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DBA Dissertation Defense

Entitled

THE IMPACT OF STRATEGIC MANAGEMENT PRACTICES ON THE PERFORMANCE OF UAE BANKS

by

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Abstract

The aim of this study is to understand the impact of strategic planning and management practices (SPM practices) on the performance of banks in the United Arab Emirates and the challenges they face in developing and implementing their strategic plans. Although banks in the UAE were able to recover smoothly after the 2008 financial crisis, they still face challenges due to globalization, low oil prices, and political instability. The situation calls for efficient strategic planning and management by the authorities of the banks and the study, therefore, aims to contribute to improving the effectiveness of SPM practices within the banking sector in the UAE. The study critically examines UAE's banking industry in the context of strategic planning and management practices with focus on five key dimensions: 1) institutionalizing the planning process, 2) establishing the strategic foundation, 3) conducting strategic situational diagnosis, 4) developing a strategic plan and 5) managing strategic plan implementation. Further, based on critical review of the available empirical evidences, the researcher develops a conceptual model considering the five key dimensions, six financial ratios and one non-financial factor (customer satisfaction) to test the existing relationships between SPM practices and performance levels of banks in the country. The research covered a population of 51 Conventional and Islamic banks registered on the financial markets within the UAE. A sample of 17 banks provided information for the study and data was sourced from top, middle and lower level executives of these banks. The investigation used quantitative research methods and statistical techniques such as factor analysis, analysis of variance, among others to process data and arrive at findings. The study findings reveal that Islamic banks performed better than conventional banks in terms of most areas of strategic planning and management practices. Detailed analyses and findings indicate that there are specific pattern variations and relationship structures observable in terms of the five SPM components and their impact on performance levels of both Islamic and Conventional banks. Most importantly, the quantitative findings and qualitative inferences from the study lead to the conclusion that management in the banking industry has the responsibility of putting in place the strategies, frameworks and policies that respond proactively to the prevention, detection and mitigation of shocks that periodically impact on banks, particularly from their external business environment. To accomplish this, the senior management authorities in each of the banks have to frequently review all areas of their SPM practices (institutionalizing the planning process, establishing the strategic foundation, conducting strategic situational diagnosis, developing a strategic plan and managing strategic plan implementation) and bring about adequate revisions in each component to manage their organizations more efficiently and effectively.

Keywords: Strategic Planning Management (SPM), Conventional Banks, Islamic Banks, strategic situational diagnosis