	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	5	**4.95**	**0.22**	**0.05**	**21**	**0.000**
F **Q2**	What are the most important internal processes perspective measures that the implementation of BSC has helped the Islamic bank to focus on?																										
	product development	5	5	5	4	5	5											5	5	5		5	**4.90**	**0.32**	**0.10**	**10**	**0.000**
	System and IT				5		5											4			5	5	**4.80**	**0.45**	**0.20**	**5**	**0.000**
	Policy and procdure and internal process					5			5	5	5		5		5	5	5		3	5	5		**4.82**	**0.60**	**0.18**	**11**	**0.000**
	risk management assessment	5			5		4	5			5		5	5			5						**4.88**	**0.35**	**0.13**	**8**	**0.000**
	Increase productivity		5	5		5						5	4					4	5				**4.71**	**0.49**	**0.18**	**7**	**0.000**
F **Q3**	What do you think about the main internal process driver that the IB is attempting to achieve when implementing the BSC, is it risk management, innovation, product leadership, IT system intensive, or Sharia related thrusts such as seen best follower of Islamic rules & regulations? Explain more using examples in the past 5 – 10 years.																										
	risk management		5			5	5		5	5	5	5		5								4	**4.89**	**0.33**	**0.11**	**9**	**0.000**
	Innovation			5	5	5	5	5	5	5	5	5	5		4	5	5	5	5		5	5	**4.94**	**0.24**	**0.06**	**17**	**0.000**
	product leadership		4	5	5	4	4	5		5		5	5						4		5	5	**4.67**	**0.49**	**0.14**	**12**	**0.000**
	IT system intensive					4	4						5		5		5	4	5			4	**4.50**	**0.53**	**0.19**	**8**	**0.000**
	Sharia related thrusts (best follower of Islamic rules & regulations)						4										5			5	4	4	**4.40**	**0.55**	**0.24**	**5**	**0.000**
F **Q4**	Does the implementation of the BSC help in communicating what the IB is attempting to achieve by using efficient or effective internal processes to all concerned parties including management, regulators, staff, customers, suppliers, and shareholders? How is this achieved and verified?	5	4	5	5	5	5	4	5	5	5	5	5	4	4	5	5	5	5	5	5	5	**4.81**	**0.40**	**0.09**	**21**	**0.000**
F **Q5**	How robust the definition of internal processes perspective in the BSC in IB at times of crisis, recession or distress? Do the banks adhere to BSC or ignore the BSC and plan independently? Do the IBs implement completely different processes or approaches in delivering its services?																										
	the banks adhere to BSC	5		5		5				5	5		5			5				5	5	5	**5.00**	**0.00**	**0.00**	**10**	**0.000**
	The banks ignore the BSC and plan independently		1		1		1	1	1			1		1	2		1	1	2				**1.18**	**0.40**	**0.12**	**11**	**0.000**
F **Q6**	How much are the regulators concerned with the internal processes perspective measures, e.g. IT system security, privacy, Basel directives, international banking & accounting standards, AAOIFI, reporting cycles, prudential returns - of the IB stemming from BSC, how and when?	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	4	5	5	5	5	5	**4.90**	**0.30**	**0.07**	**21**	**0.000**
F **Q7**	Do you think the BSC has enabled the IB to continue improving its efficiency and top-notch internal processes to achieve positive financial & non-financial performance in the past 10 years or at least reduced the adverse effects of resultant crisis?	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	**5.00**	**0.00**	**0.00**	**21**	**0.000**

Appendix (B)

Interview Responses mean, standard deviation, and t-Test

Sections / Questions	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	ALL Average	SD	Stand Error	Count (DF)	t Test (p)
Section E: The importance of learning & growth dimension of BSC	5.00	4.00	4.89	4.86	4.50	4.80	4.78	4.60	4.78	5.00	4.44	4.30	4.23	3.89	3.90	4.64	4.67	4.50	4.20	4.83	4.91	4.56	0.35	0.08	21	0.000
Section G: The importance of other factors influencing the implementation of BSC	4.67	4.56	4.56	4.56	4.56	4.44	4.56	4.33	4.56	4.22	4.56	4.33	4.44	4.67	4.56	4.67	4.56	4.56	4.67	4.56	4.56	4.53	0.12	0.03	21	0.000
G Q1 How important is to allow employees below the executive or top management levels to participate in BSC strategic planning exercise? Discuss why and give examples.	5	5	5	5	5	4	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	4.90	0.30	0.07	21	0.000
G Q2 How important is the existence of people ownership of BSC according to each person's roles & responsibilities to the success of BSC implementation in Islamic banks? Why and which level.	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5.00	0.00	0.00	21	0.000
G Q3 How important is to convene regularly strategy review meetings or audits to achieve an effective implementation of BSC in Islamic banks and the effect of such reviews on streamlining performance deviations?	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5.00	0.00	0.00	21	0.000
G Q4 Do you think the performance targets or measures defined in the BSC implemented by Islamic banks are affected by the degree of open communication (upward & downward) which exists in the banks? give examples.	5	5	5	5	5	5	5	4	5	5	5	3	5	5	5	5	5	5	5	5	5	4.86	0.48	0.10	21	0.000
G Q5 Do you think the existence of conflict of interest at the top management level can adversely impact the performance targets or measures defined in BSC in Islamic banks? Give examples.	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	5	5	5	4.95	0.22	0.05	21	0.000
G Q6 Do you think the applicable rules, regulations, standards, or directives issued by CBB, AAOIFI, MOIC, Basel or other related bodies take precedence over BSC targets, and hence affect the performance of Islamic banks. give more details or examples.	5	5	5	5	5	5	5	5	5	4	5	4	5	5	5	5	5	5	5	5	5	4.90	0.30	0.07	21	0.000
G Q7 Being an Islamic bank, do you think the adherence to Sharia regulations lead to minimizing the optimum outcomes from implementing BSC in Islamic banks? how and why?	2	1	1	1	1	1	1	1	1	1	1	2	1	2	2	2	2	1	2	1	1	1.33	0.48	0.11	21	0.000
G Q8 There is a tendency in some organizations to recruit external consultants to develop the BSC strategic planning model for Islamic banks in order to achieve enhanced performance results. How true this statement is in you your opinion and why you agree or disagree with it?	5	5	5	5	5	5	5	5	5	4	5	5	4	5	5	5	5	5	5	5	5	4.90	0.30	0.07	21	0.000
G Q9 Unless you measure it, it does not exist. Do you think the implementation of BSC in Islamic banks do generate clearly defined and measurable targets of performance? Give examples.	5	5	5	5	5	5	5	4	5	5	5	5	5	5	4	5	5	5	5	5	5	4.90	0.30	0.07	21	0.000
Summary Findings																										
Importance of BSc (all dimensions) excluding other factors	4.91	4.60	4.93	4.72	4.76	4.61	4.66	4.64	4.90	4.88	4.73	4.66	4.48	4.48	4.39	4.67	4.65	4.70	4.66	4.80	4.84	4.70	0.15	0.03	21	0.000
Importance of BSc (all dimensions) including other factors	4.87	4.59	4.87	4.70	4.72	4.59	4.64	4.59	4.84	4.77	4.70	4.61	4.48	4.51	4.42	4.67	4.63	4.68	4.66	4.76	4.79	4.67	0.12	0.03	21	0.000

Appendix (C)

Example of NVivo Output Sheet

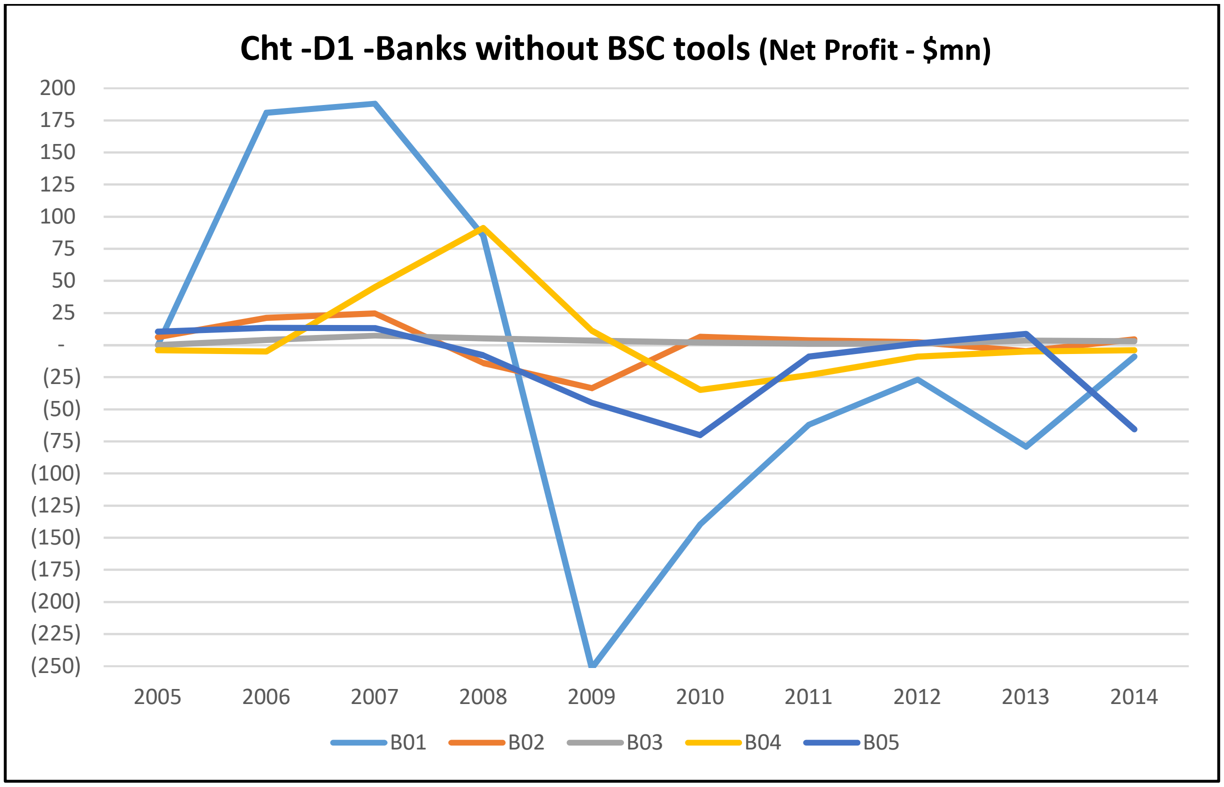
Node A	Node B	Pearson correlation coefficient
Nodes\\Sheet1\How robust the definition of financial dime	Nodes\\Sheet1\How robust the definition of customer pers	0.85142
Nodes\\Sheet1\What are the most important customer per	Nodes\\Sheet1\How important is to define the customer p	0.796602
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\How robust the definition of customer pers	0.778844
Nodes\\Sheet1\What do you think about the main custome	Nodes\\Sheet1\What are the most important customer per	0.752884
Nodes\\Sheet1\What do you think about the main custome	Nodes\\Sheet1\How important is to define the customer p	0.740683
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\How robust the definition of financial dime	0.728732
Nodes\\Sheet1\Do you think the BSC has enabled the IB t	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.712313
Nodes\\Sheet1\Does the implementation of the BSC help i	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.68168
Nodes\\Sheet1\How important is to define the learning & g	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.614369
Nodes\\Sheet1\What are the most important financial mea	Nodes\\Sheet1\How important is to define return on invest	0.603953
Nodes\\Sheet1\How robust the definition of financial dime	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.601845
Nodes\\Sheet1\How robust the definition of customer pers	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.57057
Nodes\\Sheet1\Does the implementation of the BSC help i	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.542673
Nodes\\Sheet1\Do you think the BSC has enabled the IB t	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.53632
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.535877
Nodes\\Sheet1\How much are the regulators concerned wi	Nodes\\Sheet1\How much are the regulators concerned w	0.533087
Nodes\\Sheet1\How confident you are that the BSC model	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.527609
Nodes\\Sheet1\What are the most important learning & gr	Nodes\\Sheet1\How important is to define the learning & g	0.51407

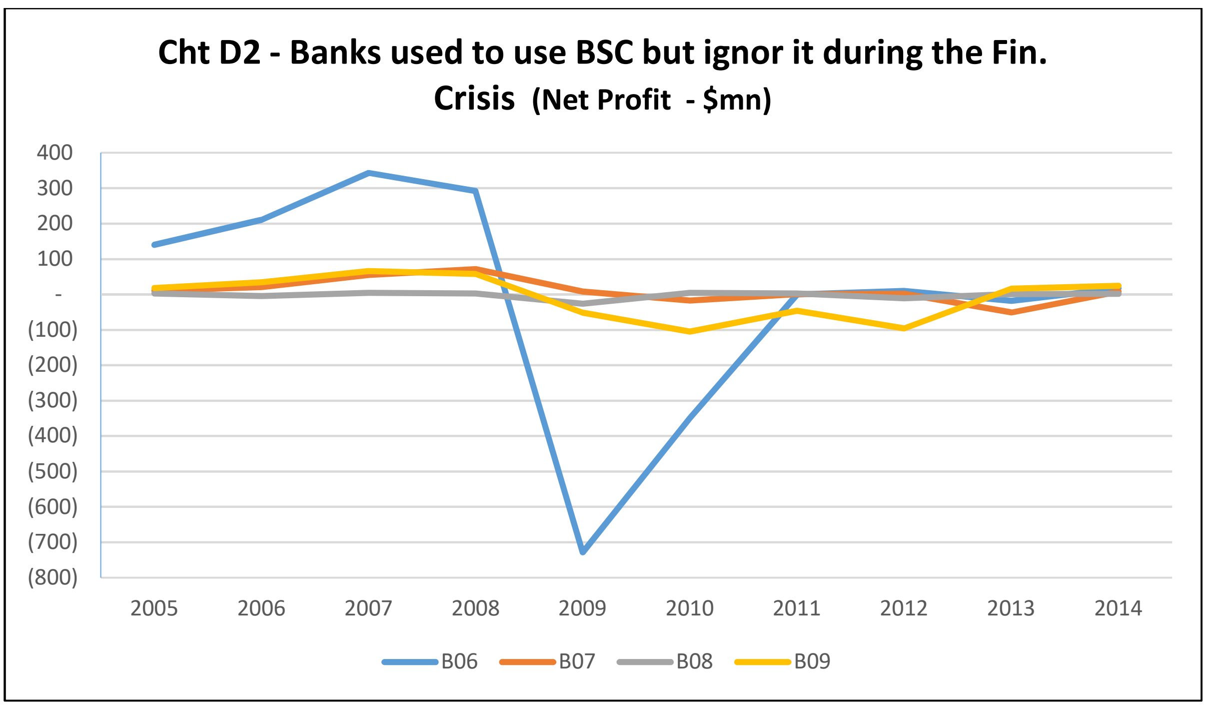
Node A	Node B	Pearson correlation c
Nodes\\Sheet1\How robust the definition of financial dime	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.601845
Nodes\\Sheet1\How robust the definition of customer pers	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.57057
Nodes\\Sheet1\Does the implementation of the BSC help i	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.542673
Nodes\\Sheet1\Do you think the BSC has enabled the IB t	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.53632
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.535877
Nodes\\Sheet1\How much are the regulators concerned wi	Nodes\\Sheet1\How much are the regulators concerned w	0.533087
Nodes\\Sheet1\How confident you are that the BSC model	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.527609
Nodes\\Sheet1\What are the most important learning & gr	Nodes\\Sheet1\How important is to define the learning & g	0.51407
Nodes\\Sheet1\How important is to define the learning & g	Nodes\\Sheet1\Does the implementation of the BSC help i	0.512196
Nodes\\Sheet1\Do you think the BSC has enabled the IB t	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.509211
Nodes\\Sheet1\How confident you are that the BSC model	Nodes\\Sheet1\Does the implementation of the BSC help i	0.506472
Nodes\\Sheet1\How confident you are that the BSC model	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.503332
Nodes\\Sheet1\How robust the definition of financial dime	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.500257
Nodes\\Sheet1\How important is to define the customer pe	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.499704
Nodes\\Sheet1\What do you think about the main staff-rela	Nodes\\Sheet1\How important is to define the learning & g	0.496593
Nodes\\Sheet1\How important to the Islamic banks to defi	Nodes\\Sheet1\How important to the Islamic banks to defi	0.494964
Nodes\\Sheet1\What are the most important customer per	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.484619
Nodes\\Sheet1\What do you think about the main custome	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.483468

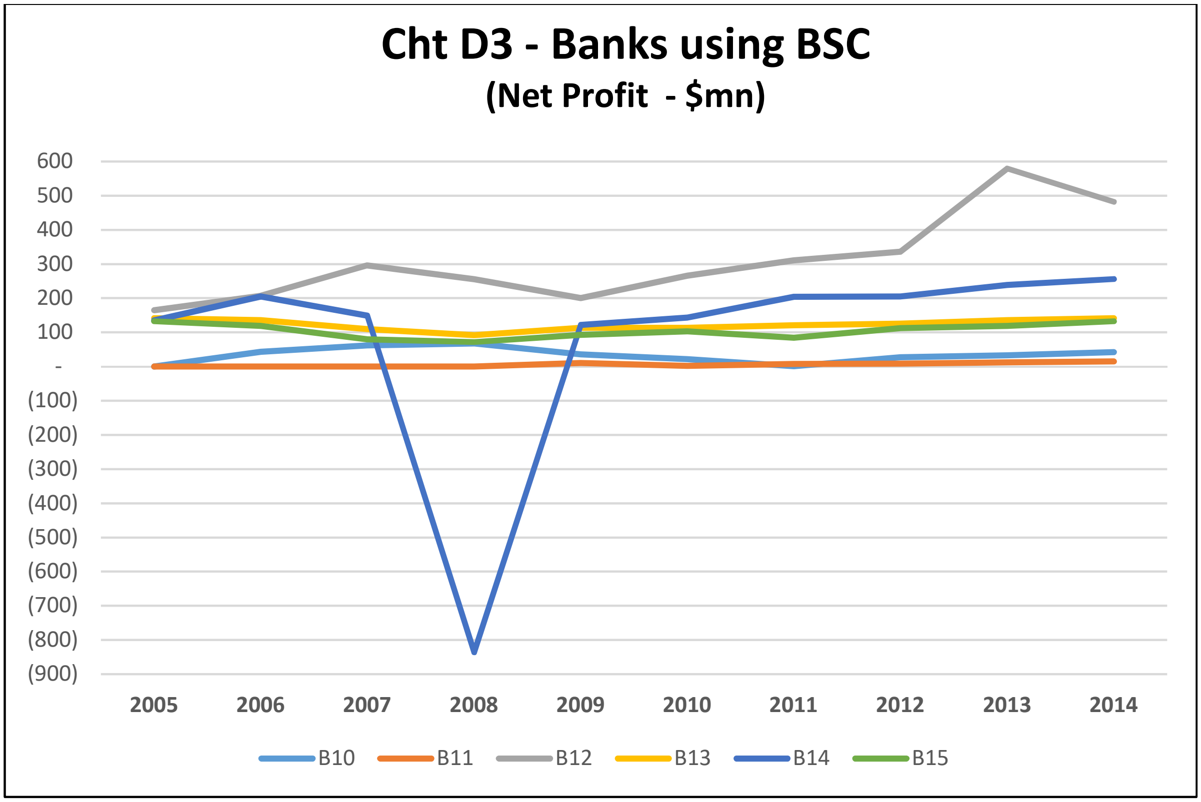
Node A	Node B	Pearson correlation coefficient
Nodes\\Sheet1\How robust the definition of financial dime	Nodes\\Sheet1\How robust the definition of customer pers	0.85142
Nodes\\Sheet1\\What are the most important customer per	Nodes\\Sheet1\How important is to define the customer p	0.796602
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\How robust the definition of customer pers	0.778844
Nodes\\Sheet1\\What do you think about the main custome	Nodes\\Sheet1\\What are the most important customer per	0.752884
Nodes\\Sheet1\\What do you think about the main custome	Nodes\\Sheet1\How important is to define the customer p	0.740683
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\How robust the definition of financial dime	0.728732
Nodes\\Sheet1\Do you think the BSC has enabled the IB t	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.712313
Nodes\\Sheet1\Does the implementation of the BSC help i	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.68168
Nodes\\Sheet1\How important is to define the learning & g	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.614369
Nodes\\Sheet1\\What are the most important financial mea	Nodes\\Sheet1\How important is to define return on invest	0.603953
Nodes\\Sheet1\How robust the definition of financial dime	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.601845
Nodes\\Sheet1\How robust the definition of customer pers	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.57057
Nodes\\Sheet1\Does the implementation of the BSC help i	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.542673
Nodes\\Sheet1\Do you think the BSC has enabled the IB t	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.53632
Nodes\\Sheet1\How robust the definition of learning & gro	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.535877
Nodes\\Sheet1\How much are the regulators concerned wi	Nodes\\Sheet1\How much are the regulators concerned w	0.533087
Nodes\\Sheet1\How confident you are that the BSC model	Nodes\\Sheet1\Do you think the BSC has enabled the IB t	0.527609
Nodes\\Sheet1\\What are the most important learning & gr	Nodes\\Sheet1\How important is to define the learning & g	0.51407

Appendix (D)

Analysis of effect of Strategy on Banks profitability







The three charts above show us the effect of using strategic management tools on the performance of the banks. The banks in Chart D1 have no proper strategic management tools nor any clear strategy. Indeed, from the chart we can observe that the banks performed very badly during and after the 2008 financial crisis. Chart D2 illustrates banks that did have a well-structured strategy and the right strategic management tools but during the financial crisis diverted from it. Thus, these banks were affected by the crisis but are flat in profitability i.e. are better than the previous banks that have no strategy.

The last chart, Chart D3 contains banks that had a well-structured strategy and adhered to the strategy and to the management tools during and after the 2008 financial crisis. One of these banks was effected only during the year of the crisis, while all these banks have returned to profitability.

Appendix (E)

Value Chain Analysis

Value chain analysis is another model that is used in strategic planning. The value chain analysis model was originally crafted by Michael Porter in 1985 (Institute of Management Accountants, 2010). The model was founded on the belief that companies need to meet and exceed customers' expectations in ways that are better than competitors so as to gain competitive advantage. The value chain analysis model was designed to assist managers in measuring customers' perceived value (Gloy, 2008), it enables the management team to understand how value is created along the string of activities that result from the development of the final product or service. It also enables the management team to determine the strengths and weaknesses in activities and processes that lead to value creation.

Value chain generally refers to internal activities and processes that are required to design, produce, market, and deliver a product to consumers. Activities that make up a value chain may be contained in one firm or may be divided among several firms (Gereffi and Stark, 2011). The firm value chain is a reflection of the company's strategy; it is an analysis model that classifies business activities into two categories: primary and support activities. Primary activities refer to activities that are directly involved in converting materials into finished products, while support activities comprise inbound logistics, operations, outbound logistics, marketing and sales, and services activities (Institute of Management Accountants, 2010). Support activities facilitate the implementation of primary activities, and support other activities including human resource management, procurement, firm infrastructure, and technology development. The value chain model views the firm as an overall chain of value, creating activities that are linked to each other and have interlinks across the organisation.

In order for a firm to become competitive, it must deliver what the customer wants and survive competition. Thus, competitive advantage is derived from the difference between the value offered to customers and the cost incurred in creating this value. According to this model, competitive advantage is derived from using two possibilities (Gereffi and Stark, 2011). The first is differentiation, whereby the customer perceives the product as superior and becomes willing to pay a premium price as compared to prices paid to competitors. The second option is cost leadership. whereby the organisation delivers the lowest prices by reducing costs to levels that are below those of competitors.

One of the pros of the value chain analysis is that it enables the management team to prioritise improvement efforts by identifying activities that are critical to the firm's competitive advantage (Gloy, 2008). This enables the company to assign resources to these critical activities. Institutions are able to capture activities and processes that are most critical in delivering optimum value to customers and themselves by analysing their value chain (Donaldson et al., 2006). This model enables the management team to understand the value chain configuration that will yield the greatest competitive advantage for the company. Analysing the value chain enables the management team to identify sources of cost reduction and profitability, as well as sources of differentiation (Ensign, 2001). For instance, one bank may find that the best source of differentiation are its human resources, while another bank may find it easy to differentiate its product by leveraging its technological resources and capabilities. The aspiration of the value chain analysis model is to classify the firm's activities and processes according to the contribution to the firm's competitive advantage. For example, prior to 2002 there were no Islamic banks offering Islamic options, as it is considered a non-Sharia-compliant product. In 2006, an Islamic banker who once worked in conventional banking came up with the idea or concept of the "Argon" advanced payment. This product was approved by Sharia and became one of the most profitable products within the bank business line.

In addition, the value chain analysis overcomes the limitation of portfolio planning models such as the Boston Consultancy Group (BCG) and General Electric models as it recognises the connection between strategic business units (SBUs). The portfolio model evaluates SBUs independently because it assumes that there are no connections between the SBUs. However, the value chain model takes a more realistic approach, as it recognises that there are common activities among the SBUs. Thus, instead of laying emphasis on analysing the SBUs, the value chain model places emphasis on analysing activities.

The value chain model has a few disadvantages. The first is that the scope of the analysis can be intimidating (Gloy, 2008). The management team must analyse the entire value chain of the organisation. In addition, the management team must analyse the value chain of competing organisations in order to make comparisons. This requirement makes the planning process extremely cumbersome. It also makes the process of strategic planning long and time consuming; moreover, it is hard to obtain the information required to analyse the company's value chain. This model did not fit the Gulf Cooperation Countries (GCC) market due to limitations of transparency which prevent the management from analysing their competitors.

The value chain model is not applicable to the banking industry. It was designed with the manufacturing industry in mind, thus limiting its applicability to the service industry. The model assumes that the activities of a typical manufacturing organisation include procuring raw materials, producing and distributing the product, and marketing the product to consumers. It does not incorporate the value chain of certain service organisations.

The Boston Consulting Group Model

The Boston Consulting Group (BCG) Product Portfolio Matrix is another strategic analysis tool. The BCG Matrix was developed by Bruce Henderson of the Boston Consulting Group in the early 1970's. It is based on the observation that a company's business units can be classified into four categories: Question Marks, Stars, Cash Cows, and Dogs (see Figure 6). This classification is based on combinations of market growth and market share relative to the largest competitor, hence the name "growth-share". Market growth serves as a proxy for industry attractiveness, and relative market share serves as a proxy for competitive advantage. The growth-share matrix thus maps the business unit positions within these two important determinants of profitability.

The Boston Consulting Group strategy model

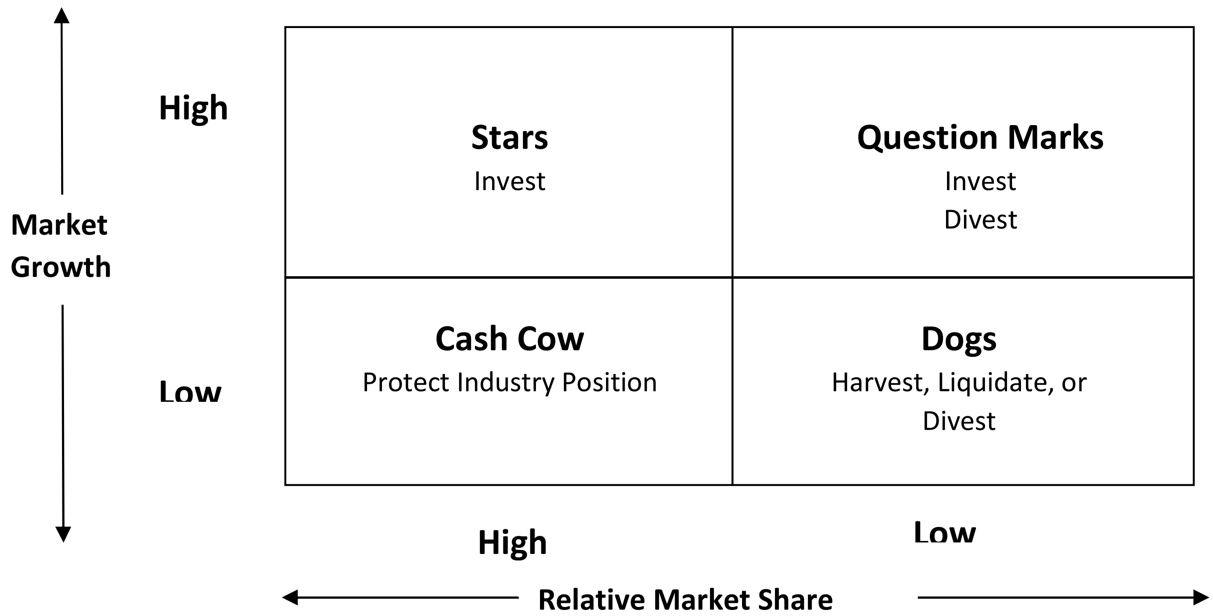


Figure 6: The BCG Matrix, from Torlak and Sanal (2007)

Question marks are business units that have little market share but operate in high growth markets. Many products start off as question marks (Torlak and Sanal, 2007), and this category requires a lot of cash investment in order to increase market share. Stars are business units that have a huge market share and are operating in a high growth market (Ward, 2009). These business units generate high revenue for the organisation but require significant cash inflows in order to fight off competition; a fitting example of this category is "YouTube".

Cash cows are products that have the largest market share but relatively low market growth rate (Smith, 2002). These products generate maximum positive cash flow as they are characterised by high profit margins and economies of scale; an example of such as product is Google. Dogs are products that have a weak market share and that are operating in a low growth market (Torlak and Sanal, 2007). These products generate little cash, and thus generate little in the way of profits, or even losses. Because of their weak competitive position and low potential for growth, dog products are often liquidated or divested.

One of the advantages of the BCG Matrix is that it recognises that organisations have a variety of products and seeks to provide a holistic analysis of the organisations' products (Ward, 2009). It helps the managers to design an optimal product portfolio for their firms, and the organisation to plan for each product.

The BCG matrix has several limitations. First, the model assumes that relative market share and market growth are the only measures of product performance; the second limitation arises during the implementation of this model (Smith, 2002). It is difficult to establish strict dividing lines between products as indicated in the quadrant. It is not easy to determine where each product lies in the quadrant, since a lot of information is required.

In addition, the BCG Matrix, like all other portfolio planning models, assumes the independence of strategic business units (Goodman et al., 2006). This assumption is not realistic as business units within a given organisation have common activities. This implies that eliminating one product would not eliminate the entire cost associated with that product. Similarly, the BCG Matrix ignores the interaction between SBUs (Smith, 2002). Though one SBU may assume a dog status, it may help other SBUs to gain market share and increase competitive advantage. For instance, offering food services to an establishment whose main product is accommodation may increase the competitiveness of the establishment's accommodation services.

General Electric Model/ McKinsey Matrix

The General Electric Model is similar to the BCG Matrix because it analyses a company's product so as to assist the firm in designing an optimal product portfolio (Razvan, 2013). However, unlike the BCG matrix, the General Electric model considers other factors for measuring product performances other than market growth and market share. The General Electric Model is also known as the McKinsey Matrix (Torlak and Sanal, 2007). Figure 7 shows the General Electric Matrix, from Goodman et al. (2006). It illustrates that market growth is replaced by market attractiveness, which encompasses additional factors such as market size, market profitability, pricing trends, demand variability, rivalry, and distribution structure, among others (Amatulli et al., 2011). Similarly, market share is replaced by competitive strength, which also encompasses additional factors such as strength of assets, competencies, customer loyalty, access to finances, distribution strength, and brand strength, among others (Ward, 2009).

Competitive Strength

Market Attractiveness

	Low	***Medium***	***High***
High	***Invest***	***Invest***	***Protect Industry Position***
Medium	***Invest***	***Protect Industry Position***	***Harvest or Divest***
Low	***Protect Industry Position***	***Harvest or Divest***	***Harvest or Divest***

Figure 7: The General Electric Matrix, from Goodman et al. (2006)

The main constraint of this model is that it may be cumbersome when obtaining information about market attractiveness and competitive strength, thus making the strategic planning process very long (Ward, 2009). Similar to the BCG matrix, the Ansoff Model also ignores the connection and interaction between products. The model places emphasis on analysing each product on its own and formulating strategies based on market attractiveness and competitive strength of the product. It does not consider the fact that products can have common activities or may have an impact on the competitive strength of other products (Goodman et al., 2006). The GE matrix also fails to provide specific guidelines on how to implement the general strategies identified by the model.

Goodman et al. (2006) pointed out that both the BCG and General Electric model analyse business at one point in time. This implies that they ignore the fact that businesses and products evolve over time. Thus, the model does not identify business units that are about to decline or business units that are about to become winners because the industry is entering the take-off stage.

The Ansoff Matrix

The Ansoff Matrix was developed by Igor Ansoff in 1965 (Bachmier, 2009). It is primarily a growth model that assists management teams in selecting the best strategy for expanding the business. The Ansoff Matrix was founded on the supposition that appropriate growth strategies involve decisions to sell new or old products in new or old markets (Lundy et al., 2007). The model has divided growth strategies into four major categories: market penetration, market development, product development, and diversification. Market penetration strategies entail promoting the consumption of an existing product in an existing market. This growth strategy is least risky, but can only work in markets that have potential for growth.

	Existing Products	New Products
Existing Market	**Market Penetration**	**Product Development**
New Market	**Market Development**	**Diversification**

Figure 8: The Ansoff Matrix, from Bachmeier (2009)

The market development strategy entails taking an existing product to a new market. This growth strategy is relatively risky as it involves dealing with a market that we are not familiar with (Bachmeier, 2009). This strategy is suitable when the firm's existing markets have little opportunity for growth. The product development strategy entails developing new products using related technology and taking those products to the existing market (Ward, 2009). This strategy is also relatively risky as it involves dealing with a product that is not familiar; it is suitable, however, when existing products have a weak competitive position. The diversification strategy involves the development of new unrelated products that target new markets (Lundy et al., 2007); for instance, a bank may opt to establish a real estate and construction entity as part of its investment vehicle. A fitting example here is the Kuwait Finance House (KFH); indeed, as part of its expansion strategy the organisation created a company called MENA Telecom, which is specialised in internet services and telecommunication businesses. Moreover, the company created KFH Car Centre, a one-stop shop showroom that specialises in car businesses and financing. A diversification strategy helps an organisation spread risk by investing in different industries.

One of the advantages of the Ansoff Matrix is that it provides an explicit framework for dealing with changes in a given industry (Bachmeier, 2009). It helps management teams to determine which strategy should be adopted in given circumstances, and provides these management teams with an excellent platform for communicating growth strategy to stakeholders. The model makes it easy for stakeholders to understand the decision to select a given strategy (Lundy et al., 2007).

One of the limitations of the Ansoff Matrix is that it does not provide guidelines for implementing the chosen strategy; instead, it only provides a general strategy (Ward, 2009). The Ansoff Matrix also examines the growth model from two perspectives only, namely product and market. Organisations employing this matrix ignore other factors that affect growth, such as efficiency of the company, liquidity and profits (Bachmeier, 2009).

The SWOT Matrix

The SWOT model was established by Andrew in 1965 after he combined ideas from Alfred Chandler, Philip Selznick, and Peter Drucker (Torklak and Sanal, 2007). This model focuses on analysing an organisation's strengths, weaknesses, opportunities, and threats. Andrew suggested that firms can develop effective strategies after analysing the external and internal environments (Hashemi et al., 2011). The SWOT matrix seeks to establish a linkage between a firm's strengths and weaknesses, as well as its threats and opportunities.

The SWOT matrix model identifies four categories of strategies that firms can establish: strength-opportunities, weaknesses-opportunities, strengths-threats, and weaknesses-threats (Weihrich, 2010). Strength-opportunity (SO) strategies focus on using an organisation's strengths to make optimal use of opportunities. These strategies are also known as maxi-maxi strategies. This approach is appropriate for firms that have numerous strengths and are operating in a market that is full of opportunities (Torklak and Sanal, 2007). Weakness-opportunity (WO) strategies focus on using opportunities to overcome the weaknesses of an organisation. WO strategies are also known as mini-maxi strategies, and are suitable for institutions that have numerous weaknesses but are operating in markets that have many opportunities.

Strength-threats (ST) strategies focus on using a company's strengths to deal with threats (Weihrich, 2010). ST strategies are also known as maxi-mini strategies and are suitable for companies that have a strong competitive position but are operating in markets that contain numerous threats. The last category is Weaknesses-threats (WT) strategies, which focus on minimising the impact of an organisation's weaknesses and threats presented by the market (Hashemi et al., 2011). WT strategies are also known as mini-mini strategies, and are applicable to companies that have weak competitive positions and are operating in markets that are full of threats.

One of the advantages of the SWOT matrix is that it considers the setting in which a firm is operating (Toklak and Sanal, 2007). Firms do not conduct their businesses in a vacuum but instead operate in an environment that has a significant impact on their performance. Thus, it is critical to consider the business environment while developing strategic plans. SWOT analysis also enables an organisation to make optimal use of its resources by identifying strategic areas for investments (Ferrell and Hartline, 2012). Through this analysis, an organisation is able to identify areas of weakness and strength that can yield the highest competitive position when made the focus of strategic investment. Organisations are also able to minimise losses by recognising threats and weaknesses.

	Strengths	***Weaknesses***
Opportunity	***Maxi-Maxi Strategies*** 1. Market penetration e.g. developing an aggressive promotional campaign 3. Product and market development 4. Backward integration 5. Concentric diversification	***Mini-Maxi Strategies*** 1. Horizontally/ vertically integrate merging suppliers 2. Market penetration 4. Enter low priced segments 5. Develop product
Threats	***Maxi-Mini Strategies*** 1. Related diversification 2. Conglomerate diversification e.g. venturing into real estate business 3. Horizontal/ vertical diversification e.g. acquiring competing firms 4. Joint Ventures 5. Innovation	***Mini-Mini Strategies*** 1. Retrenchment 2. Innovation e.g. using online platform to save costs 2. Horizontal and vertical integration e.g. merging with other stores 3. Divesture 4. Liquidation

Figure 9: The SWOT Matrix, from Weihrich (2010)

The Strategic Position and Action Evaluation (SPACE) Matrix

The SPACE Matrix seeks to assist management teams in developing a strategy by analysing the internal and external environments of a business (Toklak and Sanal, 2007). However, the SPACE Matrix is designed to overcome the limitations of other models, such as BCG, General Electric, and SWOT analysis. For instance, in the General Electric model, one axis of the matrix represents the overall attractiveness of the industry, while the other axis represents the organisation's competitive capacity (Raddar and Louw, 1998). The SPACE Matrix adds two critical dimensions to the matrix: the organisation's financial strengths, and the industry's stability (see Figure 10).

The most significant advantage of the SPACE Matrix is that it adds two new dimensions to the analysis of a firm's internal and external environments (Gurbuz, 2013). However, the model has a few limitations. One of these constraints is that individual factors in each of the dimensions identified in the matrix are not of equal importance. However, the matrix assigns equal weights to these dimensions. The SPACE Matrix also assumes that the factors identified in the matrix will remain unchanged (Nabradi, 2010). Another limitation is that the model is oriented towards manufacturing businesses. This implies that a new list of factors may need to be constructed when applying the model to other industries such as banks and the financial services industry sector.

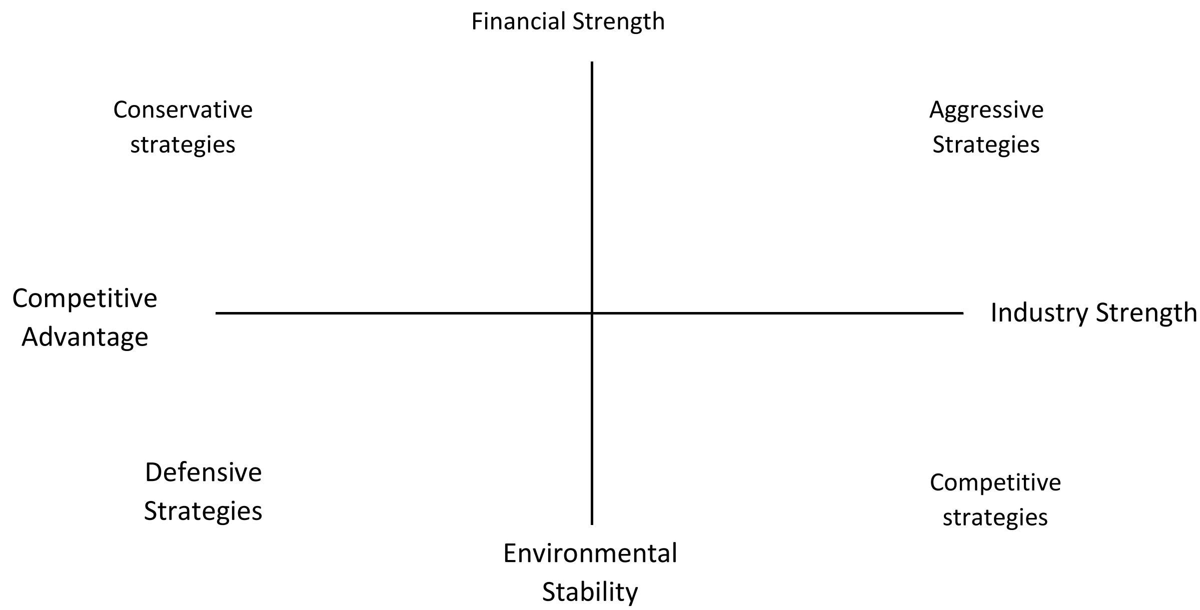


Figure 10: The Space Matrix, from Torlak and Sanal. (2007)

The Grand Strategy Matrix

The Grand Strategy Matrix was founded on two evaluative dimensions: market growth and competitive position (Torlak and Sanal, 2007). The matrix has four quadrants (see Figure 8). The first quadrant represents organisations that have a strong competitive position and are operating in a high growth market. Firms in this quadrant need to focus on product development, market development, and market penetration strategies (Qiu and Donaldson, 2012). When a firm has excessive resources, it can also pursue horizontal, forward, and backward integration strategies. The second quadrant represents companies that have a weak competitive position but are operating in a high growth market. Although the market is growing, these firms are unable to compete effectively because they have a weak position (David, 2010). Firms in this quadrant should pursue product development, market development and market penetration strategies. They can also pursue horizontal integration.

The third quadrant represents firms that have a weak competitive position and are operating in a slow growth industry (Torlak and Sanal, 2007). These firms must make radical changes so as to avoid termination. Firms in this quadrant should consider retrenchment strategies, while other options include divesture and liquidation. The fourth quadrant represents firms that have a strong competitive position and that are operating in a slow growth industry (David, 2010). Firms in this quadrant have the resources to diversify their business and venture into high growth areas. These firms can pursue concentric, horizontal, and conglomerate diversification strategies.

In some organisations, combining two strategies might yield a very useful result. Indeed, the SWOT Matrix and the Grand Strategy Matrix can be useful in isolation, but can be much more powerful when used in tandem. For instance, the SWOT Matrix model can identify threats that can lead to weak market growth, while the Grand Strategy Matrix can highlight an organisation's qualities during periods of weak market growth. This correlation helps and allows management to develop a better view; indeed, the management can see the signs of weak market growth and use the company's attributes to its advantage during these slow periods (Hanks and Media, 2013).

	Weak Competitive Positions	***Strong Competitive Position***
Rapid Market Growth	1. Market penetration e.g. developing an aggressive promotional campaign 3. Product and market development 4. Backward integration 5. Concentric diversification	1. Horizontally/ vertically integrating merging suppliers 2. Market penetration 4. Market development 5. Develop product
Slow Market Growth	1. Retrenchment 2. Divesture 3. Liquidation	1. Related diversification 2. Conglomerate diversification 3. Horizontal/ vertical diversification 4. Joint Ventures

Figure 11: The Grand Strategy Matrix, from Torlak and Sanal (2007)

Vision

A vision is an idea that a given organisation intends to pursue. It is a mental picture of the place in which the organisation desires to be (May, 2010). Every organisation starts with a vision. The vision articulates the dreams and aspirations of the organisation's founders (Strong, 2005). The vision is broad, ambitious and futuristic. It plays a central role in the strategic planning process as it gives members of the organisation a sense of direction and purpose. The vision defines where the organisation is heading. The first step in strategic planning is to define where the organisation intends to be in the next 10 to 15 years. The vision cannot bear any meaning if it is not shared across the organisation (May, 2010). The company's vision must be communicated to all stakeholders of the organisation in order to create a shared vision.

Mission

A mission refers to the primary purpose of the business (Gates, 2010). The mission defines what an organisation was designed to do, its target recipient, and its benefits. It elucidates the operating focus of an institution. A mission is usually broad and not bound by time. It stipulates the rationale behind the establishment of the organisation (Steiner, 2008). A mission is a critical element in strategic planning because, based on this mission, strategies are formed. The ultimate goal of establishing strategies is to accomplish the mission of the organisation.

The vision paints a picture of the organisation's desired future. The mission flows from the vision and clarifies what the business does in order to realise its future aspirations. The mission is not a mental picture but a concrete definition of what takes place in the organisation. An effective mission statement should be customer-oriented (May, 2010).

Explored the impacts of vision and mission statements as strategic management tools. The study was conducted in public but examined profit-oriented tertiary institutions in a developing country. The outcomes of the study revealed that knowledge of the organisation's mission and vision had a significant impact on the attitude and behaviours of employees.

Goals

Goals are intentions behind actions taken by organisations. Goals are factors that drive organisations to act the way they do, and they are broad and measurable. The main purpose of goals is to support the accomplishment of the organisation's mission. Goals are the glue that connect the firm's mission to its vision (Olsen and Olsen, 2010). They stipulate what the firm needs to do in order to achieve this vision. The process of establishing strategic goals forms the backbone of the strategic planning process. This is because, at any point in time, a firm has various routes that can lead it from its current position to its vision (Kralev, 2011). Thus, the process of formulating goals determines the route that the organisation will take. Picking the right or wrong route determines how fast or how slow the firm will realise its vision. Goals are usually long-term oriented. For instance, a goal may stipulate what the firm needs to do in five years in order to move closer to its vision. Strategic goals are also known as strategic priorities or cornerstones.

Objectives

Objectives are quantifiable and specific targets that aid in the accomplishment of an organisational goal (May, 2010). These are simply goals expressed in quantifiable terms. Objectives are a critical part of strategic planning as they enable the management to measure performance. In emphasising the critical role played by objectives in managing performance, Peter Drucker established the concept of Management by Objectives (Kaplan, 2010). Drucker believed that all organisations should have objectives that enable them to quantify their performance (Kralev, 2011). He also argued that employees should have personal performance objectives that are consistent with the company's strategy.

Goals play the critical role of connecting the firm's vision to its mission. On the other hand, objectives convert the strategic goals into specific performance targets (May, 2010). These objectives are medium-term. For instance, an objective may stipulate what the firm needs to achieve in one year in order to realise its five-year goal. Objectives operationalise strategic goals, and work towards converting the vision into actionable plans. Good strategic objectives should be clear and very specific (Kralev, 2011). This means that they should define what the firm intends to achieve in a precise fashion. Objectives should also be clear and measurable, meaning that they should be quantifiable and make it easy for the management team to determine whether the objectives have been realised or achieved.

The objectives must be achievable or realistic, otherwise they will be a waste of effort and resources (Olsen and Olsen, 2010). This implies that the objectives must reflect the position of the company and the prevailing business environment. The objectives must consider the number of resources available to the organisation (Kralev, 2011). It would not make sense for the management team to establish an objective that requires resources which the organisation cannot access. Furthermore, the objective must be responsive to the external environment. For example, it would not seem right for a firm to set a high growth target amidst an economic crisis, as some of the financial institutions did during the 2008 crisis. Objectives should also be relevant. This means that they should be related to the company's vision and mission. Lastly, good objectives should also be time bound, and should stipulate time limits within which they will be accomplished, i.e. a clear time frame for the realisation of the strategy that management should closely monitor and control.

Guiding Principles/ Values

Values are directive statements that articulate the ideals and constraints of the organisation (May, 2010). The guiding principles define the company's desired behaviours, culture and character. Values explain why the organisation does what it does. The guiding principles set the boundaries of what is acceptable within the organisation, and they are used to shape the organisational strategy by assisting the organisation in identifying priority areas. For instance, in Islamic banking there exist several guiding principles which are set up by the holy Quran, the Sharia advisory board, and the Islamic scholars; indeed, they guide the strategy selection process. These principles were founded on the laws of Islam. One of these principles is non-payment of interest (Siraj and Pillai, 2012). This means that, whatever strategy an Islamic bank develops, it cannot entail earning revenue through the charging of interest.

Values are deeply entrenched into the organisations. They are made up of deeply held convictions, underlying assumptions, beliefs and priorities (Olsen and Olsen, 2010). The values have intrinsic importance to members of the organisation. Thus, establishing strategies that are not consistent with these values leads to the imminent failure of said strategies. Hence, values should be a critical part of the foundation of a strategic plan (Kralev, 2011). The values should determine the strategic direction to be taken into account and the strategies that ought to be rejected.

External Analysis

Before establishing a game plan related to how the organisation's goals, mission and vision will be realised, the organisation should examine the business environment in which it operates (May, 2010). The business environment has a significant impact on the realisation of the mission and vision of the firm, and splits them into two main categories: the internal and the external environment.

The external business environment comprises factors that are outside the control of the organisation, but which have a momentous effect on the functioning of an organisation (Kaplan and Norton, 2008). These factors include the political environment, economic factors, and technological factors. The strategic planning discipline has further divided the external business environment into two categories: the general environment and the specific environment.

The general environment refers to factors that affect all organisations within a given market (Ferrell and Hartline, 2012). For instance, economic growth has the potential to affect all businesses within a given market, and hence is a general environmental factor. The general environment is analysed using the PEST model (Branka and Bostjan, 2009). PEST ANALYSIS is a macro environmental framework used to understand the impact of external factors on the organisation and is used as a strategic analytical technique. PEST stands for "Political, Economical, Social, and Technological" factors.

The specific environment refers to factors that affect a given industry or organisation (Ferrell and Hartline, 2012). This environment is also known as the competitive environment. The specific environment is analysed using the Porter's 5 forces model. This model identifies certain key factors that influence the specific environment of the organisation's rivals, including purchasing power of buyers, the threat of substitutes, purchasing power of suppliers, and the threat of new entrants (Branka and Bostjan, 2009). A prime example of external environment is the 2008 financial crisis, which affected the global financial market and the world economy.

Internal Analysis

Internal analysis focuses on examining the internal environment of the organisation (Ferrell and Hartline, 2012). The internal environment comprises factors that are within the control of the organisation and which have an impact on the mission and goals of the organisation. These factors may include human resources, technological capabilities, organisational culture, and structure, among others. There exist a number of tools which are used to analyse an institution's internal environment, including the Resource Based View model (Branka and Bostjan, 2009).

Strategy

A strategy is an approach designed to achieve the organisation's mission, goals and objectives, all of which are derived from the strategic planning process. At any given time, a firm has various strategic alternatives (Nickols, 2008). The strategic planning process enables a firm to analyse the strategic alternatives and identify the most suitable strategic choice. The firm strategy should be communicated to stakeholders through a strategy statement. Collis and Rukstad (2008) noted that many business leaders cannot define the strategy of their firms. Indeed, a clear definition of strategy makes the process of strategy formulation and implementation easy, because the strategy can be communicated clearly and easily to all members of the organisation at all levels.

Collis and Rukstad (2008) identified three critical elements of a good strategy statement: advantage, scope, and objective. Objective is defined as the final goal that the strategy is designed to achieve. Thus, any strategy statement should stipulate the main objective that it was created to achieve. The definition of objective should also include a timeline for attaining the objective (Nickols, 2008). Firms compete in an unbounded landscape, and hence it is important for a given firm to define its scope of business. For instance, if the firm intends to offer restaurant services, it should stipulate whether it will be a quick service business or a fine-dining restaurant. Similarly, for financial institutions and banks, it is essential that they clearly define their line of business; Is it a wholesale bank? Is it a retail or commercial bank? Is it Islamic or conventional banking? Indeed, all of these factors affect the final objective of the strategy.

Competitive advantage is the third element of a strategy and forms the essence of said strategy (Collis and Rukstad, 2008). Competitive advantage refers to what the business intends to do better than other businesses in order to realise its objective. Competitive advantage should comprise external and internal components. The external components reflect the firm's value proposition. The value proposition explains the value that customers can get from the firm, which they cannot get from other firms (Nickols, 2008). Internal components refer to attributes of the firm that will enable it to deliver the value proposition. The strategy statement should not leave any room for misinterpretations or ambiguity.

Mintzberg developed five definitions of strategy, which he named the five Ps (Haycock et al., 2012). According to Mintzberg's definition, a strategy can be interpreted as a plan, pattern, ploy, perspective, and position. He argued that a strategy can be interpreted as a plan because it is a conception that precedes action. This conception stipulates how the action will be implemented. As a plan, a strategy is designed to manoeuvre or outwit an opponent, hence the definition of strategy as a ploy (Haycock et al., 2012). He pointed out that defining a strategy as a plan is not sufficient as the definition needs to encompass the resulting behaviour; as such, Mintzberg defined strategy as a pattern. Mintzberg also defined strategy as a position because firms use it to locate themselves within their environments. Strategy is also a perspective, as it defines the organisation's way of perceiving things. Organisations use strategies to interpret their environments and react to opportunities and threats.

Action Plans

Action plans refer to what the firm intends to do in order to implement goals (Nickols, 2008) and are short-term in nature; indeed, they may span over a period of 30 days, 60 days, or 90 days. Action plans lead to the realisation of strategic objectives, which in turn leads to the realisation of the firm's strategic goals. Essentially, action plans are "to do lists" for each objective (Olsen and Olsen, 2010). Deadlines and responsibilities are assigned to each action plan so as to make certain that the action plans are implemented effectively. Deadlines ensure that the action plans are implemented in a timely fashion, while assigning responsibilities introduces an element of accountability to the implementation process (Nickols, 2008). Firms need to ensure that employees are actively involved in the development of action plans in order to facilitate the implementation process. Involving employees in the development of action plans creates a feeling of ownership of the implementation process among the employees.

A Scorecard

A scorecard is another critical element of strategic planning. The scorecard is a tool that assists the management team in monitoring the implementation of the strategic plan (Olsen and Olsen, 2010). It helps the management team to track the progress of the firm in terms of achieving its objectives and goals. For each objective, the scorecard assigns metrics that are used to assess the success of the strategy implementation process (Nickols, 2008). For example, if the objective of an institution is to expand its market share, the metric may be the percentage increase in its market share after a given period. The Balanced Scorecard is one of the scorecards used in strategic planning, and is very popular in the banking sector industry. It is used to monitor how staff implement the bank's strategy. Many Islamic banks in Bahrain are using the BSC as a strategic planning tool; some of these banks include ABC Islamic bank, AlBaraka Group ABG, Gulf Finance House, and ABC Bank.