

The Process of Strategic Decision-Making in Libyan Commercial Banks

By

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**A thesis submitted to the University of Gloucestershire in accordance
with the requirements of the degree of Doctor of Philosophy in the
Faculty of Business, Education & Professional studies**

PhD

2013

DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

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ABSTRACT

The thesis describes an exploration and analysis of the nature of strategic decision-making processes (SDMP) in Libyan Commercial Banks. The role of 'rationality', 'intuition' and 'political behaviour' in five strategic decisions of very high importance were explored in this study, by conducting sixteen face-to-face interviews with senior decision-makers, all closely involved with the decisions, from three commercial banks. Other observations of SDM behaviour and documentary information were also recorded. Field work enabled analysis and interpretation of the perceived influence of 'decision importance' on the process, as well as an exploration of the three key influencing factors on the SDMP.

Consistent findings for the nature of the process were found for all five decisions. Rationality was a key factor of the process. Considerable efforts were made by key staff to gather and analyse information, discuss issues, as well as engage consultants and seek advice from Commercial Banks outside Libya. This finding appeared to reflect the high importance of the decisions coupled with the inexperience of the senior management group. This led to some anxiety and, as a consequence, risk-reducing activities. The SDs were based on analysis, advice and past experience, rather than on personal judgement. None of the banks exhibited strong political or intuitive behaviour in their DMPs. Instead there was constructive consultation in making decisions. DM was driven by clear decision motives, the importance attached to the decision, and a committed effort to minimize uncertainty and risk. Other factors considered were that the decisions were financially rewarding, delivered customer satisfaction and employee welfare, as well as being socially acceptable.

Analysis of the data has enabled the development of a model which is consistent with an interpretation that places 'anxiety' in the senior management group as the dominant factor driving the adoption of a rational approach to DM, with low intuitive or political activity. Anxiety is derived from the crucial importance of the decision, the relative inexperience of the senior management group, and some policy pressure from the Central Bank of Libya to change and modernize banking methods. The availability of resources and time to the senior group, in a generally munificent environment, also made it feasible for senior staff to adopt rational methods of analysis for DM, and as a consequence reduce their degree of anxiety.

ACKNOWLEDGMENTS

My most sincere thanks to Allah whose love and guidance directed me when I was most in need, My greatest thanks also go to my parents, without their prayers to God I would never have started and completed this thesis I thank them too, from the bottom of my heart, for their unconditional love has been such a source of inspiration. My brothers and sisters provided unreserved support and encouragement during my PhD study and they too are thanked wholeheartedly. I love you all.

Thanks also to my direct supervisor at University of Gloucestershire business school - Professor Tony Gear and my co-supervisor Dr Hong Shi. Their guidance and unfailing support has been invaluable and consistent. I will not forget the hard time that they gave me because in the end it was all worthwhile. I would like to thank Professor Barry Davies, and Philippa Ward for their great co-operation to solve any problems which I faced.

I have to thank a group of people who worked at the University of Gloucestershire business school, library staff, academic research office, international office for their help and services during my study. Also, I appreciate a number of people in the CILC Language department the time that they gave in polishing this thesis, especially Cris Wassell.

I have to thank the Libyan government for support financial throughout my study. I owe grateful thanks to all the staff in the Libyan Cultural Affairs Department for effort and assistance. Also, I like to thank Dr. Issam Sallomi and his family for their assistance during my study. Also, I thank all my friends and colleagues, for their support and advice.

Thanks too to all those, too numerous to mention, but you know who you are.

DEDICATED

**To she who pleased my heart when I met her:
My mother**

**To he who encouraged me to work hard to reach my
ambitions: My father**

**To those whose constant support, patience and love, have
allowed me to continue and complete this journey:
My brothers and sisters**

With love

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LIST OF ABBREVIATIONS

SDMP	Strategic Decision-Making Processes
DM	Decision Making
SDs	Strategic Decisions
CBL	Central Bank of Libya
BSC	Balanced Scorecard
MCDM.....	Multi Criteria Decision-Making
SWOT	Strengths, Weaknesses, Opportunities, and Threats

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Strategic decision-making processes (SDMPs) play a key role in the success of an organization and are influenced by various factors which make it a complex process. This study aims to explore and critically analyse the nature of the SDMP in Libyan Commercial Banks and the impact of environmental and contextual aspects on that process.

Many studies stress the importance of DM and the DMP inside organizations. In the context of this study, the meaning of SD is concerned with the activities that form the process of making a decision, and is not concerned with the actual implementation of that decision. This includes activities which contribute to making a decision, which are called the “pre-decision processes”: identifying a decision, gathering and sorting information, and alternative generation, followed by making the decision. The process of activating a decision, the implementation stage, is called the “post-decision-making process” (Miller, 1990).

The literature on management has emphasized the importance of SD in organizations, whether in large or small, private or public, as SD is a central and crucial task of managers (Butler, 2002; Elbanna, 2003; Mori and Munisi, 2009; Melé, 2010). SDs are the responsibility of top management and they mostly concern the relationship between an organization and its environment (Natarajan et al, 2000). In the view of Mintzberg (1978), strategic decisions can be classified as formal or informal, and they may be regarded as intended or emergent.

They are based on concerns that are central to the well-being and sometimes even the survival of organizations, and often involve significant proportions of organizational resources (Stahl and Grigsby, 1992). SDs are associated with risk, and comparative assessment of different risky courses of action (Stahl and Grigsby, 1992). Managers may be risk averse or risk accepting and they may have different attitudes to opportunities based on their sensitivity to threats in the environment (Heavey et al., 2009). Risk, and its associated cost, has an influence on SDM (Wilson et al, 2010, p.700). Banking industry evidence suggests that environmental uncertainty has a

significant influence on information and decision processes in banking (Leblebici and Salancik, 1981).

In organizations, managers face difficult and complex SD situations on a range of issues, such as whether to enter new markets, develop new products, or acquire or sell existing businesses, so that the organization can cope with change, benefit from opportunities and mitigate threats (Deakins, et al., 2010). SDM is studied so that the process of how decisions are actually made can be understood, and so that managers can use the insight to improve their SD (Elbanna, and Child, 2007a). Studies of process may help to highlight situation specific DM features and contribute to theoretical understanding.

Generally, most of the literature emphasizes the importance of exploring a number of elements that are associated with the SDMP, namely procedural rationality, political behaviour, intuition, decision importance, decision motive, decision uncertainty, environmental uncertainty, environmental hostility-munificence and culture (e.g., Dean and Sharfman, 1993b; Dean and Sharfman, 1996; Rajagopalan et al., 1997; Milliner, 2006; Elbanna and Child, 2007a; Styhre et al., 2010). This study seeks to clarify the impact of these various elements on the nature of the SDMP of Libyan Commercial Banks.

1.2 The Importance of this Study

Strategic decisions play a crucial role in a firm's short- and long-term success and failure (Hambrick and Mason, 1984; Eisenhardt and Zbaracki, 1992; Kim, 2012). For that reason, SDM is a very important managerial activity and a contemporary date understanding is necessary. Literature supports this point and provides further justification for this study (Mintzberg, 1989). The need for this study is analysed from methodological, theoretical, geographical, and industrial viewpoints.

The topic of SDMP has been an area of interest to researchers for a long time, but there is still limited knowledge (Eisenhardt and Zbaracki, 1992; Papadakis et al., 1998, Milliner, 2006), especially when contradictory results are reported by some researchers regarding the elements that affect the SDMP and the effects of these elements with each other. (e.g., Rajagopalan et al, 1997; Hough and White, 2003; Elbanna and Child, 2007a). Because of these contradictions, meaningful generalizations about the subject

have not been possible (Sharfman and Dean, 1991; Elbanna and Child, 2007a). Elbanna (2003) noted that

“the same hypotheses can be examined in narrowly defined samples (e.g. controlling for type of industries or SDs), or on samples drawn from diverse geographical and industrial contexts, so that consistent research findings can be accumulated and a more focused contingency theory of the influences on the SDMP can be developed”. (p.297)

The effect of the national context on DM cannot be ignored. Khanna and Rivkin (2001) note that with the widening of the global strategic management research community, the national context is becoming more pronounced. Whittington et al. (2002) suggest that sensitive knowledge translation from one context to another is potentially an important source of value. Elbanna (2003, p 298) suggests that it is important to conduct further studies in this field to develop better insights into the moderating roles of broader contextual variables on the association between the SDMP dimensions and decision outcomes. Recently, Dimitratos et al (2011) conducted a large-scale survey of 528 small and medium-sized organizations in the USA, UK, Greece and Cyprus. They found that cultural characteristics greatly influence the DMP. When the decision makers have good knowledge about organizational and national culture, their decisions have a positive impact on business (Branine, 2011).

SDMP understanding may be enhanced by paying further attention to the effect of process capability (Hart and Banbury, 1994). Executives need to be able to formulate a wide range of options, factor real-time information into their DM, and use consultants effectively to resolve conflicts (Eisenhardt, 1989). This may facilitate timely and effective DM in environments subject to rapid change. At the same time, in order to reduce the cost of DM, decision-makers search for cost-effective and advanced technology-based methods (Elamin and Branine, 2008). This leads to a certain emphasis on rationality in approach.

Similar to procedural rationality, intuition is recognized as a mode of cognition that is of special relevance in strategic thinking and DM (Henden, 2004; Elbanna and Child, 2007a). Some literature suggests that intuitive actions may enable managers to make rapid and accurate decisions in organizations (Dane and Pratt, 2007). Other literature contrasts with this view. For example, Spender (1989) argues that intuitive based DM would rarely achieve the most effective decision. The debate justifies the need for

further exploration of the influence of intuition in the SDMP. Intuition has been interpreted in different ways (Sadler-Smith and Shefy, 2004; Paprika, 2006), and its use is highly dependent on environmental factors of the organization (Agor, 1989; Haley and Tan, 1996).

Further debate concerning rationality and intuition suggests that organizations may be flexible in their style of DM. According to this view, organizations may use a combination of both rationality and intuitive approaches depending on the situation which they are facing (Simon, 1987). According to Jonas Salk, the developer of the polio vaccine, organizations that combine intuition and reason respond in an evolutionary way to problems (cited in Khatri and Ng, 2000, p.58). Generally, strategic decisions aim to enhance organizational performance, and in the light of these debates, Khatri and Ng (2000) propose a number of questions: (1) would a combination of rational and intuitive approaches produce superior results or would it be better to use only rational analysis or intuitive synthesis? (2) Is intuition used cautiously and less often or perhaps employed in combination with rational processes, in some kinds of environment? While Sauter (1999) questions: (3) Is it possible to employ intuition after a process of rational assessment has laid a cognitive foundation and provided data and analysis as the basis for an intuitive process? Since this study examines strategic decision effectiveness, a further question is asked here: (4) would a combination of rationality and intuition lead to higher decision effectiveness than using either of them singly?

Researchers also call for more research to develop insights into the effect of politics on the SDMP (e.g., Elbanna, 2003; Lawrence et al, 2005). DM involves many interests and perceptions of problems, depending on the individuals or groups within the organization, and each individual or group may resort to using their power and resources to negotiate whatever decisions point towards their own goals (Shen and Cannella, 2002; Lawrence et al, 2005). Future studies may show how managers can best neutralize the (negative) impact of tactical politics (Elbanna and Child, 2007a). Perhaps the negative effect of tactical politics can be reduced through improved mutual trust (Papadakis and Barwise, 1998), setting of mutually agreed goals, with clear areas of responsibility, combined with the use of humour (Eisenhardt, 1999), trust and interpersonal relationships (Elbanna, 2003), and by a group DMP (Workman, 2012). It

is important to undertake further studies to show how such political behaviour may be exhibited in organizations and what organizational features may also play a role.

It is important to identify what environmental conditions influence the SDMP and how (Atuahene-Gima and Li, 2004; Dane and Pratt, 2007; Goll and Rasheed, 2005; Lindelöf and Löfsten, 2006). Most studies of SDMP have explored western economies. There is a need to investigate the process in less developed countries (Elbanna, 2003). There is an overwhelming geographical bias of work in the field of strategic management (Pettigrew et al, 2002, p.8), and Whittington et al (2002) recommend seeking out and taking account of international diversity, rather than avoiding it (Brouthers et al, 2000).

Different cultural drivers apply in the markets of developing countries compared to markets of developed countries (Hofstede, 2001; Turner and Trompenaars, 1997). Since “previous research into the SDMP has produced some inconsistent findings” (Elbanna and Child, 2007a, p.431), this study of SDMP in Libyan Commercial Banks may contribute to the development of theory.

The banking industry is chosen for this study because of its significance. Banks exist in hypercompetitive environments and must provide acceptable returns to shareholders or go out of business. To operate under the objectives of profit maximization, they need to consider factors influencing SDMP and the effectiveness of strategic decisions (SDs). Banks were amongst the biggest in Libya companies in terms of the number of employees and size of capital.

The commercial banking sector is a core part of the Libyan economy, and modernization efforts have been made in recent years to uplift standards to international norms, a step which is necessary considering Libya’s oil related business activities with the international community. Finally, studying the SDMP in Commercial Banks is essential in order to enhance the banks’ ability to manage risks and achieve better customer orientation (Wang, 2011).

1.3 The Aim and Research Questions of the Study

The Aim of the Study

The aim of this research is to explore and analyse the nature of the SDMP in Libyan Commercial Banks and the impact of environmental and contextual aspects on that process.

The Research Questions

This study contributes to knowledge concerned with SDMPs in Libyan banks. Three key research recommendations highlighted in previous studies are:

1. Investigating the SDMP managerial behaviour perspective in relation to the debate over the growing influence of internal politics (Camillus, 1982; Fredrickson and Mitchell, 1984; Langley, 1989; Papadakis and Barwise, 1998; Grant, 2003).
2. Integrating different perspectives to develop a more comprehensive SDMP model (Hitt and Tyler, 1991; Eisenhardt and Zbaracki, 1992; Brouthers et al, 2000; Child et al, 2003) and
3. Conducting research outside a US or UK setting (Brouthers et al, 2000; Whittington et al, 2002; Dimitratos et al, 2011).

Three aspects of the SDMP, are (1) the SDMP dimensions (rationality, intuition and political behaviour); (2) the moderating variables concerning decision-specific, environmental and organizational factors; and (3) strategic decision effectiveness as an outcome variable (Dean and Sharfman, 1993b; Dean and Sharfman, 1996; Goll and Rasheed, 2005; Lindelöf and Lofsten, 2006; Elbanna and Child, 2007a; Dane and Pratt, 2007; Ford et al, 2008).

To improve understanding of SDMPs, scholars have stressed the need to integrate perspectives when investigating the SDMP (Hitt and Tyler, 1991; Hart and Banbury, 1994; Hough and White, 2003; Elbanna, 2006). To ensure that an appropriate framework was used in this study of Libyan Commercial Banks, relevant banking industry-based SDMP literature was also reviewed.

The study has considered two categories of SDM research, namely ‘content research’ and ‘process research’ (Mori and Munisi, 2009). In this study, the concern is on process, and factors which have an effect on process. This study focuses on process (and not implementation) and investigates decisions which are important to decision makers. How managers affect their organization’s strategic position through the strategic decisions they make, and the SDMP they adopt, and how they reach their decisions is central here.

This process research study does not model SDMPs, nor does it identify major categories of SDs. Rather, this study answers the question of how strategic decisions (SDs) are made.

To pursue the aim the study adopts an integrative perspective that examines the effects of context, managerial actions and managers’ cognition on SDMP and its effectiveness. Within the context of the aim, the research questions for this study are:

1. What are the key factors influencing the SDMP in Libyan Commercial Banks?
2. What is the relative importance of ‘rationality’, ‘intuition’, ‘political behaviour’ in the SDMP?
3. What is the influence of contextual factors on the process?
4. What is the influence of perceived ‘decision importance’ on the process?
5. What are the key factors influencing SD effectiveness?

1.4 The Research Objectives

With the above questions in mind, the objectives of this study are to:

1. To identify the key factors influencing the SDMP in Libyan Commercial Banks?
2. To explore and the relative importance of ‘rationality’, ‘intuition’, ‘political behaviour’ in the SDMP?
3. To investigate the influence of contextual factors on the process?
4. To investigate the influence of perceived ‘decision importance’ on the process?
5. To explore the key factors influencing SD effectiveness?

1.5 The Researcher Journey

The researcher comes from Libya, large country in the Muslim Maghreb region of North Africa, located on the Mediterranean Sea. Zawarah is her home city, which is located near Tunisia; this is where the researcher was raised and lived most of her life before coming to the UK to study.

My family consists of my mother, my father, five sisters and three brothers. The researcher seeks to develop herself to make her family proud of her and to provide support to her parents because they supported her through her study under the difficult conditions of life and family traditions. All that I seek and my achievements are for my family and especially my mother and father, because I cannot give enough to them for whatever they have already given me.

When the researcher was offered the chance to return to studying, by the government in the form of her scholarship for a PhD in UK, she chose the SDMP to be her subject.

She qualified from a business management school which gave her the chance to work in the Oma bank as a volunteer for a year in customer services. Banking issues attracted her attention as the bank service was very poor at the time. However when she worked in the bank she did not have the chance to explore her ideas. Working as a volunteer opened the door for her to work in different companies in Business Management roles while she was doing her masters as well. Teaching also formed part of her work experience, as she worked as a lecturer at the University for three years, teaching students in the university in the field of strategic management and human resources management. In addition, she supervised the research of some students during the period of teaching at the university.

However, although the researcher did work in different places in the banking industry and in teaching, she always felt that she was missing something, and she felt she had found that missing item when she got the scholarship to UK.

It was actually challenging to communicate and understand the people at first, because of the language. When the researcher became familiar with the life style in the UK she was determined to find work in the UK, to understand the real life and to have real contact with people. Working as a sales assistant was the way she had the opportunity to

have contact with customers and explore business in the UK. This experience gave her more self-confidence and more capable in about any discussion.

1.5 Structure of the Study

This thesis has eight chapters. Chapter one presents the background of the study, explaining the importance of the study, the research aim and questions. The structure of the study is also presented in this chapter.

Chapter two relates to the context of the study. It provides literature on the culture and geography of Libya and the industrial context (banking) of this study, and the background of the researcher.

Chapter three reviews literature on SDM. It highlights four perspectives of the SDMP: the strategic or management choice, decision-specific characteristics, environmental factors and characteristics of a firm. This chapter suggests some integrative models, and discusses three dimensions of the SDMP in relation to the synoptic and incremental political debate. Chapter four presents and justifies the framework of this study, defining the central elements.

Chapter four presents the research methodology and explains the elements of methodological concern: reliability and validity of the research. This chapter provides details of the research steps taken to analyse interview data, leading to the summary of findings. Methodologically, this study is qualitative, as this suits the exploratory goal (Yin, 1994; Yin, 2003).

Chapter five presents the analytical results obtained through a process of analysis explained in chapter five. The results are presented in tables and supported by translated quotations from the interviews, for each of the five strategic decisions explored in three Libyan Commercial Banks.

In chapter six, the study results are discussed, showing areas of agreement or disagreement with previous studies on the themes considered and their sub-themes. The main study conclusions are summarized in chapter seven, including the theoretical and managerial implications. This chapter also presents the limitations of the study and proposes directions for future research.

CHAPTER TWO:

THE LIBYAN CONTEXT AND COMMERCIAL BANKING SECTOR

2.1 Introduction

This chapter presents an overview of the Libyan context and the commercial banking sector. Moreover, the information in this chapter is mainly based upon the Banks' Annual Financial Reports, Economic Bulletin and interviews conducted by the researcher.

The chapter is divided into three main sections. The first provides a short overview to Libyan religion and culture. The second looks at The Central Bank of Libya. The third looks at the commercial banking sector which in turn is divided into three sections as follows: 2.4.1 Diagnosis of the situation of Libyan Commercial Banks 2.4.2 Reform of the banking system and 2.4.3 The relationship between Commercial Banks and the Central Bank of Libya.

Libya is an Arab state located in North Africa, on the southern coast of the Mediterranean Sea. The population of Libya is about 6.5million. This population is heavily focused in the North West and the North East coastal districts where the two most significant cities (Tripoli and Benghazi) are situated. Ethnic groups in Libya are the Arabs and Berbers who make up about 97% of the population, in addition to about 3% of different origins. The country's population density is one of the lowest in the world (Economic Bulletin, 2008).

Libya is located in the middle of North Africa with a total area of approximately 1,775,500 sq km (685,524 sq miles), which means that it is the fourth-largest state in Africa, and over half the size of Western Europe. It also possesses a Mediterranean coastline of almost 2000 km (1250 miles). 1.5% of the country's whole area is the fertile region and over 90 % is desert or semi-desert. The country is under the influence of both the Mediterranean climate and the Sahara climate (African Development Bank, 1995).

Figure 2.1: Libya political map



During Libyan history, the banking system has gone through a variety of fundamental changes. The changes to the banking systems relate to supervision and regulation activities of the banks and the services provided. The existence of banks in Libya began in the Ottoman era, when financial companies were established to serve economic activity, which was dominated by agriculture. In 1911 the Ottoman State opened two branches of the bank in Libya; the first in 1906 in Tripoli and a second in 1911 in Benghazi. As a preliminary step towards the Italian occupation, the bank of Rome (Banka De Roma) opened branches in Tripoli and Benghazi in 1907 and another in Darna in 1912 (Jamal, 2005, translated, p.12)

According to Jamal, The Bank of Napoli set up branches in Tripoli in 1913, followed by the Bank of Sicily and the Bank of Italy. This allowed Italian immigrants to settle in the country. During the British and French armed occupation (1943-51), banking activity was limited to Barclays Bank, which set up two branches, in Tripoli and Benghazi. In addition, some Italian banks resumed operations (Bank of Rome, Bank of Napoli and Bank of Sicily). This was due to the authorization given to them on 22/5/1951 (Jamal, 2005, translated, p.15-16).

In 1963, the government issued a ministerial decision that the Libyan government took over the shares of the foreign banks and their four branches, through nationalization

policies. The Libyan investors bought these shares. In 1970, the government issued a law which fully nationalized the remaining foreign ownership in the Libyan banking industry, and reorganized the Commercial Banks. In 1979, the private sector in Libya was virtually abolished and suspended as a result of the government introducing various socialist-style measures.

In September 1993, the government divested itself of non-profitable companies and services, and issued Law No. 9 which dealt with both privatization of state assets, and gave a greater role to the private sector in the economy: this change in government policy has been considered a huge upheaval to the Libyan economy (Jamal, 2005, translation, p. 15-16).

2.2 Libyan Religion and Culture

The Islamic religion is one of the most significant aspects of culture. People's lives and their human behavior and attitudes are governed by strong customs and traditions based mainly on the Islamic religion, which has an effect on the whole of Libyan life, including its Commercial Banks, and it plays a significant role in the lives of most Libyan citizens. The Islamic religion and the Arabic language are two elements that characterize Libyan culture, in comparison with many Arab countries that have more than one religion, and within Islam more than one tradition. In this context, Hanzae et al., (2011) stated that Max Weber (1905) was the first researcher who found that religion had a significant role in social change.

The Islamic religion permeates all aspects of life; for example, a segment of the community considers interest rates and commissions charged by Commercial Banks to be a form of usury, and consequently sinful. Many citizens avoid dealing with Commercial Banks on this basis. This is supported by Ahmed (2011) who found that the development of the Libyan stock market was affected by culture and religion. Moreover Youssef et al., (2011) maintain that of the great religions in the world, Islam has the greatest effect over all aspects of Muslims' lives in their societies, in economic, cultural and political terms. In this context, Ahmed (2011) reported that there is a special relationship between commerce and Islam. In addition, there are two links between economics and Islam: (1) Islam has a set of laws related to taxes, ownership, charities, transactions, inheritance, financial punishments, and the effect of wealth on

proper behaviour, (2) Islam has a relationship to economics through ethics and morality (Nasrabadi, 2006).

Culture is one of the important factors that may have an effect on Libyan Commercial Banks, and on their DMP. Culture has also been defined by several authors, such as Kluckhohn (1951 cited in Barger, 2007, p. 1) who stated that

“Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values.”

Hofstede, (2001, p.21) defined culture as *“collective programming of the mind; it manifests itself not only in values, but in more superficial ways: in symbols, heroes, and rituals”*

Hofstede studied how the values of the organizations in a society are affected by national culture. Thus, fifty countries (including Libya) were examined in terms of the approach of employees in IBM branches within these countries (Hofstede et al., 2010). Four dimensions were identified from analysis of national culture; (1) High versus low power distance, (2) Individualism versus collectivism, (3) Masculinity versus femininity, (4) Uncertainty avoidance. Hofstede gave a combined result including Libya as part of what he termed the ‘Arab world’ including Egypt, Iraq, Kuwait, Lebanon and Saud Arabia. These countries together were classed as having high power distance, low individuality, and being moderate in terms of masculinity. Uncertainty avoidance was fairly high. The findings suggest that Libyan organizations are likely to be characterised by deep hierarchies with rigid control structures, and that they are likely to be risk averse, (Hofstede et al., 2010).

It is the researcher’s view that the Commercial Banks suffer from several problems (see section 2.5 and the most important of these problems is a lack of expertise and training among individual bank employees of the requirements of achieving international banking standards in Libya, leading to weak banking services. In addition, a large number of citizens did not clearly understand the importance of the role of Commercial Banks in economic activity. These failings can be attributed to a general lack of awareness in the country of the purpose of Commercial Banks among individuals and their important role in the development of economic activities in the country. Religion

and culture have a strong influence on individuals in Libya, which can be found in all aspects of their life and behavior. Thus, the culture and religion are both variables and constraints that cannot be controlled by Libyan Commercial Banks, and this may have an impact on the SDMP in Libyan Commercial Banks, since the success of banks is related largely to successful communication and interaction with the culture they operate in.

2.3 The Central Bank of Libya (CBL)

Worldwide, governments are responsible for making rules that are designed to protect their economies and make them stable. In this context, the role of the Central Bank's is to represent their governments. They are responsible for issuing the rules and guidelines on how banks should conduct their business. However, the banks adapt these rules after studying them and assessing the benefits they perceive for their business. Nevertheless, the Central Bank of Libya (CBL) is the primary regulatory authority. It controls all banks and banking activities in Libya (Habib, 1975).

The CBL is responsible for Libyan accounts and income and expenses and deposits, transfer and collection of money locally and externally, and the management of letters of credit on behalf of clients, it also provides banking services to the secretariats and public institutions.

In addition, The CBL has the task of managing public debt, which consists of bills and treasury bonds. The bank purchases and sells these bonds to and from Commercial Banks, and also pays accrued interest on public debt. The direct role of the Central Bank of Libya in economic development is to help financial institutions to attract and channel savings to finance projects, production units and public and private service. The Bank also contributes to strengthening the financial situation of Libya through public debt management and management of its reserves of gold and foreign currencies (CBL, Annual Report, 2008).

Moreover, The bank plays an indirect role in economic development, including embodying the impact of the activity of Commercial Banks, especially by controlling the size, type and cost of credit, and also through the adoption of a monetary policy able to enhance the confidence of local and foreign companies in the strength and stability of the Libyan dinar in the economy generally, as well as through encouraging domestic

savings by individuals, corporate bodies and guidance for investment in productive and service sectors (CBL, Annual Report, 2008).

2.4 The Libyan Commercial Banks

The Libyan banking industry is the main supporter of Libyan economic activity and development and it has a vital role in the development and progress of a distinctive national economy in the public sector. The financial service industry in Libya is considered a developing industry, since the value of the banks is quite small, and consists of local banks and no foreign banks.

However, the Commercial Banks include The State-Owned Commercial Banks, Private Commercial Banks and The National Banking Corporation. In addition there is the Central Bank of Libya (CBL) which is considered as the coordinator and watchdog of the sector. The Commercial Banks which can be defined as *"institutions routinely accepts deposits in current accounts, payable on demand, or opens accounts for the granting of loans and credit facilities, and other banking business"* (Banking Law, 2005, p. 31).

Based on the above definition of Commercial Banks, the most important standards, which the Commercial Banks should consider are maintaining the capital requirements, maintaining the liquidity determined by Law, maintaining reserve ratio, and adhering to international banking supervisory standards. Libyan Commercial Banks provide banking services such as (1) the provision of investment and other services for investment portfolios, and the provision of investment trustee services, including the management and investment of funds for a third party, (2) the cashing of cheques made out to and by customers, (3) services relating to documentary credits, documents for collection, and letters of credit (Banking Law, 2005, p31-32).

In addition, the Commercial Banks are controlled by the Central Bank of Libya, which deals with the relationship between them and their co-ordination, and for keeping track of their activities within the policy framework of the state. "Each bank has to maintain reserves of capital by holding back profit before distribution to reach this reserve, in an amount of not less than 25% of net profits, until the reserve reaches half of the paid-up capital, and, after that in an amount equal to 10% of net profits until the reserve is equal to capital" (Banking Law, 2005, p 37-38).

2.4.1 Diagnosis of the Situation of Libyan Commercial Banks

Libyan Commercial Banks are suffering a series of distortions and deficiencies which can be summarized in the following points (Bin Guidara, 2005, translation p.1-12).

1- Libyan Commercial Banks are hampered by many of the regulatory and administrative constraints imposed by the Laws on State-owned enterprises such as being subject to review by the accounting system and financial control, and the need for access to many approvals for their development programs.

2- Inadequate performance by the administrative bureaucracy resulting from public ownership.

3- Libyan Commercial Banks depend on IT systems to conduct their banking operations, and these are programmed locally with limited efficiency and a lack of integration. The technology prepared is relatively unsophisticated, which has contributed to the limited operations provided, and the weak capacity for control and oversight that these operations afford.

4- There is no communications network that connects the banks and their branches, and also the Central Bank of Libya, which has led to a reliance on manual or semi-manual methods in the delivery of data and information, and this in turn, has led to inefficiencies in the delivery of banking operations.

5- Libyan Commercial Banks rely on traditional payment instruments like money orders, and there is a lack of infrastructure and systems which prevents banks from developing tools to pay quick and effectively, such as prepaid cards, credit cards and ATMs, and this has led to a dependence on the use of paper money and coins and the slow rate of turnover of money in the economy.

6- The main shortcomings of human resources management are represented in the fact that the elements of human resources working in the banking sector did not have sufficient time or real opportunities for training in modern banking technology, English and banking operations. Although, there were efforts which must be recognized, they were not utilized optimally.

7- Lack of tangible incentives: This impacted negatively on the ability of banks to attract and retain banking employees who have high skills, and had a negative impact on the productivity of employees in the banking sector, and their competence and integrity in the performance of their daily business.

8- Shortcomings in the administrative management: In this respect in the development of banks, there was no modern management structure to manage the process of determining job levels and functions.

2.4.2 Reform of the Banking System

Since the beginning of the 21st century, Libya has been implementing a medium-term economic reform strategy. In recent years, the Central Bank of Libya has carried out partial liberalization of interest rates; this step is a very important move in using indirect monetary management. The new banking Law introduced in 2005 was designed to liberalise the financial market of Libya and allow foreign banks to enter Libya (IMF, 2006).

The banking law (1) 2005 allows the public Commercial Banks to restructure administration. It also allowed the separation of the functions of the Chairman and members of the Board of Directors of the banks (for part-time) and the functions of the Director-General (for full-time), with the number of members of the Council being between five and seven.

In addition, The new banking law allows the restructuring of public Commercial Banks in terms of (1) the Commercial Banks determining the financial treatment of their employees by decisions issued by the boards of Commercial Banks and not being subject to Law (15) of 1981, (2) the separation of the duties of the chairman and those of the general managers of banks. In 2006 the Central Bank of Libya allowed Commercial Banks to take decisions related to the closure of bank branches, either by transferring them to banking agencies, or merging with each other.

In early 2007, the Commercial Banks took administrative and legal action in order to improve their portfolios, with respect to the previous debts or new loans and facilities. Commercial Banks became more independent concerning credit decisions (Economic Bulletin, 2008).

Recent developments in the structure of Commercial Banks include: The banking Law (1) in 2005: this was one of the greatest impacts on the structure of the banking sector, requiring that the capital of any commercial bank had to be a minimum of US\$ 33.3 million. The Central Bank of Libya could authorise the establishment of banks with foreign capital and authorise foreign banks to contribute to local banks, which led to the restructuring of the banking sector in Libya. The main actions included: (1) selling shares in public banks to foreign strategic partners, (2) the merger in some public banks, (3) converting some public regional banks to private banks, or integrating other regional banks with the National banking corporation, (4) permitting foreign strategic partners to establish new banks in joint ownership with Libyan domestic institutions (Banking Law, 2005). These changes have increased the commercial pressures on Libyan banks, and made their operations more subject to competition. Decision makers in these banks are therefore now faced with an environment with unaccustomed challenges that is prone to more sudden changes.

2.4.3 The Relationship between the Central Bank and Commercial Banks of Libya

The Libyan Central Bank has been developing the Libyan Commercial Banks and their banking services service since the early 1990s. In order to develop and update these services, it included certain provisions related to Libyan Commercial Banks (Banking Law, 2005, p. 31).

As result, Libyan Commercial Banks have experienced substantial changes designed to support confidence in the banking system, which has boosted the issuance of new Banking Laws guaranteeing the independence of both public and private Commercial Banks (from Interviews).

The Libyan Central Bank has adopted a new expansionary policy to allow Commercial Banks to take all measures to improve their business, although, there is still policy control from the Central Bank of Libya. Thus, these banks are free to take any decisions related to their investments and free to deal with their clients; the law also protects the confidentiality of customer accounts with banks, and allows banks to improve their relationships with foreign banks, following discussion with the Libyan Central Bank (from Interviews).

When Commercial Banks work to make any strategic decision, they are required to spend time obtaining approval from the Central Bank of Libya. This is because they are under the supervision and influence of the Central Bank, which has the right to issue laws and legislation for all Libyan banks. The main aim of these procedures by the Central Bank is to keep banks under close supervision, and this can conflict with the interests and preferences of the banks. Thus, there is no obvious clarity between the role of the Central Bank and the interests and preferences of Commercial Banks (from Interviews).

There is also restructuring of the public Commercial Banks administratively in line with the provisions of Law (1) 2005, p. 31, including the separation of the functions of the president and members of the board of directors of the bank (part-time); and the functions of the director-general (full-time); specifying the number of Board members including at least five and no more than seven members (Banking Law, 2005, p. 32).

The law provides a Mandate to the boards of Commercial Banks to make decisions concerning the closure of bank branches or the integration of other branches or agencies, and their conversion to a bank, while retaining existing branches or agencies, following the consent of the Libyan Central Bank. Banking Law 1993 allows for the private ownership of banks, and this is also supported by the new Banking Law 2005, which also allows foreign banks to open new branches in Libya. In addition, the Central Bank of Libya allows the merger of public Commercial Banks and contributes to the processes of privatization of banks, or the sale of portions to foreign banks (joint ventures). Thus, the Libyan Central Bank is responsible for banking supervision, without having a direct role in the process of restructuring / privatization, (Banking Law, 2005).

However, Libyan Commercial Banks suffer from a lack of autonomy, a prerequisite for the management of Libyan Commercial Banks to achieve their business aims. Autonomy depends on the powers conferred by Banking Law to Libyan Commercial Banks. Banks seek more autonomy, if not complete independence from the Central Bank, (from Interviews). Some implications related to the SDMP in Libyan banks are revealed in the analysis of several strategic decisions, (see chapter six from Interviews).

2.5 Summary

The researcher has provided an overview of the Libyan context and the background of Libyan religion and culture. An overview of the central bank of Libya, which is the primary regulatory authority, has also been given, and its responsibilities for issuing rules and guidelines to commercial banks have been outlined. These rules and guidelines regulate the commercial banks, which are the main supporters of Libyan economic activity and have a vital role in the development and progress of a distinctive national economy in the public sector. Finally this chapter has provided an overview of the reform strategy of the banking system; this step is a very important move in the history of the commercial banks, which have hitherto been suffering a series of distortions and deficiencies. This chapter is very important for the study in terms of how banks orient themselves to the banking environment when taking their strategic decisions.

CHAPTER THREE: LITERATURE REVIEW: ORGANIZATIONAL DECISION-MAKING

3.1 Introduction

Chapter three, the literature review chapter of this study, presents the researcher's pre-understanding of the SDMP, as evident from the existing literature. The chapter presents literature that was used as a guide in undertaking this study of SDMP in Libyan Commercial Banks. While research interest in SDMP is increasing, analysis of the literature reveals differences in the perspectives shown in past studies. The literature reviewed in this chapter thus pinpoints the core elements explored in past studies and the perspectives shown in those studies. The chapter is presented in sections, reflecting the theoretical aspects of the study of SDMP, given below as:

Section 3.2: Definition of key concepts;

Section 3.3: Managerial behaviour perspective;

Section 3.4: Rational prescriptive models

Section 3.5: Garbage-Can Model

Section 3.6: Decision-specific characteristics

Section 3.7: Organization characteristics

Section 3.8: Environmental factors; and

Section 3.9: Summary.

3.2 Defining Key Concepts of Strategic Decision-Making

3.2.1 Introduction

Given the important role of DM in organizations, many studies have been conducted to understand the procedures used by decision-makers in the processes of making strategic decisions. This section presents key concepts which influence the SDMP.

The remainder of the section is broken down as follows: definition of SDM (section 3.2.2), SD makers (section 3.2.3), culture and SDM (section 3.2.4), SD effectiveness (section 3.2.5), and risk management and SDM (section 3.2.6).

3.2.2 Definitions of Strategic Decision-Making

There are two types of DMPs, namely programmed and un-programmed decisions (Simon, 1977). Programmed decisions are those that are made in response to routine,

repetitive, and well-defined situations that tend to recur frequently. They are also the kind of decisions that rely on predetermined courses of action, and are usually made by lower-level personnel.

In contrast, un-programmed decisions are those that confront novel, complex, ill-defined situations that are rarely repeated and for which there is usually little or no guidance from past decisions. These are made by higher-level personnel who need to rely on creativity and judgement to solve the problem opportunity or at hand.

The difference between routine, tactical decisions and SDs is that in the former, the conditions of the situation and the requirements that the solution has to satisfy are known and simple. The task merely involves choosing from a few obvious alternatives. They are decisions that are usually taken with a minimum effort and disturbance to the organization (Drucker, 2004). On the other hand, strategic decisions are major decisions that may affect the future existence of the firm, may require considerable analysis, and for which there is no “right answer”. Strategic decisions are defined by Mintzberg et al. (1976, p. 246) as “*important in terms of the action taken, the resources committed, or the precedents set*”. Harrison (1995) notes that strategic decisions are seldom made by single individuals, and are usually the product of one or more coalitions, or a consensus. They are often conditioned by organizational values and environmental constraints. Eisenhardt and Bourgeois (1988, p.737) characterise strategic decisions as those that frequently, but not inevitably, involve uncertain outcomes and whose resolution occurs through the exercise of power and politics.

This study focuses on SDs and their significant influence on the business of banks. Strategic decisions are highly complex and involve a host of dynamic variables (Harrison and Pelletier, 2001) and a detailed profile of the significance of strategic decisions would typically include the following:

1. defining the organization’s relationship to its external environment;
2. encompassing the entire organization;
3. requiring the input from all the primary functional areas in the organization;
4. influencing all the administrative and operational activities throughout the organization; and
5. ensuring the long-term well-being of the whole organization (Shirley, 1982).

3.2.3 Strategic Decision Makers

Two contexts are reviewed in this section: the role of individuals, and of groups in SDMP. In a recent study, Mori and Munisi (2009) note that usually the decision makers are at the top level of their organizations. Other contributors on this subject (e.g. Melé, 2010) have found that making strategic decisions was the main and crucial task of managers in different fields.

Given their core role in SDM, the behaviour of top managers has become an important area for research, with an influence on the DMP Researchers (e.g., Smith et al., 1994; Miller et al., 1998; Goll and Rasheed, 2005) have studied how DM is affected by demographic and cognitive diversity, both of which have effects on decision-makers in organizations.

The existence of diverse characteristics among groups of decision-makers may help them to make decisions (Smith et al., 1994). However, Miller et al. (1998) found that cognitive diversity in terms of extensiveness and comprehensiveness among group DM in organizations had a negative influence on organizational performance.

Referring to demographics in terms of basic attributes, age, sex, educational level, length of service, Goll and Rasheed (2005) found that top management demographics are core predictors of the content and process of strategies. They reported that tenure and educational level have a significant positive relationship to rational DM.

Strategic decisions in organizations are usually taken by groups rather than individuals, because group DM has several advantages: for example, the members of group are diverse, in terms of knowledge, ideas, expertise, skills, which helps to ensure that the 'right' decision is made, (Harrison and Pelletier, 2001; George and Jones, 2008). Other studies (e.g., Moscovici and Doise, 1994; Brodbeck et al., 2007) show that group DM is more successful than individual in terms of quality and acceptance of the decision. In addition, group DM may avoid decision makers making sub-optimal decision, as individuals often fall victim to bias (Workman, 2012).

3.2.4 Organizational Culture and Strategic Decision-Making

Culture may be defined as “(a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with its problems of external adaptation and internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is to be taught to new members as the (f) correct way to perceive, think, and feel in relation to those problems..” (Schein, 1990, p. 111).

Organizational culture is complex and there is still much debate regarding a definition of organizational culture (Corley, 2004). “*Organizational culture is a popular but elusive concept.*” (Silvester et al., 1999, p.1). Schein (2010, p.73) stated that organization culture is “*the deeper level of basic assumptions and beliefs that are shared by members of an organization, which operate unconsciously and are defined in a basic ‘taken for granted’ fashion as an organization’s view of itself and its environment*”. The importance of organizational culture on the DMP is nontrivial and can greatly influence the decision-maker’s view.

In an elaborate conceptualisation, Hofstede (1980), considering an organization and its performance, found organizational culture to include the four elements of attitudes, behaviours, beliefs and values, Sackmann (1992) views organizational culture as a set of shared ideologies, beliefs, basic assumptions, core values, and settled understandings.

In recent contributions, further terms have been used to explain organizational culture. For example, David et al., (2000), in their definition of organizational culture, added two terms: practices and norms. A more recent study (Twati and Gammack, 2006) used terms like “socially built”, “traditionally decided” and “holistic” in the definition of organizational culture.

The development of organizational culture depends upon various factors which could be internal, external or both. Common factors are (i) - the personal and professional characteristics of people within the organization, (ii) organizational ethics, (iii) the nature of the employment relationship between a company and its employees, and (iv) the design of its organizational structure (George and Jones, 2008, p. 567).

The other aspect of the SDMP *relates to the national* culture of the organization. Dimitratos et al. (2011) conducted a large-scale survey of 528 small and medium-sized

organizations in the USA, UK, Greece and Cyprus. They found that cultural characteristics greatly influenced the DMP.

The literature suggests two things. First, organizational culture influences the SDMP. Second, this influence is imparted through the decision makers, who allow organizational culture to shape their thinking and decision directions. In this study, the view of organizational culture proposed by Hofstede (1980) is followed, because of its emphasis on considering an organization in terms of its working and organizational objectives. The effect of local culture on the organization also influences DMPs (Dimitratos et al., 2011). The management process sits between the globalised power of business and the localised power of culture and politics (Branine, 2011). When a decision-maker knows more about organizational culture and national culture (including ethical and non-ethical behaviours and practices), the effectiveness of that decision may be stronger and may have a more positive impact on business.

3.2.5 Strategic Decision Effectiveness

It is also important to consider strategic decision effectiveness in the study of SDM, since the drive behind SDM is towards corporate success (Bourgeois and Brodwin, 1984; Dean and Sharfman, 1996; Elbanna, 2003).

Strategic decision effectiveness is defined as the extent to which the result is the desired outcome (Eisenhardt and Zbaracki, 1992). Decision processes affect the success of decisions, depending on two assumptions, namely (1) different processes lead to different choices, and (2) different choices lead to different outcomes (Dean and Sharfman, 1996, pp. 369-370). Some managers may make very poor strategic decisions, with damaging results for their organizations, while others would make better decisions under similar circumstances (Bourgeois and Brodwin, 1984).

Dean and Sharfman (1996) noted that SDMPs influence SD effectiveness. Explaining further the point in Bourgeois and Brodwin (1984), SDs on their own do not lead to SD effectiveness; rather it is the actions taken (Bourgeois, 1984). This argument supports the logic that if managers manage strategic decisions well, they can achieve strategic decision effectiveness for their organizations (Fredrickson, 1985; Elbanna and Child, 2007a). This suggests that SDMP dimensions (Dean and Sharfman, 1996), strategic choice Hrebiniak and Joyce, 1985), environmental dimensions (Dean and Sharfman,

1993b; Goll and Rasheed, 2005), and decision specific dimensions (Elbanna, 2003; Elbanna and Child, 2007a) must be well managed for strategic decision effectiveness to be achieved.

Literature about strategic decision effectiveness gives the impression that rationality influences and moderates strategic decision effectiveness. However, the direction of this relationship remains debateable (Papadakis, 1998; Rajagopalan et al., 1993; Dean and Sharfman, 1996; Goll and Rasheed, 1997). Rodrigues and Hickson (1995) argue that in businesses, successful decisions are more likely to result from DMPs in which adequate information (dimension of rationality) and adequate means of implementation are available. That suggestion finds support in Dean and Sharfman (1996) who argue that procedurally rational decisions are generally oriented towards organizational goals. Such rational steps are also geared towards detailed analysis of the environmental circumstances of the organization.

Apart from the study of Khatri and Ng (2000) most of the contributions to the influence (direct or moderating) of intuition on strategic decision effectiveness are mainly theoretical. In fact, as recorded in Elbanna (2003), no previous study had examined whether intuition does indeed have a bearing on strategic decision effectiveness. In their study of the utility industry, Khatri and Ng (2000) expected that intuitive synthesis would have a negative relationship with organizational performance.

According to Dean and Sharfman (1996) “*there is limited evidence that SDMPes influence decision effectiveness*” (p.368). Because of this, “*the effectiveness of group decision-making is an increasingly vital concern for organizations*” (Brodbeck et al., 2007, p. 459). The present study explores the question of whether the success of strategic decisions depends on the steps managers use to make them (Hitt and Tyler, 1991; Dean and Sharfman, 1996), and seeks to enhance knowledge concerning the influence of rationality, intuition and political behaviour on SDMP and strategic decision effectiveness.

3.2.6 Cost-Risk Management and Strategic Decision-Making

DM in organizations has received much attention, in term of the cost of a decision and its benefits. When decision-makers follow a rational process, this increases anticipated benefits and increases the cost of the decision: this cost of the decision is due to an

increase in the cost of search and analysis (Elbanna, 2003). In order to reduce the cost of decision-making, decision-makers search for cost-effective and advanced technology-based methods of DM (Elamin and Branine, 2008).

A decision perceived as responding to a crisis receives different attention from those viewed as representing an opportunity, (Jackson and Dutton, 1988; Fredrickson, 1985). When dealing with decisions involving opportunity, managers display a greater sense of positivity and such DMPs are relatively easy to accomplish, with higher participation and contributions from management (Mintzberg et al., 1976). SDM involves dealing with the uncertainty of expected outcome. An element of risk and its associated cost has an influence on SDM (Wilson et al., 2010). Because of the risk implications, managers try to be careful. Managers may be risk averse or risk accepting (Heavey et al., 2009). How individual managers confront the risk element varies, in other words, there are variable risk preferences, and “*individuals can be risk averse in certain circumstances and risk seeking in other circumstances*” (Miller and Chen, 2004, p.105). Risk-averse managers may be less attentive to opportunities as they are more sensitive to the presence of threats in the environment. Meanwhile, risk seeking managers accept a certain level of threat and seek opportunities in a risky environment (Heavey et al., 2009).

DM in risky circumstances requires a careful approach. It is reasonable to infer that the DMP may be less political and intuitive when a decision is crucial to an organization’s success. However, Papadakis et al. (1998) found that there was no relationship between political behaviour and decision importance. Perhaps when managers feel there is much risk surrounding a decision, they make a dedicated effort to ensure that they avoid risky negative outcomes. For this reason, they may prefer to use a more rational approach, rather than political behaviour or intuition.

Decision makers may use quantitative analysis to gauge the chances of success of their strategic decisions. Harrison (1995) however suggests that decision-makers deal with the risk involved in DM through behavioural (not quantitative) methods. Improved environmental risk management improves the market’s risk perception of the firm (Agyapong et al., 2011). Investors and analysts take account of improvement in environmental risk factors when making investments and recommendations (Sharfman and Fernando, 2008; Heinkel et al., 2001; Mackey et al., 2007). The other element of

risk relates to political risk, and all organizations are open to this risk, and multi-national organizations are more exposed to this risk than local organizations (Branine, 2011). Governmental action or politically motivated events can adversely affect the long-term profitability or value of an organization. Consideration of political risk in any DM cannot be ignored, especially where the political system is instable Deresky (2003).

3.3 Managerial Behaviour Perspective of Strategic Decision-Making

3.3.1 Introduction

To improve strategic decisions “*two distinct lines of inquiry have emerged: the rational-normative model (basing strategies on internal and external environmental factors) and the managerial characteristics model*” (Brouthers et al., 2000, p. 863). This study includes elements of both models. This section focuses on the managerial characteristics perspective, the internal and external environmental factors perspective is the focus of section 3.8.

There is a need to extend research by examining the managerial characteristics of SDMP (Rajagopalan et al., 1993; Brouthers et al., 2000), because culture differs across nations (Hofstede, 2001), and “*managerial attitudes, values, behaviours and efficacy differ across national cultures*” (Newman and Nollen, 1996, p.753).

Managers face challenges to manage their companies to ensure corporate success (Hambrick et al., 2005). Several studies have examined the role of executive managers in the SDMP (e.g., Brouthers et al, 2000; Harrison and Pelletier, 2001; Elbanna and Child, 2007a; Lunenburg, 2010). The performance and diversification of companies are affected by managerial activities, and this influence may be increasing (Whitley, 1989). Mintzberg (1973, p. 57) stated that “*The manager’s unique access to information and special status and authority place him at the central point in the system by which significant (strategic) organization decisions are made.*”

Table 3.1 below pinpoints a number of studies with comments concerning the SDMP and managerial role. The contexts emphasised in Table 3.1 relate to both sections 3.3.2 and 3.3.3.

Table 3.1: Managerial Characteristics of SDMP: Observations from Past Studies		
Studies	Context Examined	Empirical observations
Mintzberg et al., (1976)	Identifying the structure and stages of the SDMP	This study identifies strategic decision-making processes as the basic structure that underlines the "unstructured process". Its structure is complex and dynamic. 12 elements were used to identify this structure containing in three stages. It involved internal and external factors.
Nutt (1984)	Approaches decision makers use to ensure rational management process	The study examined seventy-eight decisions in health-related organizations. Findings: while aspects of the rational model were valid, they did not always follow a simple, cause and effect pattern. Decision makers can follow different types of decision process approach: the `off-the shelf approach` in which the decision makers use a fast and thorough search to identify the best solution available, ensuring that it is suitable to solve the problem or to make the decision; the `historical process`, in which decision makers derive their ideas from the prior practice of previous decision-makers to ensure that an idea has a good chance of success.
Lunenburg (2010)	DMP Steps	The decision process can consist of several steps, (1) identifying problems; (2) generating alternatives; (3) evaluating alternatives; (4) choosing an alternative, implementing the decision; (5) and evaluating decision effectiveness.
Rodrigues and Hickson (1995)	Pre-and post-decision processes	Studied 53 cases of decisions in eight British organizations (differences between public and private organizations). The success of DM was connected to the phases of the SDMP. Findings: private organizations were smoother than public organizations in terms of DMP. For the private organizations, key factors for successful decisions were (1) sufficient information for decision-makers, (2) and also sufficient means of implementing decisions of organizations. For the public organizations, the key factors were (1) the correct staff of an organization participates in making decision; (2) the top managers do not use their power too much. They conclude also that there was no clear correlation between the success of decisions and the features of the processes of making those decisions. They believe the differences found were due to the differences in the goals, perceptions, and the people involved in the decision process in those two sectors.
Nutt (2000)	Compared the practises used to uncover decision alternatives by decision makers	Examined 376 strategic decisions in public, public and non-profit organizations. Six approaches were found: (1) The "existing solutions approach" incorporates ready-made ideas found within the organization; (2) The "benchmarking approach" searches for solutions imported from the practices of individuals and other organizations; (3) The "integrated benchmarking approach" goes beyond simple benchmarking by examining more than one organization, and integrating the best ideas drawn from several sources; (4) The "search approach" uses an understanding of needs to guide the search for alternatives; (5) The "cyclical search approach" calls for an initial search to learn about available ideas; and (6) The "innovation approach", which provides custom-made solutions.

Source: The Author - Details collated from past studies.

The remainder of the section is partitioned into the following three sub-sections: rationality (section 3.3.2), political behaviour (section 3.3.3) and intuition (section 3.3.4) of the SDMP.

3.3.2 Rationality and Strategic Decision-Making

Rationality is a concept of significance in many areas of human life; however, differences lie in defining this concept. People often seek rational means when it helps them to achieve their objectives, whether these are material or not. Likewise people can be less than rational when looking for an outcome which is of no personal benefit (Hechter, 2000).

Rationalisation of a decision might be influenced by organizational dynamics (Schermerhorn et al., 2011). According to that study, there is a difference in organizations in terms of their size and the kind of industry they are involved in. People could be thought of as rational in their DM if they know in advance what to expect and they can measure each outcome according to preference (Gilboa, 2011).

Simon (1957, p.75) argued that “*rationality is concerned with the selection of preferred behaviour alternatives in terms of some system of values whereby the consequences of behaviour can be evaluated*”. Simon noted that a decision which an individual makes in a rational way should contain the same values, considerations and information which were involved in reaching this decision. For a group, however, a decision only becomes rational in an `objective` way if it is in line with the values held by the group, and includes information which the group considers relevant to the decision. DM taken in an organization must be rational from the point of view of the individual making the decision, and must also remain rational when considered by the group (Simon, 1957, p. 243).

The majority of executive managers had sufficient information about a decision; this suggests that managers would be rational in their SDMPs (March, 2010). The important role of information is underlined by George and Jones (2008) who assert that `bounded rationality` results when decision-makers do not have enough, or there is some missing, information, leading to risky DM. Other contributors (Nielsen, 2011) have argued that the majority of executive managers are subject to bounded rationality for different reasons. Because of bounded rationality decision makers are often not able to address all

the problems to enable them to make ‘*correct*’ decisions. Bounded rationality leads to an understanding of the central role of organizations in economic life (Simon, 2009). The correlation between a rational DMP and organizational outcomes has been at the heart of controversy amongst researchers, with little apparent agreement (Goll and Rasheed, 1997).

In a stable environment one is able to recognize and analyse the organization’s critical variables as part of DM’s necessary information. For unstable environments, on the other hand, much of the necessary information is difficult to analyse and/or is unpredictable, perhaps making an incremental approach more appropriate (Jones et al., 1992).

There is some empirical evidence that suggests a high positive correlation between the rationality of DM and organizational performance in an unstable industry. Dean and Sharfman (1996) found a close correlation between procedural rationality and the effectiveness of decisions, especially in environments which are unstable rather than stable. Elbanna and Child (2007a) found a stronger relationship for decisions which are thought by decision makers to address crises rather than decisions designed to take advantage of opportunities. Previous studies (e.g., Bourgeois and Eisenhardt, 1988) have found a positive relationship between levels of rationality and the performance of an organization in environments which are constantly changing, a position that finds further support in a number of other studies (e.g., Glick et al., 1993; Miller and Friesen, 1983).

Putting overall findings together, it becomes clear that rational SDM remains unclear with regard to its relationship with organizational performance or decision effectiveness. Research is needed to resolve the contradictions among previous studies. A review of the garbage-can model and rational perspective models is given in sections 3.4 and 3.5 respectively.

3.3.2.1. Rational Economic Theory

The simplest form of rational economic theory is the identification, development and selection model. In this model, the decision maker is in an environment with known objectives, and thus able to determine the possible consequences of an action (Simon, 1965). Due to the fact that the decision maker is able to obtain all necessary

information, he/she is able to make a decision and take the action that brings about the maximum value attainable in such a situation. It is important to note that the rational economic model presumes that all humans and decision-makers are rational beings, and understand that their behaviour and actions serve some purpose. Consequently, the DMP based on the rational model is a process that includes decision-makers gathering information, developing alternatives, and objectively selecting an alternative (Das and Bing-Sheng, 1999; Eisenhardt and Zbaracki, 1992; Nutt, 1984).

Many critics of the rational model question both the cognitive abilities of decision-makers and their objectivity. According to Simon (1945), executives and top managers may be rational beings and may attempt to make their DMP thorough and comprehensive, but they are not fully able to reach that ideal standard. In a study criticising the maximization aspect of this rational economic model, Simon (1957) commented that no matter what the case is, an individual will have limited information, making the result of all alternatives difficult to determine. Due to this lack of information, a decision maker is forced to choose between the limited options available, thus, the decision maker begins to search for satisfaction, and not maximization.

Further criticisms of the rational model are found in Simon (1957), which criticized the model for its obscurity in modelling the real world. Due to environmental uncertainty, organizational complexity and the limited cognitive capacities of decision-makers, maximizing decisions and behaviour becomes impossible. These three factors work against the rational model. The choices made by decision-makers in an organization can only be understood as rational behaviour being carried out within an environment of limited knowledge and opportunities for implementation, known as 'bounded rationality.'

Simon (1993) introduced the concept of a strategy of satisfaction as a more realistic form of the rational DM model. According to the satisfaction strategy, a decision can be considered 'rational' as long as it facilitates the attainment of specific goals and objectives. Simon (1993) described the limited cognitive abilities of the decision-maker and the uncertainties of the environment as reasons for the decision-maker to search for alternatives that only satisfy, rather than maximize the valued outcome.

Some critics (e.g., Nilsson and Dalkmann, 2001; Nida, 1997) suggest that the rational economic model describes DM as the way the process 'should be', rather than how it

actually takes place realistically. When decision-makers are evaluating possible alternatives, they make objections to each option and only opt for the alternative that is least disagreeable: in other words, it may not be the one with maximum value. In practice one can conclude that the DMP may be very different from the process described by the rational economic model (Miller, 1990)

The rationality of making strategic decisions is influenced by many factors, some of which were briefly mentioned earlier. Other studies have indicated that rationality is decreased by factors such as environmental threats, external control, and high uncertainty (Dean and Sharfman, 1992; Eisenhardt and Zbaracki, 1992). To avoid the effects of such factors and in order to minimize uncertainty decision-makers search for more data and information.

Although management may produce a rational strategy, decision makers may sometimes take decisions too quickly, and use incomplete information (Isenberge, 1986). Based on the rational theory, decision-makers should always seek to consider all of the alternatives, and thereafter choose the solution with maximum value and benefit a step that requires the decision-makers to spend more time searching for better alternatives at the cost of additional time and cost (Stroh et al., 2002).

3.3.3 Political Behaviour and Strategic Decision-Making

It was noted in section 3.2 that the strategic decisions are mostly taken by a group of decision makers who are normally at the top level of the organization. In a group DMP, most strategic decisions are ultimately political, as strategic decisions involve uncertain outcomes and conflicting views (Allison, 1971 cited in Eisenhardt and Bourgeois, 1988, p. 737). It cannot be ignored that executives enhance their power to influence a decision using political tactics (Gandz and Murray, 1980).

Political considerations in DM assume that each group or DM member only advocates that decision which is individually favourable to them (Simon and Hayes, 1976). So every distinct group perceives the process as a competitive arena. This implies a decision which is connected in particular to the needs and interests of certain specific decision-makers (Elbanna, 2003).

The outcome is decided by those who manage to form or join the most powerful ‘party’ (Simon and Hayes, 1976; Shen and Cannella, 2002; Lawrence et al., 2005). Hickson et al., (1986) support Simon and Hayes’s idea, and comment that within an organization, groups of people can only work towards a limited pool of targets which are closely related to their own interest and not organizational prescriptions. DM is a process which involves many different interests, and perceptions of the problem depend on the individual or groups within the organization. To solve these differences between the various (competing) parties in their favour, every individual or group will try to use their power and resources to negotiate whatever decision forwards their own goals (Simon and Hayes, 1976; Lawrence et al., 2005).

Organizational politics consists mainly of a tendency by individuals to use power in their efforts to influence and secure their personal interests, or to avoid personally negative outcomes within the organization (Bozeman et al., 1996 cited in Vigoda-Gadot et al., 2003). From this perspective, people tend to be viewed as politically biased; however, even if there are conflicting goals, this does not preclude common goals such as protecting the welfare of the organization they work in. It is not obvious that personal and organizational benefits are mutually exclusive. For example, some people within the organization may prefer growth while others prefer profitability. These different perspectives may be the result of preferences connected to an individual’s position within an organization, and from a difference in ambition and interests (Allison, 1971).

In the study of politics of SDM, Eisenhardt and Bourgeois (1988) asked the question, “*Why does politics emerge?*” Existing literature suggests this may be due to ambition, rivalry or attempts to take advantage (Schumpeter, 1934), or a natural outgrowth of conflict between functional units (March, 1962), centralisation (Hage, 1980), or power imbalances within the top management team (Bachrach and Lawler, 1980 cited in Eisenhardt and Bourgeois, 1988, p.738). Power imbalance at such levels may prompt decision makers to show political behaviour and irrationality in the SDMP.

Decisions may be dominated by those individuals with the greatest expertise in the area of the organisation most affected. Decisions concerning an increase in capital are more dependent upon financial managers than those involved in marketing, while marketing managers have more influence on marketing strategy and decisions related to these

policies. Nevertheless, both groups still pursue the organization's welfare and its prescribed goal. Das and Bing-Sheng (1999) appear to support the idea of individuality (different individual or group goals) as well as collectivism (institutional goals). They suggest that the conflicts created during the political DMPs are, in fact, effective in producing a combined decision which satisfies several perspectives and intentions.

Studying the SDMP of managers within nine large international corporations, Quinn (1980) found limited evidence that interest groups influence a decision's effectiveness. In a study conducted eight years later, Eisenhardt and Bourgeois, (1988) found regular conflict between executives over the most appropriate course of action, and that executives used identifiably political tactics to gain advantage over others. Some of these tactics included the formation of coalitions, the withholding of information, and use of expert consultants.

The influence of political behaviour in DM sometimes imposes negative effects: (1) *“effective decisions must be based on organizational goals”*; (2) *“effective decisions are based on complete and accurate information about the likely relationship between choices and outcomes”*; and (3) *“effective decisions are based on recognition and understanding of environmental constraints”* (Dean and Sharfman, 1996, p. 375). These points add substance to the view that political behaviour is displayed for the purpose of promoting self-interest *“without regard for and even at the expense of organizational goals”* (Valle and Witt, 2001, p. 380)

Zanzi and O'Neill, (2001) point out that organizational politics creates less focus on organizational goals, a greater restriction on the flow of information, and a deceleration of DM. Another explanation is provided by Baum (1989), who suggests that when employees consider personal achievement, and in this way attack co-workers, they isolate them and they are less likely to feel part of the organization. They may find it difficult to work alongside their co-workers, making the resolution of issues, and collaboration within the organization and its units more difficult to achieve. The negative impact of such politically induced disagreements on achieving strategic effectiveness has been reported by earlier studies (e.g., Mintzberg et al., 1976; Hickson et al, 1986). However, the negative impact of political tactics may be reduced through improved mutual trust or common goals, clear areas of responsibility, and humour (Elbanna, 2006).

This suggests that political behaviour, and the use of power in the SDMP, works against a democratic culture in organizations. A focus in this study is to find out the extent to which the use of power is reflected in political behaviour by decision makers in the DMP.

3.3.4 Intuition and Strategic Decision-Making

The word ‘intuition’ is derived from the Latin word *intuit*, that can be described as ‘looking, regarding or knowing from within’. As Sadler-Smith and Shefy (2004) point out, the concept ‘intuition’ has been interpreted in various ways. See Table 3.2

Studies	Definitions of Intuition
Dane and Pratt (2007, p.40)	“Like other authors, we view the process of intuition as relating to the domain of the ‘nonconscious’ information processing system (e.g., Epstein, 1990, 1994, 2002; Kahneman, 2003)”.
Burke and Miller (1999, p.82)	A cognitive conclusion based on a decision maker’s previous experience and emotional inputs.
(Shapiro and Spence, 1997, p.64)	“a nonconscious holistic processing mode in which judgments are made with no awareness of the rules of knowledge used for inference and can feel right despite one’s inability to articulate the reason”.
Lieberman (2000, p.111)	The subjective experience of a mostly nonconscious process – fast, alogical, and inaccessible to consciousness – that, depending on the exposure to the domain or problem space, is capable of accurately extracting probabilistic contingencies.
(Khatri and Ng, 2000, p. 60)	“holistic perception of reality that transcends rational ways of knowing”
Myers (2002, p.128-129)	The capacity for direct, immediate knowledge prior to rational analysis.
Kahnemen (2003, p.697)	“Thoughts and preferences that come to mind quickly and without much reflection”.
Sinclair and Ashkanasy (2005, P1)	“as a non-sequential information processing mode, which comprises both cognitive and affective elements and results in direct knowing without any use of conscious reasoning”.

Source: Author. Definitions collated from past studies

Paprika (2006) defined intuition as an individual, without any rational process, knowing or sensing something. Paprika suggests that it can be described as an unconscious perception about reality, in which intuition does not know how it knows. Other researchers define it thus: “*intuition is not some mystical or magical thing. It is taking advantage of the way our brains are designed to be able to think about things subconsciously and to bring those things to the forefront when needed*” (Burke and Miller, 1999, p. 91). They proposed that intuition cannot be accessed by a cognitive

process, which involves a course of action, or gives rise to a judgment, as it is an inborn capacity.

In one of the earliest efforts to address intuition, Bastick (1982) argued that the various properties of the concept of intuition have made it impossible to give a unitary definition. Bonabeau (2003, p.118) suggests that “*the subconscious integration of all the experiences, conditioning, and knowledge of a lifetime, including the cultural and emotional biases of that lifetime*”, implying that intuition provides a mental pathway to knowledge and memories which are outside the conscious memories of an individual.

In a stable business environment, decision makers have access to information that enables them make effective decisions. A rational decision maker who relies on a vast amount of information will make the most effective decisions when competitive environments are generally stable (Haley and Tan, 1996). In unstable environments that are subject to rapid change, strategic decisions bring about new competitive advantages much more often than in stable ones (Eisenhardt, 1989).

Unstable environments create the following three types of challenges to data analysis:

- the time constraint on collecting the required information,
- the need for larger amounts of data in complex environments, and
- the fact that the reliability of the data decreases as the instability of the environment increases.

Mental processes which require soft information – non-analytical – may be more suitable in these unstable environments than the limited or unreliable analytical hard data (Mintzberg, 1994). Soft information is easier to recognise rather than describe, and this is a reason why there is quite limited evidence of empirical research in applied management (Agor, 1989)

The use of intuition in the DMP is more likely under the following conditions: the environment is highly uncertain; the new emerging trends have minimal earlier patterns for action and DM; factual information is limited; and that there are possible solutions to choose from, each having sound factual support (Agor, 1989). According to Harper (1988), intuition is not needed very often: its use is only necessary, when the data does not provide a clear solution, or if there is a lack of information.

In a later study, it was observed that “*executives who attend to real-time information are actually developing their intuition*” and they use intuition to ensure their reaction is more accurate as well as quick to adapt to changing stimuli (Eisenhardt, 1989). Rowe and Boulgarides (1992) identified intuition as the most important component of DM and problem solving, stating that insights based on experience and judgement help managers to respond quickly, and that these managers are often called intuitive managers. In many situations decision makers can easily and readily identify the ‘true’ situation, if their intuition is based on an analysis of symptoms or deviations.

Intuition perceives all relevant factors which have an impact on a situation and it also has the ability to sift out irrelevant factors. The matching pattern of (unknown) reasons for choices is often based on intuition, and it may create an (unwanted) feeling in the decision maker of ‘not knowing the source of the answer’.

In a highly ambiguous situation, if a decision-maker needs to make a rapid response to a situation, intuition may become one of the most powerful tools available to the decision maker (Janis, 1982). On the other hand, the ability of the mind to perceive and process information has limits: the human mind cannot deal with problems which include a lot of factors and variables, and if intuition is the only basis for solving such a problem, an incorrect or poor solution may result. Decision makers rely on their judgement, not facts, when knowledge about a situation is limited. Intuition goes together with rationality, as it is based on extensive experience in analysis, problem solving and implementation. Some studies have established that sometimes human brains operate in an irrational manner, while organizations prefer rational DM (Spender, 1989).

Intuition is recognized as a mode of cognition that is of special relevance in strategic thinking and DM (Henden, 2004). Intuition can be seen as a potential means of helping managers to make rapid and accurate decisions in organizations (Dane and Pratt, 2007). Intuition can increase management efficiency by reducing the amount of information necessary to make a decision, (Isenberg, 1986). However, the findings from that study should be treated with caution because the focus was on students and general managers, and the sample size was small. In the opinion of Myers (2002) intuition represents the rapid apprehension of a DM situation based on past experiences and the reinforcement associated with these experiences, which is outside the domain of conscious thought.

In a recent study, Vasconcelos (2009) offers insights into the way practitioners might simply want to use intuition in their DMP: managers may become impatient with repetitive actions or details. As a result, they can leap to conclusions too quickly, ignoring real-world data available to them. A number of methods have been developed to manage these tendencies, and they are usually integrated into systems of DM (see for example Milecová et al., 2010).

Intuition is a highly complex developed way of reasoning that draws upon an individual's experience and learning, and on the facts, patterns, concepts, procedures and abstractions available to the decision maker from his/her conscious and coconscious memory (Matzler et al., 2007). The question that arises is, when should intuition be applied and when should it not (Dane and Pratt, 2007). Intuitive DM can be trusted only when the following four tests are conducted: (1) the familiarity test, (2) the feedback test, (3) the measured emotions test, and (4) the independence test (Campbell and Whitehead, 2010).

The relationship between intuitive synthesis and organizational outcomes has not been investigated directly (Elbanna, 2006), however, studies have provided indirect evidence that suggests that in '*high-velocity*' environments intuitive synthesis can have a positive effect on performance. Executives who used more information and developed more alternatives were able to make faster decisions compared to anyone else, and their fast decisions led them to 'better' performance (Eisenhardt, 1989; Judge and Miller, 1991).

Exploring the effects of intuition on organizational SDM outcomes in the sectors of computing, banking, and utility industries, Khatri and Ng (2000) found that there were unquestioned assumptions embedded in management about analysis, including an assumption that decisions stemming from intuitive processes were comparatively inferior to those which result from reasoned analysis. They found that too many strategic planning decisions were characterised by intuitive synthesis, but also found that in an unstable environment organizational performance had a positive correlation with the use of intuitive synthesis. The study concluded that intuition plays a key role in DM in organizations; and the use of intuition is linked to experience (Martin and Hanlon, 2007).

To conclude, literature suggests that intuition is based on the in-depth understanding of a prevailing situation, and it is a complex phenomenon that derives from the accretion

of knowledge in an individual's subconscious, and is rooted in experience. There is a need to expand knowledge on intuition and its influence on SDM. This study aims to contribute to development of knowledge concerning intuition and SDM.

3.4 Garbage-Can Model

3.4.1 Characteristics of the Garbage-Can Model

The first effort to discuss the garbage-can model in connection with organizational DM was by Cohen et al. (1972) with the purpose of elaborating and modifying existing theoretical ideas about organisational DM in order to make sense of certain empirical observation (Olsen, 2001). It is considered to be the most uncertain and fluid model of SDM which tends to occur in organisations with high uncertainty. The activation of strategic decisions depends on participants' attention to problems and opportunities, and on the degree of involvement in a given decision. And those choices are made in environments which lack complete rationality (Teasley and Harrell, 1996).

In complex environments, problems and solutions cannot be translated easily into a logical sequence of steps (rational decision-making model). DMPs that do not meet the circumstances assumed for more classical DM models are called 'organized anarchies.' These usually have three characteristics: The first characteristic is that of preferences, where the decision-makers may have unclear, inconsistent and/or conflicting preferences. The second main characteristic concerns a lack of clarity in regards to technology used in the DMP. Thus, the solutions are found through a process of trial and error, as opposed to deriving solutions with a clear understanding of variables or through a developed process. The final characteristic is that of the flexibility of the participating decision-makers, and the extent to which they have a common goal in mind.

It has been suggested that because Cohen and his colleagues believed that rational models lacked the consideration needed for DM in complex and unstable environments, that the 'garbage-can' model is merely a resulting response and/or reaction (Eisenhardt and Zbaracki, 1992). The garbage-can model, as Olsen (2001) explained, aims to provide insight to some empirical observations, offering more clarity as well as modifying the existing theories of organizational DM. It rejects the policy development

of the other models, as describing a policy development process would be considered a 'rational' step (Tiernan and Burke, 2002, p .86).

3.4.2 Criticism of the Garbage-Can model

The garbage-can model has been criticised for its appropriateness to SDM. First, its view of the fluid nature of the DMP has been questioned (Hickson et al, 1986), especially as to whether the aspects of ambiguity and uncertainty apply to all types of organizations. Furthermore, Miller (1990) argues that this model is more similar to political theory than to rational economic theory, suggesting that participation in the DMP is sometimes more important than the act of implementing a decision itself. DM takes place in organizations that are characterized by fluid participation and unclear policy preferences (Cohen et al., 1972). Thus, in their opinion, decision-makers search for an opportunity to implement their preferred policies, rather than seeking a new solution. This model may offer little connection between the DMP and the eventual outcomes of decisions.

3.5 Rational Perspective Models

3.5.1 Introduction

This section presents a brief review of rational perspective models. These models assume that people have ordered preferences and they make decisions on the basis of those preferences. There are various theories to model the rational DMP, including: Utility Theory; Multiple Criteria Decision-making (MCDM) analysis; and the balanced scorecard (BSC). It is essential to appreciate that these theories represent prescriptions for how a rational person should decide, rather than descriptions of how a person does decide in practice. This section is divided in the following four sub-sections: Utility Theory (section 3.4.2), MCDM (section 3.4.3), BSC (section 3.4.5) and SWOT (section 3.4.6). The following sub-sections provide a definition of each theory, their areas of application, and limitations.

3.5.2 Utility Theory decision-making

It was Jeremy Bentham (1748-1832) who brought DM to the attention of economic theorists, speculating about approaches to similar predictions and how people select and make choices to attain desirable alternatives. According to Bentham, selection depends

on the subjective value which the individual ascribes to different choices, and it assumes that people behave rationally in such a way as to maximize utility or expected utility (Allen, 1943).

The proponents of expected utility theory have stated that it is a normative theory based on DM under conditions of uncertainty, and the basic logic is that it is necessary for decision makers in such conditions to form a set of preferences (Cohen, 1996). Utility Theory assumes the satisfaction of the decision-makers is based on the choices presented (Aleskerov and Monjardet, 2002). If the decision rule is consistently applied, decision makers must follow this rule “choose the lottery that has the highest expected utility” (Cohen, 1996, p. 1);

Utility theory assumes that a decision is generated from the utility maximisation principle, based on the ‘satisfaction’ that the decision achieved. Mathematically, the satisfaction (utility) that the decision maker gets from selecting a specific choice is measured by a utility function, "such that: $U(x) > U(y)$, where choice x is preferred over choice y” (Mynatt, 2009, p. 169).

An early study by Samson (1986, p. 312) found that “utility theory is generally superior” and it provides decision makers with basic information that will assist them in DM: their result was based on several criteria (1) Range of outcome distribution considered (2) Quality of theoretical underpinnings, and (3) Quality of insights produced about the problem.

The theory can be extended to handle uncertainties by defining expected utility, assuming that a rational person will take decisions which maximise expected utility. Utility theory is an important research topic in areas such as the scientific theory of management, theory of economics and decision theory (Belton and Stewart, 2002). Utility theory suffers from three major limitations: Firstly, it is difficult to specify a utility function for an organization where a group takes a decision. In this case, each person may differ in their choice preference: As a result, it becomes extremely difficult to derive a consistent utility function for the group. Secondly, the utility function derived at a point of time represents the choice preference only for that one point of time. Thirdly, it was not easy measure a decision-maker utility function.

3.5.3 Multi-criteria Decision-Making

Multi criteria decision-making (MCDM) methods have been developed to overcome the difficulties in DM that involve a number of decision criteria, and assist as critical decision tools in political, financial, and scientific situations, and give priority to the alternative that is the most important. MCDM methods aim “to help the decision maker (DM) to make a choice among finite number of alternatives or ranking/sorting finite number of alternatives in terms of multiple criteria. (Soylu, 2010, p. 525). The problem decision-makers face with MCDM regarding the preferences they face when there are multiple alternatives is to select either the “best” alternative, or a small subset of “good” alternatives. An alternative may include various options that could be considered as conflicting criteria (Soylu, 2010).

Any MCDS method, and its prioritisation principles, can, however, be applied and the existence of different techniques allows the adaptation of the use of the MCDM method according to the needs of the decision-maker and the specific planning situation (Kajanus et al., 2012)

MCDM has been divided into two aspects: (1) Multi-Objective Decision-making (or MODM). (2) Multi-Attribute Decision-making (or MADM) (Triantaphyllou et al., 1998); the method of Multi-Objective Decision-making applies to “decision problems in which the decision space is continuous”. Generally, MCDM is based on three important phases. Initially the organization has to identify alternatives for selection, and criteria, according to the goals that it looks to achieve.

3.5.4 Balanced Scorecard

The Balanced Scorecard (BSC) is a performance measurement tool that enables managers to combine financial and operational measures in one report. It is based on the concept that an organization must manage and evaluate its business from all perspectives, not just financial. The BSC is the result of a research project by Kaplan and Norton (1996), who devised a set of measures that give top managers a fast and comprehensive view of their business.

The BSC provides managers with the instrumentation they need in organizations that have a high incidence of competition and complex environments; thus, managers must

have a sufficient understanding of the environment in order to achieve their goals (Kaplan and Norton, 1996). The Balanced Scorecard (BSC) was defined by Kaplan and Norton, (1996) as a tool to

“translate on organization`s mission`s and strategies into a comprehensive set of performance measures` and provides the framework for strategic, measurement and management” (p.2)

Moreover, Kaplan and Norton, (1996) discuss the need for a top-to-bottom alignment in the formulation and implementation of successful corporate strategy. The use of a BSC within an organization encourages goal congruence, which allows for such an alignment to take place.

The first main obstacle that is faced when developing and applying a BSC is the choice of the main non-financial performance indicators that have the highest positive effect on the performance of the organization, whilst being aligned to the overall goals (Kaplan and Norton, 1996). Ittner and Larker (2003) suggest that the misuse of nonfinancial measures can have a negative effect on an organization rather than using financial indicators alone, as they incur a greater opportunity cost. Cost and complexity of the reporting of non-financial measures is the significant barrier, which leads to organizations ignoring the shift in reporting techniques (Blyth, 2005). To successfully create and implement a BSC, an organization must consider the cause and effect relationship that links their strategy to performance. The measurement system should outline the relationships among the objectives to enable management validation within the four perspectives of BSC.

3.5.5 SWOT Analysis

Strengths, weaknesses, opportunities and threats (SWOT) analysis is considered a vital tool for SDM, and the technique has been developed in several situations (Feglar et al., 2006). Moreover, there are unprecedented challenges facing business organizations in order to carry out their mission, and these challenges are represented by both opportunities and threats. The formation of a comprehensive picture of the current and future situation, considering the internal and external environment is central to a SWOT analysis (Azimi et al., 2011).

In SWOT analysis, the strategic factors are the internal and external factors, and these are the most significant for the future of the company. This analysis collects these factors into groups of four parts, called SWOT: strengths, weaknesses, opportunities, and threats: SWOT is a well-known technique for the description of these factors (Görener, 2012). Generally, organizations seek to apply a particular approach to support their systems for DM, or for critical decisions, and SWOT analysis is used to analyse both the internal and external environments. SWOT does not have the means to analyse the importance of the factors or to assess decision alternatives with respect to the decision factors (Kangas et al., 2003). Moreover, in business marketing, there is a great degree of uncertainty. Organizations may use a SWOT analysis to know the Strengths, Weaknesses/Limitations, Opportunities, and Threats involved in a project or in a business venture.

3.6 Decision-Specific Characteristics of Strategic Decision-Making

3.6.1 Introduction

The literature pinpoints three core classifications of decision specific factors in SDM. These include ‘Decision Importance’ (Elbanna and Child, 2007a; Papadakis et al., 1998; Dean and Sharfman, 1993), ‘Uncertainty of Decision’ (Elbanna and Child, 2007a; Weick et al., 2005; Ford et al, 2008; Kloviene and Gimzauskiene, 2009), and ‘Decision Motives’ (Elbanna and Child, 2007b; Elbanna, 2003). These contexts of decision-specific characteristics of the SDMP are explained next in sections 3.6.2, 3.6.3 and 3.6.4 respectively.

3.6.2 Decision Importance

Decision-making remains the paramount function of managers in any organization (Brouthers et al., 2000). Managers, as decision makers, influence the extent of success or failure of their organization (Lyles and Schwenk, 1992). Managers are responsible for the planning, organizing, controlling and execution of decisions, and decisions have a varying magnitude of importance (Milliken and Lant, 1991). Managers are most likely to deal with different decisions in different ways (Milliken and Lant, 1991). Managers

may make more committed efforts to ensure the success of a decision, if the decision is deemed to be very important to the survival of the organization.

The higher the anticipated impact of a decision, the higher the importance that managers may ascribe to such decisions, and this offers an explanation of DM behaviour, (Papadakis et al., 1998). The success of the organization may depend on the extent to which decision-makers make and implement rational decisions (Carter, 1971; Hickson et al., 1986). DM behaviour may be explained by the importance of the impact of strategic decisions on organizations. Perhaps decision-makers in organizations follow more precise rational procedures when decisions have a significant influence on the subsequent DMP (Papadakis et al., 1998).

There is some degree of disagreement between studies. For example, empirically, while Papadakis et al., (1998) and Elbanna and Child (2007a) found a positive relationship between decision importance and procedural rationality, Dean and Sharfman (1993a) found no relationship. In their study, Hickson et al. (1986) argued that managers are more likely to demonstrate rationality in decisions if they deem a decision to be very important for the organization's success. However, Langley, (1989) suggests that a rational approach like analysing data such as cost/benefit, will more likely be used as a symbolic mechanism by management to display a sense of competency.

3.6.3 Decision Motives

Behavioural science literature suggests that the behavioural DMP of senior management is impacted by their motives (e.g., Dutton and Jackson, 1987; Fredrickson, 1986). Motives could be anything, such as a threat, problem, opportunity or a combination of these.

Elbanna (2003) stated that when the decision-makers view strategic decisions as addressing crises, there is pressure on procedures during the making of decisions, and this has a negative effect on organizational performance; as a result managers have less control over issues. The categorization of the strategic decision either as a threat, crisis or even an opportunity is important.

Decision-makers may have different ways to deal with each decision, as highlighted in the views of Elbanna (2003) and supported by Ashmos et al., (1998). The choice of

approach could have a significant influence on the subsequent DMP (Mukherji and Hurtado, 2001; Child et al., 2003). Understanding the situation (motives) could identify individuals who might participate competently in resolving possible problems or achieving their motives. Since managers may demonstrate varying behaviour depending on whether a situation is considered a crisis, threat or opportunity (e.g. Dutton and Jackson, 1989; Fredrickson, 1985), there is a need to explore how this plays out in different scenarios. Clear motives are important, and when a strategic decision is considered very important to the life of an organization, decision-makers may give more attention to using rational procedures for DM in terms of the collection and analysis of data (Langley, 1989; Dean and Sharfman, 1993).

Procedural rationality is more often applied to a crisis than to decisions considered opportunities Mintzberg et al, 1976; Fredrickson, 1985). A study by (Elbanna and Child, (2007a) supports this view, finding that rationality holds a positive relationship with effective strategic decisions, and that rationality is stronger for those decisions perceived as addressing a crisis. Political debates are normally avoided by managers when they perceive a certain decision as a crisis as opposed to an opportunity. Managers tend to focus on evidence and facts, sharing and demonstrating greater harmony among themselves, which subsequently expedites DMP.

3.6.4 Decision Uncertainty

Section 3.2.7 introduced the literature on risk management in SDM. “Every institution grows, prospers, or collapses as a result of decisions by its managers” (Daft, 2005, p. 306). Non-routine decisions, such as a strategic decision, involve some degree of uncertainty, and the management of decision uncertainty remains crucial for managers (Butler, 2002). A core role of organizational risk management is to reduce these risks, and to decide how to deal with risks and their management. Risk is measured by both the probability of the event and the seriousness of the consequences, while uncertainty relates to unknown outcomes of events (Knight, 2002).

The risks and uncertainties can both be measured by the degree of ambiguity in decisions according to Palmer and Wiseman (1999) while Wilson et al., (2010) state that risks which organizations face can be measured but cases of uncertainties in decisions cannot. Decision makers may try to obtain accurate and precise data, in order to arrive at the `correct` decision with the lowest risk (Wilson et al., 2010).

In rational strategies, organizations deal with risks which are associated with decisions by pursuing a process of calculating and weighing pros and cons (Zinn, 2008). Uncertainty in organizations can take many forms: Information ambiguity or limitation, indeterminism of action and political process constraints of organizations will all contribute towards choice limitation on the part of management (Butler, 2002). Time and information required have effects on the success of the DMP in organizations, in terms of reducing the risks which are related to decisions and how to deal with relevant information. If managers have a lack of information, then they may take longer to make decisions (Becker, 2001).

Any strategic decision is taken in a context of some risk and uncertainty, and because decisions concern the future and are based to some extent on incomplete information, managers cannot always be rational and analytical in making them (Butler, 2002). Other theorists such as Astley (1984) and Dean and Sharfman (1993a) have stated that in situations involving uncertainties, rationality is not always the norm followed by managers during the DMP.

Decision uncertainty, unlike environmental uncertainty, refers to a specific decision, (Papakadis et al., 1998). Further literature supports the view that uncertainty cannot be resolved rationally; instead uncertainty necessarily reduces the rationality of a process. According to Daft and Lengel (1986), high uncertainty involving a decision may lead to a greater tendency to use intuition.

On the other hand, different researchers argue that decision uncertainty leads to a greater use of a rational DMPs, resulting in a thorough analysis of data processing (Bourgeois and Eisenhardt, 1988; Drazin et al., 1999; Ford et al., 2008). Ford et al. (2008) note that a high degree of decision uncertainty may require that organizations follow a rational DMP that uses the advantages of sourcing and analysing relevant information.

Some studies (e.g., Elbanna and Child (2007a; Herremans et al., 2011) suggest the need for further research concerning decision uncertainty in the SDMP. Elbanna and Child (2007a) suggest that uncertainty can lead to the politicization of problem formulation.

3.7 Firm Characteristics Perspective of Strategic Decision-Making

3.7.1 Introduction

Literature (e.g., Matí as-Reche et al., 2008; Elbanna, 2003; Papadakis et al., 1998) identifies the need to examine the firm characteristics perspective in the SDMP. This perspective focuses on the factors within an organization, such as: firm performance, internal systems, ownership etc. This perspective can be linked to the ‘inertial perspective’ as well (Papadakis et al., 1998). The elements of ‘Company Size’ (section 3.7.2) and ‘Performance’ (section 3.7.3) are considered below.

3.7.2 Company Size

It is important to examine the influence of company size on SDMPs (Matí as-Reche et al., 2008). According to that study, “*organizational size can be defined as the scale of operations of a social system*” (p.172). In an organization, the scale of operations can be measured by the number of people, the value of the assets or the level of expenditure. “*The organizational literature generally defines size in terms of number of people, either members or employees.*” (Matí as-Reche et al, 2008, p.172). Since most researchers use the latter, as their research usually involves administrative organizations rather than voluntary organization (Matí as-Reche et al, 2008), this conceptualisation is used.

Organizational size could be seen as an important variable that consistently impacts managers’ DMP (Haug, 1997; Fredrickson and Iaquinto, 1989; Katri and Ng, 2000; Snyman and Drew, 2003). However, for their part, Hart and Banbury (1994) suggest that the size of a firm significantly impacts the link between the approaches of management and the outcomes of their organization. An earlier study suggests a positive relationship between the size of organizations and their level of decentralization in terms of their DM (Singh, 1986).

There are several variations in the SDMP between large and small organizations (Elbanna and Child, 2007a). That evidence is supported by several researchers (Fredrickson 1984; Wally and Baum 1994; Schminke, et al., 2002) who suggest that this is because large organizations are more complex than small organizations. Matí as-Reche et al., (2008) claimed that organizations face many difficulties in order to achieve

and grow their business, so they have pressures, and to overcome these pressures, organizations use all the mechanisms available such as coordination and supervision.

Other studies have stressed the importance of size in the organizational DMP; however, (Hickson et al, 1986) indicate that there is no convincing evidence linking SDMP and company size, in contrast to Elbanna and Child (2007b), was found that the rational DMP has a positive link to organizational size but this positive relationship has a greater impact on bigger firms than smaller ones.

The managers of smaller firms are more likely to use intuition in their DMPs than their counterparts in larger organizations (Khatri and Ng, 2000). Supporting this view, Brouthers et al. (1998) suggest that the managers of smaller organizations use their intuition more in their DMP than managers of larger firms.

3.7.3 Performance

Performance measurement systems have a significant role in the operations and business strategy implementations of different companies (Valančienė and Gimžauskienė, 2007; Kloviene and Gimzauskiene, 2009). The complexity and multifaceted characteristics of performance have been discussed from different perspectives (Venkatraman and Ramanujan, 1986; Hambrick et al., 1996). Alarcón and Bastias (2000) report that company performance can be affected by both the on-going changes of the industry and the strength of competition between companies in the same field.

Studies examining firm performance in connection to SDMP have emphasised the need to examine both financial and non-financial metrics of performance (e.g., Valančienė and Gimžauskienė, 2007; Husted and Allen, 2007; Kloviene and Gimzauskiene, 2009). In the literature, the key metrics for measuring financial performance include profitability, sales level and growth (e.g., Bourgeois and Eisenhardt, 1988; Eisenhardt, 1989; Judge and Miller, 1991; Baum and Wally, 2003; Kono et al, 2010), while the non-financial performance metrics include social responsibility, customer satisfaction, and employee welfare (Robins, 2008).

Many researchers have studied the relationship between the SDMP and their operational performance (Hambrick and Mason, 1984; Daily et al., 2003). Fast SDM positively

enhances financial performance (Eisenhardt, 1989; Judge and Miller, 1991; Baum and Wally, 2003).

In different environments, competitive performance may be enhanced by fast decision speeds. In order to take advantage of the adoption of new products, firms depend entirely on the quick decisions that have to be taken (Baum and Wally, 2003).

In the view of Kahneman et al. (1982), making quick decisions may generate a weak decision, as well as a weak performance, unless extensive information collecting has been undertaken at the expense of a gain in the speed of a decision. Fredrickson (1984) lends support to the logic in Kahneman et al. (1982), who found that there was a positive association between a thorough and well-integrated DMP and high performance, at least in stable environments. However, the relationship between comprehensiveness and performance was negative in unstable environments.

The literature on SDM and performance also suggests that SDMPs that involve rationality seem to yield positive business performance in a munificent environment. The reason for this is because the risk of uncertainty is reduced and planning can have an effective outcome (Goll and Rasheed, 2005). Researching the link between rationality and business performance in high-munificence environments, Goll and Rasheed (2005) suggest that the relationship is positive and significant. In addition, they found the opposite with low-munificence environments.

The evidence above (Goll and Rasheed, 2005) contrasts with the findings by Khandwalla (1973) and Miller and Friesen (1983). As noted in Souitaris and Maestro (2010), several researchers (e.g., Eisenhardt, 1989; Baum and Wally, 2003) have studied the relationship between organization performance and unstable and unanalyzable environments. Revisiting the evidence in those studies, in order to improve organizational performance, the strategic decisions may be made very quickly, due to decision-makers using less comprehensive information and data analysis (Atuahene-Gima and Li, 2004).

One theorist (Smith, 1988) argues that organizations that have adopted a high level of rational DMP should outperform those that have not, in both large and small organizations, and Jones (1993) reported higher performance for firms that utilised a rational DMP.

There is a relationship between the financial performance of an organization and the ability of the company to predict the implications of strategic decisions. The role of finance in organizations, and its impact on both the DMP and strategic-planning, has been studied by Kono et al., (2010). Their results indicated that the success of organizations depend on financial performance; it is considered one of the important indicators to measure an organizations' success.

3.8 Environmental Factors Perspective of Strategic Decision-Making

3.8.1 Introduction

The environmental determinism perspective (including environmental uncertainty and environmental hostility) is the focus of this section. The environmental determinism perspective suggests that the SDMP attempts to adapt to several environmental conditions and forces, such as threats, crises, opportunities, and other conditions (e.g., Starbuck et al., 1976; Atuahene-Gima and Li, 2004; Goll and Rasheed, 2005; Dane and Pratt, 2007; Lindelöf and Löfsten, 2006).

There is a strong association between a rational DMP and environmental dynamism, especially when formal planning to obtain high performance is involved (Eisenhardt, 1989; Miller and Friesen, 1983). During periods of environmental constraint, DM has a higher level of rationality as compared to periods of opportunities from the environment (Fredrickson, 1985).

Some theorists contend that organizations operating in a stable, undynamic environment adopt a higher sense of rational DMP than in a hostile environment (Fredrickson, 1985; Bourgeois and Eisenhardt (1989). Further comments on the subject (e.g., Miller and Friesen, 1983) argue that the level of planning (which is attributed to rationality) is higher in environments with low munificence. Similarly Glick et al., (1993) argue that management working in an environment that is very dynamic normally adopt a rational DMP. However, Papakadis (1998) found no positive link between hostile environments and a rational DMP.

Even though the contextualization of an environment can be done by using numerous variables, environmental munificence and dynamism are important in understanding the

SDMP(Castrogiovanni, 1991). A limitation still exists on the number of studies relating to the effect of environmental dynamism on the SDMP (Goll and Rasheed, 2005). Following the contextual definition of environmental circumstances above, and justified by calls made in the above research, this study explores the variables of ‘Environmental Uncertainty’ (section 3.8.2) and ‘Environmental Hostility-Munificence’ (section 3.8.3).

3.8.2 Environmental Uncertainty

Business managers in organizations face increasing challenges as a result of an uncertain environment, as business managers become more precise in implementing their tasks, such as SDM and strategic planning. Uncertainty can be reduced by a significant resource (information) that is provided by information systems (Linn, 2008). The crucial influence of uncertainty in SDM has recently been stated by Borison and Hamm, (2010, p.125), who suggest that “*Uncertainty is at the centre of many of the most important strategic decisions made by private businesses and public agencies.*”

Environmental uncertainty has attracted a lot of researchers into the study of the SDMP (Borison and Hamm, 2010; Vecchiato, 2012). A rational DMP may be used in a stable environment, and incremental political behaviour or intuition may be used in an unstable environment (Fredrickson, 1983). This choice of approaches may be reasonable in an environment with high munificence, and accessibility to accurate and timely sensitive information.

Firms respond proactively to match environmental conditions (Covin and Slevin, 1989; Lindelöf and Löfsten, 2006; Sharfman and Shaft, 2011). The examination of environmental uncertainty should result in the manifestation of the firm’s most basic strategic direction and centre on how the firm will reach the market. For that goal, the core environmental dynamism factors of customer preferences and competitors should be investigated (Lindelöf and Löfsten, 2006).

In a hostile business environment, external forces interact negatively with the business performance of organizations. This means that there is usually a feeling of unease and a need to devise appropriate strategic actions to adapt the firm to the situation (Edelstein, 1992). When the power of buyers increases and suppliers realise that they have to offer better terms and conditions to attract customers, and when there is a significant increase

in the number of suppliers, especially if the regulatory bodies are oppressive, the environment can become very hostile (Zahra et al., 1997).

However, Lindelöf and Löfsten (2006) stated that organizations usually adapt to environmental circumstances, especially in a hostile environment. For example, an increase in the level of competition creates more pressure on the company, and this pressure can contribute to companies implementing their policies more quickly, especially companies which work in high level technology environments (Newkirk and Lederer, 2007).

Some researchers argue that environmental uncertainty has a moderating impact on the relationship between the SDMP and the performance of an organization (e.g., Goll and Rasheed, 1997; Fredrickson, 1984; Bourgeois and Eisenhardt, 1988). Other researchers disagree with that view (e.g., Elbanna and Child, 2007b; Goll and Rasheed (1997). These studies support the notion that environmental uncertainties do not have a moderating effect on that relationship: these different findings could be explained by variations in the constructs used in other research (Elbanna and Child, 2007b). The emphasis placed on the conceptualisation of this construct by previous studies may be a cause for the differences in findings.

The debate about the moderating/non-moderating influence of environment uncertainty is ever increasing: Fredrickson and Iaquinto, (1989) argue that organizations with operations in munificent environments adopt a rational SDMP. Disagreeing with that logic, Bourgeois and Eisenhardt (1988) suggest that highly dynamic environments cause successful firms to adopt a rational DMP, and such rational processes generate greater operational gains.

The findings in Schwenk and Shrader (1993) add to the confusing picture about the moderating role of environmental uncertainty. According to them, environmental heterogeneity affects the SDMP, especially with regard to rationality, and results in greater use of cognitive processes that simplify the decision. When dealing with external challenges which are normally combined with complexity, management tend to minimise their cognitive effort by creating 'short cuts' in their thinking, uniting around intuition or routine.

Findings of Frese et al., (2000), suggest that a rational DMP has a positive relationship with firm performance in less chaotic environments, while Dean and Scharfman (1996) found a negative relationship with performance in unstable environments. Moreover, Papadakis et al. (1998) also reported persuasive evidence in insufficient. To explain the manner in which the strategic decision process is shaped by environmental forces, it becomes crucial to analyse how managers process and interpret these developments. With respect to their environment, a crucial issue in analysing managers' behaviour is their ability to process information, and their risk-taking propensity. It is imperative to state that managers react differently to various environmental stimuli. This could be explained as a difference in their cognitive potential to process data, according to Rajagopalan et al. (1993)

“uncertain environments that are also munificent (e.g. high growth industries in initial stages of industry evolution) are very different from environments that are far less munificent (e.g. mature industries with declining demand or increasing competition). Hence, the performance effects of comprehensiveness are likely to be different across these environments.” (p. 359)

More research is required to improve understanding of the influence of environmental uncertainty on the SDMP on the one hand, and the moderating influence concerning the relationship to decision effectiveness and performance (Goll and Rasheed, 2005).

3.8.3 Environmental Hostility-Munificence

Hostility implies a business environment full of constraints, risky, and with limitations of available resources, and a high degree of competition in the external and prevailing environment, with unstable market circumstances (Newkirk and Lederer, 2007). The manager's range of action is constrained by the environment an organization operates in. Environmental hostility-munificence remains an important characteristic that exerts an impact on managers' behavior and helps in the understanding of the SDMP (Catrogiovannai, 1991; Kreiser et al, 2002; Baum and Wally, 2003; Goll and Rasheed, 2005; Elbanna, 2003).

Three features are identified for measuring environmental hostility-munificence, namely capacity, growth/decline, and opportunity/threat. In this conceptualization (Catrogiovannai, 1991, cited in Goll and Rasheed, 2005, p.1007), capacity is represented as the level of information which is available to the organization; growth/decline is represented in changes in the productive capacity of the organization;

opportunity/threat is represented as how to extend capacity but not to exploit it (e.g., Catrogiovannai, 1991; Zahra and Covin, 1995; Kreiser et al, 2002; Goll and Rasheed, 2005; Newkirk and Lederer, 2007).

In their study of top management demographics, organizational performance, rational DM, and the munificence of environments, Goll and Rasheed (2005) found that the munificence of an environment acts as a moderator on the relationship between DM and organizational performance. Kreiser et al., (2002) researched the relationship between environmental conditions and the SDMP in small and medium size enterprises. Their study, which included 1,307 organizations in eight countries, found that environmental conditions had an influence on the SDMP.

Contingency theory provides a key construct for businesses operating within a given environment. According to this theory, there is certainly no single strategy that best meets the needs of all organizations (Miller and Friesen, 1983). Therefore it advocates the adaptation of an organizational strategy that meets the needs of individual business operations in respect to their environmental conditions (Gardner et al., 2000). These arguments justify the need for further investigation, because the needs of organizations differ, dependent also on their operational environment, as there is a suggested link between an organization's performance and the hostility of its environment (Zahra and Garvis, 2000), and their results showed profits and growth in revenue, despite the company's performance facing a hostility in the international environment. Moreover, variation of strategy to suit environmental hostility or munificence is crucial for organizational success (Slevin and Covin, 1990). The measurement of the munificence of an environment in relation to SDM is necessary (Castrogiovanni, 1991), and this study aims to contribute to filling a research gap by doing so in a Libyan context.

3.9 Conceptual Model

3.9.1 Introduction

The theoretical realm of the model for this study is grounded on two major research studies: the first identifies a need to develop a model for strategic managers (decision makers), to enable them to achieve success in an organization (Ford et al., 2008). The second stresses the need to develop and test a more integrated model of the SDMP (Brouthers et al., 2000; Elbanna and Child, 2007a,b).

The next section (4.2) considers the key factors influencing the SDMP and presents their relationship in the form of a conceptual model. The development of this conceptual model will fulfil one of the aims of this study, to explore and critically analyse the nature of the SDMP in Libyan Commercial Banks and the impact of environmental and contextual aspects on that process.

3.9.2 The Conceptual Model

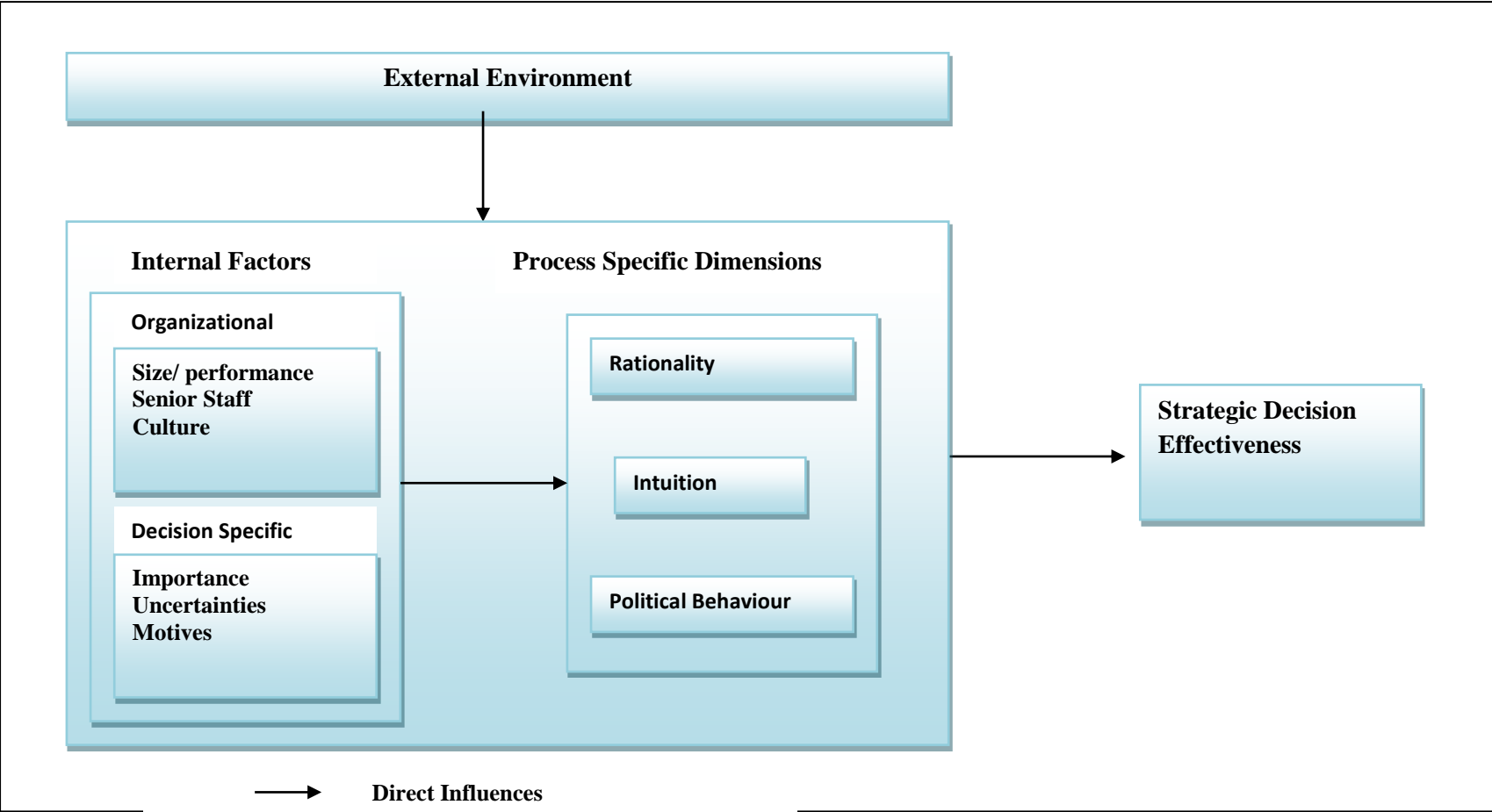
The integrative model for this study is presented in Figure 3.1. Based on the research aim specified in chapter 1, desk research was undertaken to have a pre-understanding of SDM and the core elements that relate to the SDMP. This model builds on the literature review presented in Chapter 3, concerning the relevant contexts that formed the background knowledge for this model.

Figure 3.1, based on the literature review, contains the following key components:

1. External Environmental Characteristics (which include Environmental Uncertainty, and Environmental Munificence (Hostility),
2. Internal Firm Characteristics (which include Company Size, and Firm Performance),
3. Strategic Decision-Specific Characteristics (which include Decision Importance, Decision Uncertainty, and Decision Motive),
4. SDMP Dimensions (which include Rationality, Intuition, and Political Behaviour), and
5. Strategic Decision Effectiveness.

These components are explored in the Libyan Commercial Banks. The conceptual model is presented in Figure 3.1, and justified in section 3.9.3.

Figure 3.1: The Conceptual Model for studying SDMP in Libyan Commercial Banks



3.9.3 The Justification of the Conceptual Model

Strategic DM is a core activity in organizations (Brouthers et al, 2000; Mintzberg, 1989) and there is need to explore how this is done in organizations (Ford et al, 2008). Moreover, doing this is necessary because organizations have their own culture and established values, and these organizational culture features influence the strategic DM orientation of managers (decision makers) (George and Jones, 2008; Eisenhardt and Zbaracki, 1992; Schein, 1990).

Developing countries like Libya have been largely ignored in the examination of SDM. Most studies have focused on the US and countries in Europe. In addition to organizational culture (George and Jones, 2008; Alavi et al., 2006), national culture (Hofstede, 1994) may influence how strategic decisions are made in organizations. In this study the conceptual model is applied in the Libyan Commercial Banking context.

The conceptual model in Figure 4.1 combines several perspectives. Exploring each individual perspective is important, combining them in a study is also important, because (a) each perspective explains only a part of the process (Eisenhardt and Zbaracki, 1992; Hitt and Tyler, 1991; Rajagopalan, et al, 1993), and (b) this will allow for the interactions between them to be highlighted (Brouthers et al, 2000).

It is necessary to explore the influence of external environmental characteristics on the SDMP (Latuha, 2010); Kloviene and Gimzauskiene, 2009; Kreiser et al, 2002). The external environment plays a vital role in making strategic decisions. Under the same circumstances, the external environment may result in different strategic decisions in the US, Europe and Libya.

Alongside the external environment, there is also a need to explore the internal characteristics of a firm's SDMP (Mathias-Reche et al, 2008; Elbanna, 2003; Papadakis et al, 1998). Understanding the impact of organizational culture on a decision maker's perception and decision direction may have an effect on the organization's performance.

Having assessed external and internal influences, the study will also explore the factors of SDM, which are decision specific (Elbanna and Child, 2007; Papadakis et al, 1998; Ford et al, 2008; Kloviene and Gimzauskiene, 2009).

Finally, it is necessary to explore organizational performance and the effectiveness of the implemented strategic decision (Rajagopalan et al, 1997; Kloviene and Gimzauskiene, 2009; Valanciene and Gimzauskiene, 2007; Husted and Allen, 2007; Kono et al, 2010; Ramos-Garza et al, 2011; Baum and Wally, 2003).

3.10 Summary

In this chapter, the outcome of desk research has been presented, reviewing literature that forms the pre-understanding of the researcher concerning the context of this study. Five key literature realms were reviewed to provide the theoretical background on which this study is grounded.

The first core section of this chapter reviewed literature on core concepts in the study of SDMP. In addition to defining SDM, that section also explained, amongst others, 'Decision makers and Group DM', 'Organizational Culture and SDM', Democracy and Distribution of Power in Organizations and SD Effectiveness, and different types of rational prescriptive models were reviewed. Following that, the managerial elements perspective of SDM was explained in the second major section. Two main dimensions were covered in the literature reviewed in that section, namely the decision-specific perspective and the managerial behaviour perspective. These contexts were reviewed in order to explore the gap in research in this area which has provided a foundation for this study.

In the third core section, the literature on 'Environmental Uncertainty' and 'Environmental Hostility-Munificence' was reviewed. The final core section presented literature on the 'Firm Characteristics Perspective of SDM', explaining the elements of 'Company Size' and 'Performance'.

The fourth core section introduced and justified the conceptual model for this study. The key components of the study are well specified in the model. This model presents the pre-understanding of the researcher, based on existing literature about the SDMP.

To apply the model to the Libyan Commercial Banks context, the methodological approach used to explore Figure 3.1 is explained in chapter 4.

CHAPTER FOUR

RESEARCH METHODOLOGY AND DATA COLLECTION

4.1 Research Methodology and Methods

4.1.1 Introduction

This section describes the research methodology that will be used to explore and analyse the data necessary to address the research questions, and also review the main research designs that are available for use in social science research, and explain the choice of methodology that this researcher has made. Issues of validity and reliability of the methods in question and how they impinge upon this research are discussed.

Based on the data collected in this study, table 4.1 summarises information about the strategic decision case studies which were explored in the three banks, their objectives, and a brief description of their important process activities.

Table 4.1. list of decisions		
Decisions	Banks	Description of the decision
Establishment of new technology decision	Bank (A)	<p>The development of a new technology system was represented in automated clearing house, real time gross settlement, and automated check processing, which contributed to diversification, acceleration and the accuracy of various financial and banking services. A new technology system contributes to the development of financial and other economic sectors, and also increases the benefits of the large developments of information technologies and improving the banking activity environment and Commercial Banks.</p> <p><i>“... the bank had prepared a thorough plan to study the programme on 4th September 2004 with the help of The Central Bank of Libya and the Commercial Banks and consultation companies..... Our bank and these banks formed a committee from all participating banks their aim was to study all aspects of the programme and methods needed to work it.” P1-A</i></p>
Islamic Murabaha Decision	Bank (A)	<p>The Islamic Murabaha decision was one of the most important strategic decisions recently taken and it was issued on 25th May 2008. Murabaha means that the bank buys and owns certain products , for example (cars, electrical appliances, electronic devices) then the bank sells them after adding all costs in order to buy it, with a reasonable profit that the two parties agreed about and also with the agreement of all other conditions of payment. The idea of the new product decision came at first because of the Islamic Sharia Law. This new product (Murabaha) was well received by much of Libyan society which led a lot of Libyans to start paying back their debts and cover their financial commitments to the bank in the form of traditional credit.</p> <p><i>“.....in my opinion the main problem that the bank has is that the majority of Libyan people believe that interest and the commission charged by banks are a kind of usury, which is forbidden in Islam. As a result, people avoid dealing with Commercial Banks, and according to this problem this decision was suggested to be taken from the board of directors of the bank.” P4-A</i></p>
Training Decision	Bank (B)	<p>The training decision represents one of the important decisions taken by the bank and available to the employees for a very long period. The bank started in 2007 the rehabilitation of workers for the training courses in all disciplines. The aims of the training decision was to improve the performance of bank employees’ and enable them to achieve the best work, and training and qualification of bank employees’ in order to create national cadres able to run and manage the bank. Development of the employees’ banks to make them able to keep pace with global developments in the banking industry.</p> <p><i>“we were suffering from the lack of staff; those who meet the criteria for banking and this are affecting the performance of the bank. For example, the mistreatment of customers and the failure to provide the required service at the suitable time resulted from the lack of ability to introduce new products or new technology to cope with banking developments. Therefore, we did our best to develop plans and programs for the rehabilitation of the workers. We have prepared, for example, training courses in many field, such as banking businesses, financial, economical and others.” (P5-B)</i></p>
Islamic Murabaha Decision	Bank (B)	<p>The Islamic Murabaha decision was the most important decision taken recently by the bank, and it was issued on 2008. The Islamic Murabaha decision was a product of new banking business. It was approved to replace the interest system accompanied by developments in society to establish investment and develop projects.</p> <p><i>“...Islamic Murabaha decision was one of the most important decisions to have an impact on the Libyan banking markets. The bank was suffering the problem of individuals refusing to deal with interest since it contradicts with</i></p>

		<p><i>the Islamic Sharia. The bank has made this decision to solve this problem...”</i> P7-B “... <i>this decision was considered in a master study prepared for this purpose, which was suggested to solve the bank’s problem represented by people refusing to deal with interest. They do not want interest and ask to buy products from the bank but directly dealing with the bank according to the Islamic Sharia. The solution was Islamic Murabaha (services consistent with Sharia) which was submitted to administrative committee of the bank and approved by the Central Bank of Libya; therefore this decision was made...”</i> P8-B</p>
Decision five: Training Decision	Bank (C)	<p>The bank, during the past few years, put operation training and rehabilitation at the forefront, carrying many of the programs of training and familiarization tours in all areas related to banking, and in conjunction with the ongoing economic reforms at the level of the financial sector and monetary policy. The bank took this decision in 2006 based on the requirements of banking reform and orientations by the Central Bank of Libya from the need to work to develop Libyan banks and an increase in the reform of economic activities. The decision was made due to the bank suffering from several problems such as (1) poor banking services provided to the customer, (2) mistreatment of customers by the employees, (3) the lack of trained and qualified staff who lack training techniques, (4) not keeping up with the latest modern technologies in the training of employees.</p>

4.1.2 Research Philosophy

In research philosophy ‘all human beings are guided by highly abstract principles’ (Bateson, 1972, cited in Ritzer, 2004, p.37). These principles relate to the underlying ontology, the nature of reality, epistemology, the connection among the inquirer and the known, and methodology, and concern how we know the world and increase understanding (Lincoln and Guba, 2000). Silverman (2003, p.2) contends that ‘methodology is a general approach to studying a research topic’. The methodology establishes an approach to addressing the research questions and is strengthened by the method or methods.

In research philosophy a distinction is often drawn between the term ‘positivism’ and ‘interpretivism’ (Bryman and Bell, 2007). The term ‘positivism’ describes the approach that is predominant in the physical sciences and assumes that science measures (usually quantitatively) independent facts about a single apprehensible reality (Guba and Lincoln, 1994). Furthermore, Easterby-Smith et al., (2002) argue that the concept of positivism implies that the social world can be understood through objective measures, instead of being inferred subjectively through sensation or intuition.

Contrary to positivism, interpretivism seeks to understand phenomena as social realities with form the social life-world (Crotty, 1998). In the view of Bryman and Bell (2007) interpretivists believe that: “*the subject matter of the social sciences—people and their*

institutions—is fundamentally different from that of the natural sciences. The study of the social world therefore requires a different logic of research procedure, (p. 17).”

A social constructivist philosophy for conducting research was selected as the most suitable philosophy to address the research questions of this exploratory study because it recognizes the relevance of culture and context. This approach assumes that 'reality' is a social construct rooted in interactions between people involved in some joint activity, and that 'knowledge' is socially and culturally constructed. An inductive approach was selected for the study because it seeks to understand phenomena through meaning, based on an understanding of experience from the perspective of individuals. The approach recognises the complexity of the process of strategic decision making and identifies the importance of accepting different individual circumstances and individual cases (Saunders, 2007).

Thus, this approach was more appropriate because it used a more personal process (Carson et al., 2001), and this allowed the researcher to analyse the various interpretations that actors related to a particular phenomenon give to their experiences (Easterby-Smith et al., 2002), and focus on understanding what was happening in a given social context.

The current study focused on the understanding of social phenomena of the Libyan commercial banks focusing on senior managers, viewing the phenomena from their point of view. The focus is based on the researcher's interpretation of the participants' views (Bryman and Bell, 2007). To achieve this the researcher needed to have face-to-face contact with the sample of the study in order to enable her to obtain as much information as possible, to understand the complex process of DM, and how and why the decisions were made, and what the factors were that had an impact on the SDMP. For this purpose, the researcher chose three methods of collecting information, which were: personal interviews, documents, and observations, in order to achieve multiple realities from different perspectives, and address the research questions. This indicated that the study needed to be both exploratory and inductive in nature, following a social constructivist philosophy (Lincoln and Guba, 1985).

4.1.3 Research Design

The nature of the research can be determined by the research strategy. This research focuses on the SDMP in Libyan Commercial Banks. The research design can be defined as *“a master plan specifying the methods and procedures for collecting and analysing the needed information”* and as a *“framework of the research plan of action”* (Zikmund, 1997, p. 40).

The researcher considered some options in selecting an appropriate and effective approach to the collection and analysis of data, to achieve the aim of the research, and also ensure that the data contributed to addressing the research questions. One of the main functions of research design is to ensure that the research instrument provides appropriate direction to the collection and analysis of data (Hussey and Hussey, 1997).

In the preliminary stage of any research, researchers need to select a specific research design for data collection and analysis (Saunders et al., 2003). A research design is a plan or framework for the study, which guides the researcher in collecting and analysing the data, and completing the study. There is also a need to select the most appropriate and effective data collection approaches. There are a number of different research approaches available but unfortunately, there is no simple classification system, (Cooper and Schindler, 2001). For example, translation has great importance in the design of the current research because this research was conducted in another culture with a different language (i.e. Arabic) from the English language in which the questionnaire was originally constructed. The research questions were taken into consideration to develop an appropriate strategy for data collection.

As a result of investigations within the literature on methodology and a review of the SDMP, along with the literature review, a research design was chosen. The design of this research is based on a qualitative approach. The researcher organized the research into four stages. The first stage is the literature review, the second stage is qualitative research, and the third stage is data analysis of the research, while the fourth stage develops a conceptual framework to explain the findings.

4.1.4 Rationale for Choosing Qualitative Research

Qualitative research defined as *“an approach to the study of the social world which seeks to describe and analyse the culture and behaviour of humans and their groups*

from the point of view of those being studied.”Bryman (1988, p. 46). Several authors (Rudestam and Newton, 2001; Johnson and Onwuegbuzic, 2004) have reported that qualitative research has several advantages, e.g. providing large quantities of data such as words and ideas. On the other hand, they have also stated that qualitative research has disadvantages; it is difficult to analyse, the process of collecting data is time consuming, it may be costly, and there are difficulties interpreting the evidence. Ghauri and Gronhaugh, (2005) stated that a qualitative method is better for inductive and exploratory research. It can help researchers to build hypotheses and explanations. It is also more helpful when research objectives need insight into a phenomenon – as is the case in this study. The researcher needed to have direct contact with the sample of the study in order to enable her to combine as much information as possible, to understand the process of making a particular strategic decision, and address the questions driving the research. Several studies in strategic management and business have applied a qualitative research approach such as Miller, 1997; Miller, 1990; Hickson et al., 2003; Miller et al., 2004).

It has been argued that qualitative approaches provide a more holistic picture of the management of organizations. Pettigrew (1985, p 22) stated that studies of strategic management should adopt a contextualised approach allowing the researcher to view *“the emergent situation and holistic features of an organization or a process in its context, rather than divide the world into limited sets of dependent and independent variables isolated from their context”*. Marshall and Rossman, 1989 stated that qualitative methodology involves the different viewpoints of respondents, allowing the researcher to understand more about the phenomenon of SDMP. The exploratory nature of the current study required a qualitative method for these reasons, especially when the research questions are: “what”, “how”, or “why” (Spencer et al., 2003; Yin 2003; Bryman and Bell, 2007).

4.1.5 Qualitative Approach -Strengths and Limitations.

Adopting a qualitative approach in this thesis has both strengths and weaknesses. One of the main strengths of this approach is its depth and the amount of detail it can generate. Several different research methods, discussed later in this chapter, were used to collect data, all of which are associated with applying a qualitative approach, including (interviews, observation, and documentation). Contrary to a research method such as survey, which would allow for a superficial view, these approaches enabled the

researcher to look at the subject under investigation in more depth and allowed her to collect a large amount of data. The findings of qualitative research may not be generalised beyond a particular case (Bryman, 1994). However, it sometimes happens that qualitative research is used in studies which are similar in a particular area of research investigation, and the two sets of results may appear discordant.

Three important strengths of qualitative research were highlighted by Silverman (2005): (1) It takes account of local context; it often studies ordinary events which happen in the natural setting. (2) It provides a complex and rich understanding. (3) It happens over a period of time, which also allows for an understanding of causality and history. Qualitative research is specifically related to an interpretive and relativist position and one which is reluctant to espouse the scientific ideal of transferable, objective knowledge from the research.

The essential features of qualitative research are thus “the recognition and analysis of different perspectives; the researchers` reflections on their research as part of the process of knowledge production; and the variety of approaches and methods” (Flick, 2006, p. 14). Denzin and Lincoln, (2000, p. 3) add that this kind of qualitative research “involves the studied use and collection of a variety of empirical materials – case study; personal experience; introspection; life story; interview; artefacts; cultural texts and productions; observational, historical, interactional, and visual texts – that describe routine and problematic moments and meanings in individuals lives”.

In addition, Denzin and Lincoln (2000) state that when using a qualitative method, it is often difficult to validate outcomes and evidence may be accepted with a certain measure of trust. This disadvantage has been addressed in several studies, often quite innovatively, by using different sources of data in order to verify results, e.g. the use of evidence from documentation, such as media documents, reports, annual reports, circulations. These approaches enabled the researcher to look at the subject under investigation in more depth. In summary, the idea behind conducting qualitative research was to realise the issues related to the process of strategic decisions within the banks in Libya. Moreover, the aim was to investigate what happened in the process itself and how the factors impacted on the process and in the environment surrounding it.

4.1.6 A case Study Approach

A case study approach has been used in this research in order to explore and analyse how SDM works in Libyan Commercial Banks. According to Yin (1981, p.58) a “...case study does not imply the use of a particular type of evidence. Case studies can be done by using either qualitative or quantitative evidence. The evidence may come from fieldwork, archival records, verbal reports, observations, or any combination of these...” In this context, there are three types of research in case studies Yin (2003). These are: (1) exploratory research; (2) explanatory research; and (3) descriptive research. In order to achieve the aims of this research the researcher used exploratory research to understand how defined strategic decisions which were recently taken by banks were made. A case study is one particular form of fieldwork which examines in depth an organization (or series of organizations) over time (Stake, 1995; Hamel et al, 1993). Saunders et al. (2007, p. 139) identified a case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence”.

The research studied each strategic decision of a bank as a case study, this allowed the researcher to analyse each decision, as a separate case study. In a similar way, multiple strategic decision case studies were studied by Blumberg et al., (2005). Due to the homogeneity of the sample which was selected for investigation, the researcher studied more than one decision in different banks. This may lead to similar results, because all the decisions were subjected some similar factors. The research sought to explore and analyse the DMPs of reaching a strategic decision within the context of organization, society, economics and culture, using various sources of evidence, especially interviews and documents. Ghauri and Grønhaug (2005, p.119) reported that; “students often ask how many cases they should include in their study. The answer to this question is very difficult, as there is no upper or lower limit to the number. Often one case is enough”.

In the current study the researcher investigated three Libyan Commercial Banks to understand how strategic decisions were made, but the question was how many decisions should be included in this research. As mentioned before, due to the exploratory nature of this thesis, a case study approach which took each strategic decision as a unit of analysis was used (Blumberg et al., 2005). In order to be able to generalise the results of this study and to increase their robustness, five strategic decisions were investigated (Yin, 2003). The selected case studies had to satisfy certain

criteria. One of the most important criteria for the selection of a decision to be studied as a case was that it should be both strategic and traceable (Miller, 1997). The decisions selected to be studied in this research had to be defined as strategic by all the respondents within the selected bank, as stated by “*Alexander (1986) who found that strategic decisions can be judged in retrospect to assess their long-run outcomes*” (cited in Miller, 1997, p. 581). The homogeneity of the participants sample allowed the researcher to study decisions in more than one bank. This leads to the possibility that similar outcomes concerning the process and effectiveness of SDM will be found, and that similar factors might have affected this process, increasing the strength of any generalisations which are theoretical propositions (Blumberg et al., 2005).

There are weaknesses to this method. It requires cooperation from the organizations involved for easy access to the information required (Dane, 1990). The process of research could also be time-consuming, and at the same time frustrating (Hussey and Hussey, 1997). In addition, the researcher was relatively inexperienced and bias could have influenced the direction of findings and conclusions of the research (Yin, 1989). The researcher followed the steps proposed by Patton (1980, p, 304), which are “... (1) *Assemble raw case data; (2) construct case record; (3) write case-study narrative*”.

4.2 Data Collection Methods

4.2.1 Data Collection

Once a particular research design is selected, the data collection method needs to be determined, but no unanimity of opinion regarding data collection methods has been noted in the literature. Strauss and Corbin (1990) suggested the use of multiple methods to develop a rich research strategy. This means different data collection methods can be combined in order to enhance effective data collection. An investigation of factors affecting the SDMP in Libyan Commercial Banks has been conducted, combining a review of the relevant literature and field work. Based on the scope of the investigation and the nature of the information needed, it was decided that a questionnaire is not a suitable instrument to gather data for this study.

4.2.1.1 The Interview Instrument

Interviews are an essential source of case study evidence because most case studies are about human affairs (Yin, 2003, p. 92). These human affairs should be reported and interpreted through the eyes of specific interviewees, and well-informed respondents can provide important insights into a situation. They also can provide shortcuts to the prior history of the situation, helping identification of other relevant sources of evidence.

There are some advantages to using interviews: “The interview is more appropriate for complex situations; it is useful for collecting in-depth information; information can be supplemented, and questions can be explained; interview has a wider application” (Kumar, 1999, p. 115). In addition, using interviews is recommended because it enables the researcher to capture what actually happens in the explored social phenomenon (Yin, 2003). Denzin and Lincoln (2005, p.10) state that qualitative tools enable the highlighting of “quantity and intensity” in explored phenomenon

Interviews are considered to be one of the best techniques that may be used to collect valid and reliable data relevant to research questions (Saunders et al., 2003). In-depth interviews can be very helpful to discover what is happening and to seek new insights (Robson, 2002). In this kind of interview, the interviewer is in a good position to be able

to judge the quality of the answers of the participants, and to support the respondent to give full and complete answers (Walliman, 2005). Walliman (2005) also adds that interviewing is particularly helpful when qualitative data are essential.

An interviewer acquires data on the issues of his or her interest through the process of interviews with the respondents. An interview is a qualitative method for the collection of information. May (1997, p 91) stated that *"Researchers need to understand the dynamics of interviewing and sharpen their own use and understanding of the different methods of interviewing together with an awareness of their strengths and limitations"*. Interviews can be conducted by telephone or face-to-face. There are different kinds of interview methods. The most widely used methods are unstructured, structured or semi-structured.

The main feature of unstructured interviews is an unstructured set of questions, and the interviewer asks these questions without a predetermined order to the respondents. The main concept behind the unstructured interview is to gather ideas relating to a broader interest so that the researcher can formulate a valuable insight about the variables, which require more in-depth analysis. A structured interview requires a structured set of questions. Here researchers must know what data are required and come into the interview setting with a planned series of questions that she will ask the respondents.

The Interviewer has the opportunity to explain to every respondent their selection process and their importance in the interview and the research. This communication may help the researcher to build trust with the respondent and make them more comfortable. Due to better communication, it is more likely the respondents provide truthful data and give answers without any fear of adverse consequences. Interviews provide the opportunity for an interviewer to get in-depth data from interviewees if required, and he/she can modify questions as the interview progresses.

One common problem in any kind of research which can be faced by researchers is respondents may bias the data when they are aware of possible adverse effects of answering questions on sensitive issues and do not express their true perceptions (Mitchell et al., 1982), but provide information that they think is what the interviewer will be happy with. They are also aware of possible adverse effects of answering questions on sensitive issues. Lack of anonymity is a disadvantage that can be

mentioned, whereas a mail questionnaire does not have this problem. The presence of the interviewer may cause the respondents anxiety.

One common problem in any kind of research which can be faced by researchers is respondent bias. Respondents may misrepresent their data when they are aware of possible adverse effects of answering questions on sensitive issues, and may not express their true perceptions (Mitchell et al., 1982), instead providing information that they think is what the interviewer will be happy with. They are also aware of possible adverse effects of answering questions on sensitive issues. Lack of anonymity is a disadvantage that can be mentioned, which can be overcome by, for example, a mail (or email) questionnaire. Therefore, the presence of the interviewer may cause the respondents anxiety.

Questions for the semi-structured interviews are decided before the interviews. In this technique, interviewers can establish a close connection with the interviewee and it helps them to investigate the motives and beliefs behind the answers (May, 1997). Moore et al., (1995) recognised that issues which are complex or sensitive may be examined by qualitative approaches through a semi-structured interview, allowing for a deeper understanding of issues. People are able to freely express their opinions in their own way in a semi-structured interview. In the initial stage of the interview, structured questions are asked to the respondents and, with the progress of the interview, these questions become deeper and more open-ended, in order to gain additional information from the respondents (Gall et al., 1996).

In this research, semi-structured interviews were the main technique for data collection. The researcher chose this technique for the following reasons: (1) Participants had an opportunity to express themselves in their own words. Despite the fact that respondents may find it difficult to answer this type of question, and it is equally difficult to analyse, previous authors have also investigated the SDMP by using interviews (e.g. Eisenhardt and Bourgeois, 1988; Papadakis et al., 1998). (2) The researcher did not want to test a hypothesis but rather to conduct a research process, which provided opportunities for interpretation. In this study the researcher adopted the open form of questions for the semi-structured interviews from questions used in previous survey studies (Papadakis et al., 1998; Elbanna and Child, 2007a).

In this study, the main purpose of the semi-structured interviews was to get the full 'decision story' from each of the senior managers, without unwanted interruption or direction, and to reflect on their own perceptions. The interviewer was a guide, providing a short list of the areas to be covered so that the discussions did not lose the focus from the main points of interest, and interviewees had the opportunity to talk freely about events that affected their decisions. These consisted of how the decision began and how strategic it was, and respondents were able to relate the story as it happened from its starting to its completion (Butler et al., 1993). The 'what', 'how', and 'why' aspects of the issues of interest were covered by the rich set of qualitative data collected through the semi-structured interviews (Saunders et al., 2007).

4.2.1.2 Informal Observation

The research was aimed at investigating the nature of the SDMP within Commercial Banks in Libya. In order to increase the validity of the results of this research, 'observation' was used as a second instrument to get inside 'street level practice' (Brodkin, 2000, p. 2) through which the researcher in this study was involved in observing the way respondents interacted within the three banks which are the subject of this study.

The researcher visited the banks under investigation many times extending over a period of about two months, becoming familiar with the day-to-day business of the banks: this allowed the researcher to form good relationships with the employees of the banks by direct contact, especially as they appreciated the importance of the research for Libyan Commercial Banks. The researcher took numerous notes to obtain some general insights, and these were discussed with several employees, and senior staff.

The researcher focused on observation after the decisions were made, to discover for herself whether the decisions were successful or not, through the daily integration with employees within Bank. Furthermore, the researcher was able to assess the effects of the real decisions and their consequences inside and outside the Bank. Observation was one of the methods used in the research to collect data, and it kept the door open between the researcher and respondents in their discussion, and also was a guide for the researcher during her discussion with the respondents.

4.2.1.3 Documentary Analysis

An important use of documents is to corroborate and augment evidence from other sources (Yin, 2003, p.87). Sarantakos (2005) stated documentary methods appear in a variety of forms, addressing the whole range of documents, from documents as the unit of analysis to texts, thus he divided documentary methods into three types which are the most common; (1) document study; (2) content analysis; (3) text analysis.

Table 4.2: Summary of Documentation's Strength and Weaknesses

Strengths	Weaknesses
Stability: can be reviewed repeatedly	Retrievability: can be low
Unobtrusive: not created as a result of case study.	Biased selectivity, if collection is incomplete.
Exact: contains exact names, references, and details of an event.	Reporting bias: reflects (unknown) bias of author.
Broad coverage: long span of time, many events, and many settings.	Access: may be deliberately blocked.

Source: adapted from Yin (2003)

By using this element (documentation) the researcher improved her understanding and developed a general idea of the banks under investigation, to achieve the aims of the research: thus documentation can be a help in qualitative research (Silverman, 2005). Yin (2003) emphasised several strengths and weaknesses of documentation, which can be summarised in Table 4.2.

The documentation used in the current research comes from the banks' official sources, such as the laws and regulations and published reports of the banks under investigation. However, the research was not allowed to look at all the documents concerning a strategic decision due to the sensitivity of the subject under study

The documentation used in the current research came from the banks' official sources, and included documents such as laws and regulations pertaining to banking, and the published reports of the banks under investigation. However, the researcher was not allowed to look at all the documents concerning a strategic decision, due to the sensitivity of the subject under study. The key reasons for using documentary analysis in this research were: the time was limited, thus it allowed the researcher to avoid repetition in the data collection; the researcher was able to assess the quality and reliability of the data collected through the interviews; and to view appropriate data.

4.2.2 The Study Population and Sample Selected

In a research study the first and most critical part is selecting the sample (Hussey and Hussey, 1997). The most challenging thing for the researcher was to learn about what top manager and medium managers are thinking and doing in large banks. Researchers need to formulate creative strategies by going beyond these limitations to get access to their data (Snow and Thomas, 1994). As per the above discussion, researchers need to select information on the basis of their competence rather than for their representation alone. The researcher can talk to well informed people who understand the need for information and are glad to provide it or can obtain it for the researcher (Bernard, 2011). Considering the importance of strategic decisions it is likely that more than one member of a top management team has taken the decision. Managers who actively participated in making the SDs in question were members of top management (Bantel, 1993; Amason, 1996).

The researcher considered the importance of the interview sample size; the interviews were conducted by the researcher with the respondents, who consisted of sixteen participants, all of whom worked in Libyan Commercial Banks (Bank A, Bank B and Bank C). The interviews were also designed to gain further insight into the responses of bank employees about changes in the environment. The researcher conducted interviews with top and medium level respondents, who held positions of responsibility in banks, in order to obtain sufficient information and different opinions, through interviews with participants. This, together with an assessment of the available documentary evidence, enabled the researcher to understand the functions and responsibilities of each of the participants under study. The Interview schedule is given in Table (5.3).

The researcher collected the primary data from the managers, who were representative of the total population of decision-makers in the Libyan commercial banking sector. The respondents to this research were top and medium managers who could relate the content and sequence of events connected with SDMP in their organizations. As Shortell and Zajac (1990, p. 828) argued, observing the perceptions of knowledgeable key informants for an organization's strategic orientation is a more authentic approach for measuring strategy. The fundamental part of any research study design is selecting the population and it is one of the main stages in social research also. Three Commercial Banks of Libya situated in Tripoli City were included in the research study,

and the sixteen interviews were selected because of their involvement with the five decisions.

Table 4.3 Interviews Schedules

Interviewee	Bank	Position	Role & Responsibilities
P1	A	Executive Manager	Studying offers by foreign companies, attending informal meetings, maintaining the unity of a network server, preparation of monthly reports in accordance with the indicators of the plan and submitting them to the Director-General and follow-up to the level of implementation of the project.
P2	A	Manager of Accounting Department	Organizing the work in financial management, leading to the arrival of the correct information at the right time for decision-makers, analysis of investment opportunities, clarifying the financial implications of the decisions.
P3	A	Member of Board of Directors	Attend regular meetings for the management committee members, develop plans and programs to serve the objectives of the Bank, and contribute to activate the standing committees and special committees
P4	A	Manager of Marketing Department	looking for investment opportunities and how to market goods, identify areas of problems, predicting them before they occur, review the bank's strategies in order to remain compatible with the market, and collecting and analyzing information about customers to identify the orientation and then the ability to satisfy their needs.
P5	A	Member of the Board of Directors	Attend regular meetings for the management committee members, review the data, information and statistics related to the decision, and study and evaluate technical and economic decisions.
P6	A	Manager of Accounting Department	Assistance in financial planning long-term, medium-range and short-term, choose the appropriate information correctly, accurately and usefully from among the vast amount of information, and contribute to take the necessary measures to provide new sources of funding.
P7	B	Manager of Accounting Department	Organizing the work in financial management, leading to the arrival of the correct information at the right time for decision-makers, analysis of investment opportunities, attend periodic meetings within the bank, achieving a financial and accounting settlements within and outside the bank, and Assistance in financial planning for decisions-making .
P8	B	Manager of Marketing Department	Contribute to take the necessary measures to provide new sources of funding, review the bank's strategies in order to remain compatible with the market, and collecting and analyzing information about customers to identify the orientation and then the ability to satisfy their needs, contributing to the diversification and improving the quality of banking services.

P9	B	Deputy General Manager of Commercial Bank	The same duties as general manager and helping him in his duties and deputy in his absence, taking the necessary action to conduct the bank business and to take administrative action to hold violators in accordance with the laws and regulations, participation in making the decisions in the bank, and proposing all necessary means to develop and improve bank performance and its branches.
P10	B	Manager of Training Department	Identifying the training requirements of the bank and preparing for the training plan, preparing the studies and research that would raise the efficiency of training, the statistics and data on programs and trainees, the manual training companies and trainers, studying and evaluating the offers and the nomination of companies that will assign them to implement the programs, follow up and evaluate the implementation of training programs.
P11	B	Manager of Accounting Department	Achieving a financial and accounting settlement within and outside the bank, preparing the budget estimates for the training plan, and clarifying the financial implications of decisions, and attending periodic meetings within the bank.
P12	B	Deputy General Manager of Commercial Bank	The same duties as general manager and helping him in his duties and deputy in his absence, responsible for assisting the Director-General in the supervision of the progress of work within the bank and its various branches, the responsibility of studying the draft reports on the progress of work at the bank, and his view before submission to the Director-General, as proposed by all necessary means to develop and improve bank performance and its branches.
P13	B	Manager of credit and Risk Management	Risk Identification, data analysis and information to identify different types of risks facing the bank, draw up action plans of various departments and the level of commitment to follow-up, in order to identify and categorize clearly all types of risk (financial, operational, market risk, liquidity and legal, etc, control the size of the risks to minimize their negative effects on the bank and by working to invent and activate mechanisms to reduce financial risk, and measure the risks and determine their effects on bank.
P14	C	Manager of Training Department	Identify the training needs of the bank, preparing the budget estimates for the annual training plan, preparing the manual training companies and trainees in each area of specialization, review the design of training programs provided by the companies and third parties, and monitor and evaluate the implementation of training programs.
P15	C	Member of the Board of Directors	Attend regular meetings for the management committee members, contribution to plans and programs to serve the objectives of the bank, and contribute to activating the standing and special committees.
P16	C	Manager of Administrative Affairs	Attend formal meetings of the bank, evaluation of proposals regarding the development, standardization, harmonization of policies, regulations and procedures that address affairs administrative staff or services, or public relations in the bank, preparation of development plans and administrative development of workers in the bank, the application of policies and procedures that promote public relations reputation of the bank at home and abroad, and providing management consulting for all departments in the bank, and contribute to the development and coordination of administrative relations in the bank.

4.2.3 Bank Selection

The respondents were drawn from one sector - the Commercial Banks in Libya. From these three Commercial Banks (Bank A, Bank B and Bank C) for the interviews; each of these banks had between 1500-3000 workers. The three banks are considered as leaders in the Libyan banking industry. Banks play a supporting role for growth and development of the Libyan economy by solving the financial needs of various domestic and regional economic projects, facilitating international trade activity, and participating in comprehensive financial constructional projects and activities in the country. Its importance to the economy, and its relatively homogeneous operational system influenced the researcher to choose the banking sector for this thesis, to increase the validity of the results (Chiang, 2005).

In order to avoid identifying the banks surveyed by an account of their financial position, figures will be presented for the financial position of all Libyan Commercial Banks at the time the strategic decisions that are the subject of this study were taken. According to the annual report of the CBL (2008) the Commercial Banks in Libya achieved growth in their financial position in 2008, raising their total budget to about 33.2834 billion dinars, an increase by 83% from what it was at the end of 2007. This is a reflection of the expansion of banking services to its customers, especially in the field of mediation finance.

On the side of liquid assets, the balance of assets held at Commercial Banks was raised to 15.8964 billion dinars, representing an increase of 75%, to reach at the end of 2008 to about 37.0939 billion dinars, compared to 21.1975 billion dinars at the end of 2007. Thus rise was due to an increase in deposits to the Central Bank of Libya of about 14.3593 billion dinars, to reach the total about 32.5077 billion dinars at the end of 2008, as a result of the investment by banks in certificates of deposit with the Central Bank of Libya. Furthermore, the banks increased their deposits by about 283.7 million dinars, bringing the total to 510.8 million dinars at the end of 2008, and there were an increase in cash in the fund from the local currency and foreign currency held by Commercial Banks to about 9 million dinars and 3.2 million each, respectively.

In addition, the Commercial Banks achieved an increase in bank credit by 2.3536 billion dinars in 2008, up by 28.7 % to 10.5449 billion dinars, compared to 8.1913 billion

dinars at the end of 2007. This was because the balance of loans increased economic activities and service productivity by about 1.8988 billion dinars, a rise of 39.0%.

The balance of fixed assets rose by 889.6 million dinars, or a rate of 49.8%, to reach a position at the end of 2008 of 2.6769 billion dinars, compared to 1.7873 billion dinars at the end of 2007.

Finally, the capital accounts and reserves of the Commercial Banks increased by about 506.2 million dinars, or a rate of 30.5%, and this increase amounted at the end of 2008 to 2.1676 billion dinars, compared to 1.6614 billion dinars at the end of 2007.

From the summary above, it is clear that Commercial Banks enjoyed a strong financial base which contributed to the support of the Libyan economy. Within this context, the aim of the observations made by the researcher in this study was to understand the essence of market players' thinking regarding the SDMPs in the Libyan banking sector, to explore which factors may affect the SDMP in Libyan Commercial Banks.

4.2.4 The Method of Selection for SDMP

1- Qualitative data is the main method employed in this research to understand the SDMP of Libyan Commercial Banks. In order to investigate how these decisions were made, it was necessary for the researcher to elicit different views from different participants of the SDMP.

2- The researcher started the study process by meeting with managers of financial and management departments of three Libyan Commercial Banks, who helped the researcher in ways such as, (1) to select the strategic decisions, and giving an overview of each decision, (2) to organise and arrange interviews with other departments' managers.

3- The researcher conducted interviews with top level participants, who held positions of responsibility across Libyan Commercial Banks. The researcher took into account the importance of the interviewees to discuss with them questions such as what were the most important strategic decisions made in the previous period, in their opinion, taking answers from respondents' different positions of responsibility. Nine strategic decisions were selected for study. However, the thesis includes the analysis of five decisions as an availability of interviewees was too limited for the other decisions.

4- The researcher determined the nature of strategic decisions taken by Libyan Commercial Banks, and determined five strategic decisions which had been taken. This was after deep discussion with respondents.

5- This study is exploratory in nature, and seeks for elements that had an impact on the DMP and whether the decisions were effective or not. However, when the researcher was selecting strategic decisions to study, she did not focus on whether the decisions had been successful or not: the selection of strategic decisions was based on the answers of the participants, who identified which decisions they considered most important to their bank.

6- The respondents emphasised that these strategic decisions had an impact on the banks, and the motive for and importance of these decisions arose from the importance given to five decisions, so the participants stated several points to be used as measurements to determine what were strategic decisions; such as: (1) all of the strategic decisions made had increased returns and reduced risks to their business, (2) all of the strategic decisions made had contributed in implementing banking sector reform strategy, (3) all of the strategic decisions made had complied with the conditions of international bank regulation, (4) all of the strategic decisions made had an impact on the banks` behaviour, in terms of their performance.

4.2.5 Personal Interview Arrangement

In order to arrange semi-structured interviews, the researcher introduced letters of recommendation written by the Libyan embassy in London to Libyan Commercial Banks (see Appendix 1). Thus, the researcher started her journey to collect data, initially with officials in the departments of the financial managers of Libyan Commercial Banks who helped the researcher as follows: (1) to select the strategic decisions which were taken by Libyan Commercial Banks, and gave an overview on each decision, (2) to organise and arrange interviews with other managers of departments who had contributed to the issue and had knowledge of these strategic decisions, (3) and to direct the researcher to take some administrative procedures in order to achieve this task.

So, they were very useful intermediaries. The researcher followed several steps in arranging interviews with respondents, contacting each on a one-by-one basis. Within a

week, the researcher received calls from banks. Following this, the researcher started to visit banks to arrange first meetings with respondents. These meetings were intended to introduce the researcher and the importance of the research to banks, and to determine the time, date and location of the interview with respondents.

4.2.6 The Selection of Interviewees

The role of the researcher is to visit the case 'location' and conduct interviews about the subject of the research. The sample size for analysis in this research was five strategic decisions in three banks. The research used both primary and secondary data.

The reason for choosing three banks was that they were the biggest Libyan Commercial Banks in terms of the number of employees and bank capital, which enabled the research to obtain sufficient information on the strategic decisions made. Berger et al., (1989) have emphasised that the criteria usually considered as significant in an effective researcher are: (1) honesty, trustworthiness and self-control; (2) sociability and social acceptability; (3) accuracy and dependability; (4) objectivity, and lack of prejudice; (5) verbal ability and ability to listen to others carefully; (6) interest in and familiarity with the research topic; (7) ability to work with others in a team of experts. Huber and Power (1985, p.174) reported that:

“because the units of analysis are so costly to assess in studies of strategy and policy formulation, and because much of the information about a given event must be obtained from a single key informant, it is extremely important that the data collected be as accurate as possible. Consequently, it is crucial that researchers collect their data from the most appropriate person in the organization”.

Data collection by interview in banks took place at the beginning of June 2010. This procedure encountered several problems, such as the fact that all respondents were very busy and it was difficult to arrange a time for the interviews. To overcome these problems, the researcher suggested a timetable rather obvious for each respondent.

In this timetable each respondent determined which time was appropriate and if he/she wanted to divide the time of the interview, and also the location of the interview. Achieving this task took about two months (for each day about 5 hours), this time included conducting the interviews and transcribing each interview immediately afterwards. The researcher obtained permission from respondents to record their interviews during the meeting; and the participants were given the choice of accepting

or rejecting having the interview recorded. In addition, some of the participants took a copy of the interview in order to protect themselves. The researcher used a digital voice-recorder to keep an audio record of the interviews (Ritchie and Lewis, 2003).

4.2.7 Rationale for the Selection of Personal Face-to-Face Interviews

The interview is one of the most important and effective methods of data collection (Hussey and Hussey, 1997). In addition, according to Cannel, 1957 (cited in Saunders et al., 2003, p. 245) an interview is “a purposeful discussion between two or more people”. Hotho and Champion (2011) describe that there are many merits of interviewing, related to the long length of time spent with an individual respondent, including greater depth, allowing attitudinal and behavioural insights, the elimination of negative group dynamics, and more control over the direction of the discussion.

Moreover, there are many kinds of interview, such as personal face-to-face interviews, telephone interviews, mail interviews, and each type of interview has advantages and disadvantages (see Zikmund and Babin, 2006). The researcher tried to select the best method of interview, which allowed her to build more confidence with respondents and to collect more information in order to answer the research questions: finally the researcher took into account that socially and culturally, people appreciate personal attendance. Thus the face-to-face interview method was selected for data collection, due to that method allowing the researcher to conduct interviews in a variety of situations (supported by Pope and Mays 2006). The researcher excluded telephone interviews, as the interview questions were long, and it would have been difficult to get a lot of clear, detailed information over the telephone. Moreover, this method was costly, which would have meant an expensive price to call in a country like Libya and this would have cost the researcher enormous amounts, which together with the possibility of misunderstanding the questions due the inevitable difficulties of phone calls and the consequent difficulty of giving explanations on the phone. Furthermore, the researcher noted that email interviews were not popular with respondents. Based on the above argument, the researcher decided to use the semi-structured interview as a method to collect data.

4.2.8 Design of the Interview

The objectives of the research and the responses of the respondents are affected by the design of the questionnaire (Robson, 2002). Thus, the format and length of the interview can be affected by the responses of the interviewee. The researcher followed a face-to-face interview method and an inductive approach, this allowed the researcher to go deeper to understand more information about the SDMP in Libyan Commercial Banks, in order to develop theory, and to allow the possibility of adding new ideas and aspects in this area, as supported by Crane (1997). To build a basis for an interview designed to collect and analyse data for this research, the researcher depended on primary data such as professional literature related to the SDMP. Thus, the design of the interviews in this research followed the literature, academic guidelines and the previous experiences of other researchers.

The researcher based the interview questions on Elbanna and Child's survey (Elbanna and Child, 2007a), and edited the Elbanna and Child questionnaire to correspond with the research questions and to be suitable for semi-structured interviews. One reason for selecting the Elbanna's survey was due to Libya and Egypt being relatively similar in terms of their culture, habits, traditions, environment and religion, as well as being neighbours. The researcher excluded some questions and combined some questions because (1) the questionnaire was long and had closed questions (2) the questionnaire gave alternative answers (3) and finally they designed their questionnaire for a quantitative survey. Thus, the researcher created open questions to provide for a greater variety of opinions and give the respondents the opportunity to offer additional information.

The interview design was divided according to the main themes studied in this research, and each theme included specific questions to cover the research. This structure helped the researcher and the respondents in terms of the sequence of ideas and the conduct of the interviews. It increased confidence between the researcher and the subjects. The questions were conducted with all of the interviewees, in order to elicit information related to the SDMP in Libyan Commercial Banks. The researcher took into account that the sequence of questions within interviews was very important if the research was to achieve its aim (Churchill, 1995). This allowed the respondents to move from one question to the next very simply, in order to help the respondent to keep a sequence of her ideas.

Previous studies into the SDMP, and the experience the researcher in this field helped the researcher to interpret her findings. In addition, the researcher discussed the questions with her supervisors, in order to have their opinions before starting to conduct the interviews. The questions were designed in English and then translated into Arabic by the researcher, and this was supported also by several translation offices and several faculty members who specialised in linguistics, in order to avoid misunderstanding of the interview questions. Both the English and Arabic versions of the questionnaire were similar in this research in terms of the same layout, paper, order of questions, and number of pages (see Appendices 2&3 for both version).

4.2.9 Conducting the Interviews

In order to have sufficient information and a deep discussion with respondents, and also due to the importance of the research, the researcher used semi-structured interviews. Potter and Heplurn (2005, p. 300) stated that “Although qualitative interviews are treated as relatively easy to perform, they are very hard to do well”.

The data collection of this research took about two months (June and July in 2010), and each interview took between two and half hours to three hours, in locations such as informants’ offices, but the researcher tried to maintain a balance between time, cost and the need for accurate answers to the questions. In addition, the researcher also took into account common errors that were identified by Berger et al., (1989) such as recording errors, evaluation errors and instruction errors. The greatest problem facing the researcher was how to organise the timetable of interviews with informants, as all informants had responsibilities in their banks and thus were extremely busy. To solve this problem, the researcher asked each informant to determine the time and location of interview. In order to manage time and effort more efficiently, the researcher gave informants her mobile telephone details so that they could contact her if they wanted to change the time or location of the interview.

In this study sixteen interviews were conducted with the senior manager within the banks, and the list of personnel interviewed in each bank is shown in the Table below.

Table 4.4: Details of Interviewees and Banks Used in this Study	
Banks	Strategic Decisions and Interviewees
	The Main Interviews
Bank A	<p>New technology Decision P1 = Executive Manager (New technology) P2 = Manager of Accounting Department P3 = Member of Board of Directors (Director of Credit and Risk Management)</p> <p>Islamic Murabaha Decision P4 = Manager of Marketing Department (Executive Manager) P5 = Member of Board of Directors P6 = Manager of Accounting Department</p>
Bank B	<p>Islamic Murabaha Decision P7 = Manager of Accounting Department P8 = Manager of Marketing Department P9 = Deputy General Manager of Commercial Bank</p> <p>Training Decision P10 = Manager of Training Department P11 = Manager of Accounting Department P12 = Deputy General Manager of Commercial Bank</p>
Bank C	<p>Training Decision P13 = Manger of credit and Risk Management P14 = Manager of Training Department P15 = Board of Directors (Director of Training) P16 = Board of Directors (Director of Administrative Affairs)</p>

4.2.10 Piloting the Interview Instrument.

The researcher tried to enhance the validity of her research in terms of the interview questions by asking participants in the five pilots to identify what they regarded as strong or weak questions. This procedure was achieved by allowing people who had knowledge and experience in this field to participate in the pilot study. The researcher modified the questions according to the comments received from participants; this was done initially by discussing the interview questions with her supervisors in meetings. Following this, the researcher distributed copies of the interview questions to selected colleagues, all of whom were studying at postgraduate level at different universities in the UK. As a result of comments and observations by this group, some questions were deleted and the wording of some questions was changed to aid clarity. Having made these changes, copies were distributed to employees of Libyan Commercial Banks known to the researcher, who made a final check of the relevance and clarity of the interview questions.

In addition to the above, the researcher explained each question included in the interview guide to each respondent, because she intended to receive their opinions about the interview questions in order to achieve the aim of the research. The pilot study was designed to collect opinions from respondents about the interview questions, guided in

two ways: firstly in person, secondly to provide additional information by email and telephone. The interview question guide was prepared in English. Since all respondents are employees in Libyan banks, the interview questions were translated from English to Arabic. The researcher strove to guarantee the 'correctness' of translation, taking consideration of contextual equivalence, and she was supported by several translation offices and several faculty members who specialised in linguistics.

4.2.11 Ethical Considerations

Most research situations involve three parties, the researcher, the sponsoring client 'user' and the respondent 'subject' (Zikmund, 1997). The method or type of interactions between any of the parties requires consideration into ethical issues that may arise. The term ethical means rules of behaviour or conformity to a code or set of principles (Kimmel, 1988). For research this means effectively managing the expectations of all parties (Robson, 2002; Zikmund, 1997) and ensuring that the research strategy chosen does not violate the participant's privacy or disrupt their day to day actions at work (Marshall and Rossman, 1989).

The researcher followed the framework of the University of Gloucestershire's Research Ethics Code within personal interviews. All the conditions of the Ethics Code in terms of confidentiality, the right to refuse to answer questions, the right to oversight of responses before use in the study and the right of the participants to have their identities protected were adhered to. A personal letter was sent to the interviewees/participants informing them of the time required, the content of the interview, the purpose of the research and the confidentiality of the data/information provided, and thus they then agree to take part. Interviewees were shown the result of the interview, providing the opportunity to correct any misunderstandings on the part of the interviewer. They were reassured of their right not to answer and to withdraw their statements if they so wished. For the sake of confidentiality, fictitious names were used to prevent participants being identified (Berg and Lune 2004).

Once the research was approved, the researcher had another meeting with the Director of Administrative Affairs to discuss in more detail the purpose of the research and the ways it would be conducted within the given organization. The research information sheet provided participants with information on the research and all the necessary contact information for the researcher and her supervisors. The consent form contained

a written statement which explained that participation in the study was to be voluntary (Marshall and Rossman, 2010) and would be conducted without duress, undue influence, or financial inducements. The consent form also notified the participants that the interviews would be tape recorded, analysed and kept in a secure place, before being destroyed. In addition, the banks agreed to participate in the research as long as their names (banks and participants) would remain confidential. Therefore, the study refers to three banks (A, B, C), and sixteen participants, referred to as participant P1, P2, P3 etc.

The researcher obtained permission from respondents to record their interviews, and the researcher confirmed to the respondents the confidentiality policy of the University of Gloucestershire, and that the interviews would be used for academic study only (May, 1997; Ritchie and Lewis, 2003).

4.3 Section Three: Data Analysis Process

4.3.1 Data Analysis

In- depth interviewing “is the hallmark of qualitative research. ‘Talk’ is essential for understanding how participants view their worlds. Often, deeper understanding is developed through the dialogue of long, in-depth interviews, as interviewer and participant ‘construct’ meaning. (Rossman and Rallis, 1998, p. 93)” Due to the importance of sample size to qualitative interviews, this research consisted of sixteen respondents, all employees in Libyan Commercial Banks in different senior positions of responsibility.

The researcher followed the methods of standardized open-ended interviews in this research. Therefore, the researcher transcribed the entire interview with respondents, and classified it according to the structure of the answers. There are two kinds of approach methods as reported by Bryman, (1994), the first approach is deductive approach, and the second approach is inductive. The inductive strategy is more associated with a qualitative approach and that the deductive strategy is more associated with the quantitative approach.

Rudestam and Newton, (2001) reported that the strategy of qualitative data depends on conversation in terms of the collection and analysis of data. Thus the inductive approach usually contributes to the emergence of a new theory; with the result that qualitative research is likely to be inductive rather than deductive. In addition, Patton (1990)

reported that in qualitative research; the information created is analysed using an inductive data analysis method. In this context, this research was exploratory in nature. Patton (1990) stated that inductive analysis indicates that the categories, themes and patterns of analysis come from the data. The coding method used in this research is as described by Nachmias and Nachmias (1996).

4.3.1.1 Transcribing

The researcher asked permission to record all the interviews using electronic recording equipment. Seven interviewees agreed to be recorded, while nine interviewees declined: the recorded interviews were transcribed by hand into written Arabic, while those interviews not recorded were written up from notes taken by the researcher. The research took into account each word by word transcription created for each interview in relation to all the decisions. The Arabic data were analysed, and summaries of the data were translated into English. a translation should be “a perfect parallel to the source text” (Crystal, 1997), In order to enhance the validity and reliability of findings in this research, the researcher ensured that the process of translation was labor-intensive, in order to make sure that pertinent meanings of the interviews were not lost.

4.3.1.2 Open Coding

The researcher transcribed, coded and organized the interviews using the audiotape-recordings which were made into themes and sub-themes that evolved out of the generated materials in this research. This allowed the researcher to make themes and sub-themes of information about the phenomenon of this research. Thus, the research covered all the questions by using themes and sub-themes, thus the open coding process in this research consisted of eleven themes, and each theme consisted of sub-themes, and each one was assigned a code.

4.3.1.3 Generating Themes

The main themes of this study were based on from the design of questions based on Elbanna and Child`s, 2007a survey, and the research framework (Figure 4.1) The researcher listened many times to her recorded interviews and made notes for each question with each respondent (views, opinions and remarks); this allowed her to generate sub-themes, appearing from the recorded interviews. For the interviews which were not recorded, the researcher used her notes and recollection of the interview to

generate sub-themes from the responses given. These have contributed to achieving the aims of this research, due to fact that the sub-themes represent multiple perspectives. In addition, the researcher endeavoured to avoid any repetition of sub-themes.

4.3.1.4 Axial Coding

The aim of using axial coding was to reassemble data that were fractured during open coding, as supported by Strauss and Corbin (1990). In this context, Brown et al. (2002) stated that there are four analytical processes which occur in this process: (1) continually relating sub-categories to a category, (2) comparing categories with the collected data, (3) expanding the density of the categories by detailing their properties and dimensions, and (4) exploring variations in the phenomena. The researcher identified themes and sub-themes in this research in the stage of 'open coding'. Those were related to the phenomena under investigation. The themes of this research were already identified from the literature, but sub-themes were identified through the interviews themselves, and had a relationship with the themes (Strauss and Corbin, 1990). The general themes and sub-themes were classified and coded, with each with a given numerical code.

4.3.1.5 Selective Coding

Selective coding as “the process of selecting the core category, systematically relating it to other categories, validating those relationships, and filling in categories that need further refinement and development”.(Strauss and Corbin, 1990, p. 116). Within each of the interviews the researcher identified a narrative thread work and a sequence of events based on the main themes, systematically relating it to other themes that emerged from the data in axial coding.

Table 4.5: Interview Coding

Categories (themes)	Sub categories (sub themes)	Coding
1. Rationality	1.1 Gather relevant information. 1.2 Analyse relevant information 1.3 Crucial information	Ray R: gath R:relev R:cruci
2. Intuition	2.1 Personal judgement 2.2 Past experience	Inn I: pers I:past
3. Political behaviour	3.1 Openness with each other about interests and preferences (reverse scaled) 3.2 Power to defend preferences 3.3 Bargaining among decision-makers scaled)	Por P: open P: powe P:barg
4. Decision importance	4.1 Decision importance 4.2 Subsequent decision 4.3 Consequences if something went wrong 4.4 Delaying the decision	impo I: impo I:subs I:cons I: dela
5. Decision uncertainty	5.1 Clarity of kind of information to be collected 5.2 Uncertainty about the actions to be taken 5.3 Difficulty of predicting the outcome	Uncr U:Clar U:unce U:diff
6. Decision motive	6.1 Motivation to make the decision 6.2 Adequate freedom in addressing the decision	Moti M:moti M:adeq
7. Environmental hostility-munificence	7.1 Threat to survival 7.2 Stressfulness 7.3 Dominance over the company	Envi E:thre E:stre E:domi
8. Environmental uncertainty	8.1 Product 8.2 Economy 8.3 Competition 8.4 Governmental policies	Envi E:prod E:econ E:comp E:gove
9. Performance	9.1 Financial and business performance 9.2 Organizational effectiveness	Perf P:fina P:orga
10. Decision Effectiveness	10.1 Success in achieving decision objectives 10.2 Hindsight that the right choice was made	Effe E:succ E:hind

Several authors (Strauss and Corbin, 1990; Goulding, 2002) stated that there are several techniques such as writing storylines, drawing diagrams, and sorting memos by hand or by computer program which exist to identify the main category. The researcher was using a data matrix by hand to make a good summary of all the interviews, in order to see the relationships between the main themes and the emergent themes. This display helped the researcher to identify points of convergence and divergence between the answers of respondents in the SDMP. After that the researcher noted that there were similarities according to evidence, remarks, views, and opinions expressed by the respondents during interviews [see Appendix 4) which shows transcription of translated (English) interview].

4.3.2 Validity and Reliability

It is necessary to specify terms and ways of establishing and assessing the quality of qualitative research Lincoln and Guba (1985) and Guba and Lincoln (1994, cited by Bryman and Bell, 2007). They proposed two primary criteria for assessing a qualitative study: trustworthiness and authenticity. The researcher adopted trustworthiness as an alternative criterion for evaluating qualitative data in this research. In this context, Lincoln and Guba (1985, P.290) assert that "the basic issue in relation to trustworthiness [validity and reliability] is simple: How can an inquirer persuade his or her audiences (including oneself) that the findings of an inquiry are worth paying attention to, worth taking account of ?" The researcher needs to respond to four elements with their corresponding terminologies in qualitative research: truth- value (credibility), applicability (transferability), consistency (dependability), and neutrality (conformability) (Lincoln and Guba, 1985). In this context, Denzin and Lincoln (2000) stated that there is considerable disagreement over what constitutes good interpretation of qualitative research. In order to test and investigate that data collection methods were valid and reliable in this research, a model of trustworthiness was used as supported by Krefting (1991). However, there is still debate among scholars about the terms of validity and reliability (Hamersley, 1987). Thus, the researcher followed Lincoln and Guba's (1985) model, which is discussed below.

4.3.3.1 Credibility

"Researchers judge the credibility of qualitative work by its transparency, consistency-coherence, and communicability and should design interviews to achieve these standards" (Rubin and Rubin, 1995, P. 85). Lincoln and Guba (1985, p.296) describe credibility in two ways *"first to carry out the inquiry in such a way that the probability that the findings will be found to be credible is enhanced and secondly, to allow the respondents the chance to look at and evaluate the findings of the study"*. The validity of evidence can be improved by triangulation (Modell, 2009). The researcher took into account the important techniques used such as (1) prolonged engagement, (2) persistent observation, (3) triangulation, (4) referential adequacy, (5) and cross checks, in order to enhance the credibility in this research. Hotho and Champion (2011) suggest that the credibility of the study and the confidence of its conclusions can be maximised by attaining the data from multiple data sources and contexts, stages of analysis and researchers involved. Credibility is characteristic of a good measure. Thus the

researcher used it in this research, because it is concerned with the extent to which research measurement is precise, repeatable, and consistent.

The researcher claims credibility in the current research by checking and validating the data about strategic decisions in Libyan Commercial Banks. The data was obtained from interviews with senior managers, heads of divisions or examining banks' documents such as reports. The credibility of research results was increased by triangulation and since the results of this research were obtained by different data collection methods, triangulation is possible (Kimchi et al., 1991). The researcher used three different methods to collect data in this research, in order to gain greater confidence in the results of the research and, because it is concerned with the extent to which research measurement is precise, repeatable, and consistent.

In addition, the researcher selected the methods that were appropriate to answer the research questions, and this allowed her to compare her results with that of other studies. The researcher used three methods: interviews, observation and documentation, in order to overcome the inherent limitations in one data collection method. The researcher combined these methods of data collection. The researcher, as any researcher looking for reliability of her/his research, followed consistency throughout in all steps of the data collection.

4.3.3.2 Transferability

The establishment of transferability by the 'naturalist' is very different from the establishment of external validity (Lincoln and Guba, 1985). Transferability is possible when the findings of the research fit into situations outside the research scenario as stated by Sandelowski (1986). In addition, Sandelowski mentioned that transferability is viable when the research audience finds the research findings meaningful and applicable in terms of their own experiences. Transferability in qualitative research refers to the usefulness of utilizing the research process and its findings in the context of another time and place. The researcher tried to construct an accurate research methodology, in order to provide valid conclusions to her research. To achieve this objective, the researcher tried to maintain the validity and reliability of each process at each stage of the research.

The researcher included the background of the SDMP into the research design, which reflects the relationship between making strategic decision and dependent variables. As mentioned in the literature, this allowed the researcher to go deeper to understand more information about the process of strategic decisions, in order to develop the existing literature, and to allow the possibility of adding new ideas and aspects in this area. The findings of this research may be applied in other developing countries, and similar contexts (Lincoln and Guba, 1985).

4.3.3.3 Dependability

Dependability can be viewed as a consideration of changing conditions in the situation selected for research, as well as changes in the design (Marshall and Rossman, 2010). The changes in the design of the research can then be refined based on the understanding of the research setting. In this context, qualitative research should have a reasonable degree of dependability (Tutty et al., 1996). It was enhanced through triangulation to ensure that the weaknesses of one method of data collection were compensated by the use of alternative data gathering methods in this study.

In order to avoid any weakness of data collection, the research used three methods to collect data, thus if any one method has a weakness in terms of collecting information, this means it can be covered by the other methods. This allowed the researcher to use a triangulation methodology in this research. As mentioned within the literature. The researcher took into account the approach suitable and efficient for the collection and analysis of data for this research, to achieve the aims of the research, and also ensure that the data contributed to answering all the questions of the research.

4.3.3.4 Confirmability

Confirmability is *“analogous to the notion of neutrality and objectivity in positivism, corresponding closely to construct validity. This test assesses whether the interpretation of data is drawn in a logical and unprejudiced manner, and assess the extent to which the conclusions are the most reasonable ones obtainable from the data”* (Riege, 2003, p.81). The researcher took into account the steps which are mentioned by Riege (2003) who said that a confirmability audit of qualitative research is a technique to examine the data, findings, interpretations and recommendations. It is important for the researcher to have a plan or strategy for his/her research. According to the investigations within the

literature on methodology and a review of the SDMP, along with the literature review, methods were chosen based principally on the nature of the research. The researcher had a suitable plan in terms of data collection and analysis (Hussey and Hussey, 1997). In addition, the researcher tried to construct an accurate research design, in order to have valid conclusions to her research. To achieve this, the researcher tried to maintain the internal validity of each process at each stage of the research.

Moreover, the researcher introduced the background of the research in the first four chapters, regarding the SDMP. The researcher discussed and introduced justifications for adopting the research methodology of this research, which involved a qualitative method. The findings of this research have the potential to be applied in developing countries with similar economy and banking system, which enhances the external validity of this research.

4.3.3 Analysis Method Process

Approval from the previous research which reported that *"(d)using the observation or interviewing phase, one is at the same time trying to make some kind of (abstract) sense ... of the raw reality one is encountering"* (Lofland, 1971, p. 121), During the early stages of data collection, data analysis process began immediately (Shaw, 1999).

Data analysis was applied to the qualitative data and semi-structured interviews, which came from the Libyan Commercial Banks. The qualitative research has five modes in terms of analytic procedures, which are: organizing the data; generating categories, defining themes and patterns; testing emergent hypotheses, against the data; and searching for alternative explanations of the data, and writing the report (Marshall and Rossman, 2010). Moreover, the researcher also realised that there were no "formulas or cook book recipes" to best analyse qualitative data (Yin, 1994, p. 102).

The main themes and concepts existed already but emergent themes became apparent to the researcher during the process of collecting the data, transcribing the interviews, and writing the notes regarding the documents. The formal process of data analysis started immediately after finishing the data collection process.

The researcher kept in mind the homogeneity of operations in the banking industry. The interviews were conducted with a few strategic decisions-makers in three Libyan Commercial Banks. After careful reading by the researcher of the themes and sub-

themes, content frequency analysis was used with the purpose of identifying the most common criteria and factors across those interviews.

In consultation with the researcher's supervisors, sub-themes were identified to be included with the analysis. Those which were stated by more than one respondent were chosen to be included in the analysis and to answer the research questions. After excluding the themes and sub-themes which were mentioned only once, ten elements to measure the outcomes of the SDMP in Libyan Commercial Banks were selected. Following this step, the researcher undertook an evaluation of each element, based upon the answers of the informants and her diary notes. This stage focused on studying the influence of each element on the outcomes of the process of each strategic decision [see appendix (5)]. based on the answers of interviews who have been interviewed. The researcher assigned a high (H) sign to give to those factors which were interpreted as having a high influence on the process. A low (L) sign was given to those with a low influence.

A medium (M) sign was given to those elements where the data showed that the elements had a little influence on the outcome of the process, or when the data showed that the respondent was unsure of the influence of a certain element. Three interviewees, when dealing with the new technology decision within bank A, believed it to have a high influence on procedural rationality, and consequently it was given ten (H) marks see (Table 5.3, section 5.3.1). Consequently, the researcher depended on the average answer of these interviewees, to assess the effect of a criterion on the SDMP. The complete results are presented in the next chapter (6), with more details on the effect of those themes on the SDMP in banks.

4.4 Summary

In this chapter the researcher has justified the methodology selected, together with the methods for this research, explaining why other approaches were not taken. The researcher employed a qualitative methodology, and semi-structured interviews as the main method of data collection. Documentation and observations were also employed as support and evidence to gather further information about the SDMP. The researcher used post analysis of a series of five strategic decisions as her units of analysis as a research strategy. The researcher introduced and justified the use of criteria suited to the evaluation of the validity and reliability of her qualitative research.

CHAPTER FIVE

DATA ANALYSIS OF EACH STRATEGIC DECISION

5.1 Introduction

The methodological approach used in this study has been explained in chapter five. This chapter presents the analysis of qualitative data collected using the interview approach, and the observations and documentation defined in chapter five. As stated in chapter five, this study is qualitative in nature. However, qualitative studies suffer from some difficulties, one of which is the huge quantity of unstructured textual information and material data that results specifically from interviews and/or other observations. Nevertheless, qualitative data is attractive due to the rich information as presented by the below data analysis and it is difficult to find analytical path (Miles, 1979).

Five strategic decisions were explored in this study as presented in table 5.1. For the Islamic Murabaha decision, data were collected from case companies Bank A and Bank B, while data were collected from case companies Bank B and Bank C for the Training decision. Finally, data were collected from case company Bank A for the new technology decision.

Table 5.1 lists the strategic decisions explored, and the banks involved in each case.

Strategic Decision	Strategic Decision Type	Case Companies Used
Strategic Decision 1	New technology decision	Bank A
Strategic Decision 2	The Islamic Murabaha decision	Bank A
Strategic Decision 3	Training decision	Bank B
Strategic Decision 4	The Islamic Murabaha decision	Bank B
Strategic Decision 5	Training decision	Bank C

The data analysis from this study is presented in five main sections: namely new technology decision bank A (section 5.2), The Islamic Murabaha decision Bank A (section 5.3), The Islamic Murabaha decision Bank B (section 5.4), The Training decision bank B (section 5.5). The Training decision Bank C (section 5.6).

The SDMP themes explored in this study were drawn from Elbanna and Child's (2007a) paper, which included direct effects elements of: rationality, intuition and political behaviour; and moderating effects elements of: decision importance, decision uncertainty, decision motive, environmental uncertainty, munificence/hostility; firm performance; and company size. In a uniform approach for presenting the analytical findings (see Table 5.2) the main themes are specified, and then the sub-themes are also defined. For each case study, the analytical findings are presented separately, where data were collected from two banks for the same strategic decision.

Th. Nr.	Themes	Sub-Themes
1	Procedural Rationality	<i>1.1 Gathering Relevant Information:</i> 1.1.1 Identification of information required, 1.1.2 Decide methods of information gathering, 1.1.3 Obstacles of gathering information. <i>1.2 Analyzing Relevant Information</i> <i>1.3 Crucial information</i>
2	Intuition	<i>2.1 Personal judgement</i> <i>2.2 Past Experience</i>
3	Political Behaviour	<i>3.1 Openness with each other about interests and 3.2 preferences</i> <i>Power to defend preferences</i> <i>3.3 Bargaining among decision-makers</i>
4	Decision Importance	<i>4.1 Decision Importance</i> <i>4.2 Subsequent Decisions</i> <i>4.3 Consequences if something went wrong</i> <i>4.4 Delaying this decision</i>
5	Uncertainty of the Decision	<i>5.1 Clarity of Information type to be collected</i> <i>5.2 Uncertainties about the actions to be taken</i> <i>5.3 Difficulty of Predicting the outcomes</i>
6	Decision Motive	<i>6.1 Motivation to make the Decision</i> <i>6.2 Confidence in making the right choice</i>
7	Environmental Hostility-munificence	<i>7.1 Threat to survival</i> <i>7.2 Stressfulness</i> <i>7.3 Dominance of the Company</i>
8	Environmental Uncertainty	<i>8.1 Product of new Service</i> <i>8.2 Competitions</i> <i>8.3 Governmental Policies</i> <i>8.4 Economy</i>
9	Performance	<i>9.1 Financial and Business Performance</i> <i>9.2 Organizational effectiveness</i>
10	Decision Effectiveness	<i>10.1 Success in achieving the objectives of the decision</i> <i>10.2 Hindsight that the right choice was made</i>

To present the data analysis, the results for each theme are summarised in the following tables. Selected interviewee comments, translated into English, are presented to support the analysis shown in the Tables. Sixteen main interviewees were used (see section 5.2, Table 5.1), the researcher followed an ethical approach and interviewees (participants) are referred to as P1 to P16, and Banks as A, B, and C.

The researcher developed a simple analytical technique to analyse and organise the rich data which were collected concerning the five decisions, using a simple categorical scale. A uniform approach was followed to aid summarization. Three categorical levels, `High`, `Medium` and `Low`, were used to interpret and summarize subjectivity the degree of importance of the themes and sub-themes for each strategic decision that was studied [see appendix(5)].

It is important to note that the interpretations into these categories were based on the Arabic transcripts (plus other notes and reports) in order to minimise any loss of meaning in translation.

5.2 Data Analysis for New Technology System Decision (Bank A)

Table 5.3: Data Analysis for New technology Decision (Bank A)

Themes	Variables/Sub-Themes	Activity Level: High/Medium/Low	Summary of Analytical Findings	Specific Comments from Interviewees
5.3.1 Procedural Rationality	Identification of information required	High rational	<p>P1, P2 and P3 noted that there were four key information types collected: (1) the cost of the new technology system, (2) training for employees, (3) the awareness of banking of the employees and citizens, (4) the offering of companies about technology systems for choosing the best offers</p> <p>The researcher was allowed to look at the reports and minutes of the meeting.</p>	<p><i>"...we had to prepare a preliminary report for the project which included the estimated costs and the duration of time required for its implementation, the surrounding changes of the environment in the bank: for example, culture of people and employers, work requirements, policies and regulations in force with the Bank, also, to prepare a comprehensive study of computer communications and information technology". P2-A</i></p> <p><i>"I think that the most important information we have collected was about any of the companies that have strong system technologies and they are difficult to introduce". P1-A</i></p>
	Decide Methods of Information Gathering	High rational	<p>According to P1, P2 and P3 there were six sources (internal and external) to gather information. The internal sources included the use of: (1) internal committees composed of executive director of the project and group members, and (2) reports which were collected from various departments.</p> <p>They noted also, there was a spirit of initiative and cooperation between members of the Committee; as they received the assistance from various departments. Duo to the personal relationship between managers and workers, which it were a big role in their access to information. The external sources were engineering Consulting Bureau and also visiting Arab and foreign countries which use the same technology such as UK, Egypt, Lebanon, Jordan and Dubai. Moreover, both P1 and P2 added that other methods to obtain additional relevant information included attending training programs and undertaking economic feasibility studies.</p>	<p><i>"...The task of this committee to collect information, its study and then its evaluation to introduce in formal meetings". (P1-A)</i></p> <p><i>"...definitely, yes, we collected information about this decision. The executive has internal committees and their staff collected the required data and prepared periodic reports internally. Usually, the executive specified what information is needed to be collected for each employee. I was a member of the Committee, we cooperated with each other to get information, and we acquired the assistance from other departments. Whereas, in some cases, the executive of the project independently collects the necessary information, and presents the report in the meeting which is held between the President of the Board Directors and managers of departments". (P3-A).</i></p>

			(Researcher observations) The researcher remarked that during a visit to the Bank she was introduced to the staff, and she noted that most of the staff knew each other by kinship or friendship, and this supports that there was cooperation during the DMP. This was observed by the researcher for all of the three banks.	<i>"As we have acquired the information through our personal relationship with other managers in different departments in the bank, and by virtue friendship between staff and colleagues which we create between us. This way it was easier for us to get the information". (P2-A).</i>
	Obstacles to Gathering Information	Medium rational	P1, P2 and P3 suggested three difficulties in gathering information, which were: (1) the lack of information database: even though the bank has qualified personnel in computer technology, they did not make use of the competencies; (2) the communication network was very weak. To solve this particular problem though, they contacted the (GPTC) to support their communication network infrastructures, (3) the required data were distributed in too many administration departments, due to the large size of the bank and the bank has several branches across the country.	<i>"... we had difficulties in making this decision thus we depended on consulting firms from abroad, for example, Jordan ".(P2-A) "... We did not have the technology need and trained personnel for this strategic step the Bank tried to take." (P2-A) "For this decision, we had some problems, for example technology problems. ...To look into these problems, a Board of Directors meeting was held. In that meeting, it was agreed that a committee be set up." (P3-A)</i>
	Analyse Relevant Information	High rational	Respondents P1, P2 and P3 indicated that the bank analysed relevant information by using the Engineering Consulting Bureau which had experience in this field. The analysis of the information was very high, and the bank lacked qualified staffs in the analysis of information. Also, the bank had not standard information database. Consequently, the bank used the services of the Bureau, as they had the optimal technology system. Also, from interviews, it was evident that there were differences in views among members of the board of directors about the choices of alternative optimisation.	<i>"For my bank, it was important that we analyse relevant information. To be able to do that, we used the Engineering Consulting Bureau" (P1-A) "This was a new experience for my bank. We did not have a standard information database. Also, we did not have the needed technology. We therefore used the services of the Bureau." (P3-A) "...We depended on the analysis of information in the reports, cost analysis and information gathered which was based on the study of Engineering Consulting Bureau." (P2-A)</i>
	Crucial Information	High rational	Respondents P1, P2 and P3 pointed out three points concerning managers succeeding in receiving crucial information. The respondents believed that crucial information included banking regulations and foreign banks entering Libya which had used modern technology. Also they added that people's awareness of using this technology was crucial information for this strategic decision.	

5.3.2 intuition	Personal Judgement	Low intuitiveness	Results from interviews show that personal judgement was not a critical factor for this strategic decision in the explored banks. According to P1, P2 and P3, personal judgement was excluded in this decision, that is, personal judgement was very low in making this decision within the Bank. Both P1 and P2 believed that the new technology decision was rational rather than intuitive, and it was based mainly on economic reasoning. P2 believed that they could predict that it would succeed, by relying on the results achieved by other countries applying the same technology.	<p><i>"... This decision concerns particularly the banking sector and generally the State, therefore the process of intuition is excluded in this decision, and any mistake in making this decision will bring a significant risk, thus the influence on the Bank's performance will be negative". (P1-A)</i></p> <p><i>"... I think we did not use intuition, because the decision to introduce the new technology was based mainly on scientific methods to gather information and the necessary data and analysis besides, experts from foreign consulting firms". (P2-A)</i></p>
	Past Experience	High Experience	P1, P2 and P3 said the previous experience of top managers had an important role to making this decision. Thus, the process of making this decision relied heavily on previous experience, and its role was very high. Both P1 and P2 indicated that the experience is represented in education and previous professional experience.	<p><i>"...Of course, experience is an important element in any decision', Thus, all members of the Board of Directors had long experiences and qualifications in the field of banking, this experience permits all members to manage one of the biggest consultation centres" (P1-A)</i></p> <p><i>"... For example, the bank has used the experience of the Director of Accounting in times of change decision, like changing the process of the old accounting system to another, without affecting the movement of bank accounts." (P2-A)</i></p>
	I	High Care	The Board of Directors was very keen on ensuring that no mistakes were made concerning this decision.	<p><i>"It was very important for us to be very careful in what we are doing.....We were at the point of making a decision that concerns a completely new way of doing things, and this involved so much money being invested. Because we wanted to make sure that the decision succeeded, we relied more on past experience than on personal judgement." (P3-A)</i></p>
5.3.3 Political Behaviour	Openness with each other about Interests and Preferences	Low political influence	Interviews with P1, P2 and P3 showed that: There was no transparency amongst the Board of Directors concerning their interests and preferences. However, there was collective work, consultation and expression of opinion between decision-makers. Key behaviour transparency amongst decision makers concerning their personal interests and preferences. Factors included values and highest moral transparency. According to P1 and P2, the Bank members shared the same aims and have the interest of the bank at heart, due to this 'values and the highest moral transparency' point. Also, there were some	<p><i>"There is no transparency amongst managers concerning their interests and preferences. And when we make this decision we had to relate to the core of ethics, values and highest moral transparency....in my opinion, in all the meetings and discussions, there were cooperation between us and we had the same aims and had the interest of the bank at heart".(P1-A)</i></p>

			<p>cultural traits, such as collective work, consultation and expressing of opinions between the Director of the Board and members involved to making this decision.</p> <p>(Researcher observation)</p> <p>The lack of personal interest among workers in the bank also became apparent through the researcher's observation within the bank. The behaviour of some of the employees showed their loyalty to bank A; for example there were no groups that aimed to further their own interests, or who stated that there were some managers who were looking to their own interests.</p>	<p><i>"...I believed that the managers did not object to this decision, and they strongly defended their position in meetings in order to protect the bank's interest. Finally, the director of the board adopted the idea of change... We can say that this decision was necessary and relatively successful". (P3-A)</i></p>
	Power to defend Preferences	Low political influence	<p>P1, P2 and P3 stated that (1) Managers do not use their power and influence to protect their interests, (2) Managers have used their strength and formed alliances to protect bank's interest (3) Managers do not hide information to protect their personal interests, during DMP.</p>	<p><i>"Some managers allied together and provided others with enough information about the decision, e.g. they provided adequate information to the committees of collect information, and to the engineer office consultant, such as problems of daily work which departments are facing , in order to help them to make this decision." (P2-A)</i></p>
	Bargaining among Decision Makers	<p>High political influence</p> <p>Low political influence</p>	<p>Concerning this sub-theme (Bargaining among Decision Makers), two key analytical findings are pinpointed: According to P2 and P3, there was bargaining among decision makers about identification of the budget for this decision. On the other hand, as P1 noted, there was no bargaining between the decision-makers, because this decision was aimed towards the general interest of the bank. So in his opinion the political behaviour influence was very low.</p>	<p><i>".... It happened that the executive of the project needed staff with high efficiency to use this technology.... The financial department objected to lending these employees.... this process became a kind of bargaining among decision-makers about identification of the budget for this decision, this decision cost us many Millions of Dinars." (P2-A)</i></p>
5.3.4 Decision Importance	Decision Importance	High importance	<p>The results from the interviews showed that this decision was highly important. P1 and P2 and P3 pinpointed four key issues in their response to this question. As respondents stated, the Bank provided (1) adequate resources, (2) specialized and qualified personnel, (3) staff training on the use of technology and (4) top manager s took enough time for research and discussions to study all aspects of this decision.</p> <p>In responding to this question. P2-A even commented that they got more benefits than anticipated from this decision.</p>	<p><i>"The staffs of this bank know the importance of using this technology and the overall strategic decision. We all know that the decision is for the general interest of the bank, so there is no point to show political behaviour in bargaining." (P1-A)</i></p> <p><i>"Of course, this decision is very important.... this decision has achieved a higher level of integration and connection between different organizational activities and in linking the bank with other banks, also in expanding international activities. Also improved customer services and therefore reduced costs.... however this decision cost us much, as more time and resources</i></p>

				<p><i>was required but at the same time we got more benefits than anticipated from this decision" (P2-A)</i></p> <p><i>"From our research it was very important to take this step as we needed to connect to the international banking trend. ... We therefore made every effort and also invested reasonably into the project." (P3-A)</i></p> <p><i>"Because this decision is very important, the Bank took careful steps. I believe, so far, every step concerning the decision has been well planned and followed. I cannot think of any consequences." (P2-A)</i></p>
	Subsequent Decision	High importance	Due to the importance of this decision; As respondents stated other decisions that the Bank took included training courses for staffs, providing new services, and creating a new department. Another decision made is Islamic Murabaha.	<p><i>"The Bank invested much time and resources to this decision to make it work. Training courses were introduced and a new department created." (P1-A).</i></p> <p><i>"The Islamic Murabaha decision was also made." (P2-A).</i></p>
	Delaying this decision	High Delay	The interviewees pointed out key issues relating to delaying the decision. In this context, P1, P2 and P3 identified two points (Bank related and State related) of delay in making this decision (introduction of the idea of the decision (new technology). For the Bank related, these included the composition of committees to study all the aspects of this decision due to the dominance of public sector, lack of incentives staff and lack of competition between banks. For the State related, there were several regulatory and administrative constraints imposed by the Laws on state-owned enterprises. And these resulted in a delay of the banking services to customers, also a delay in transactions with local and international banks.	<p><i>"I believe that the fact that there was less competition in our Banking system made the Banks to relax and not to seek ways for better service. Also, it took a long while to decide on the committee to study the aspects of the decision." (P1-A).</i></p> <p><i>"The regulatory and administrative constraints imposed by the law also contributed to the delay in making." (P2-A)</i></p> <p><i>"Honestly, this decision could have been taken years earlier, but there were a number of reasons that contributed to the delay..... We are therefore happy that we have reached this stage." (P3-A)</i></p>
5.3.5 Uncertainty of the Decision	Clarity of kind of Information to be collected	Low uncertainty	P1, P2 and P3 pinpointed two points relating to the clarity of information. First, they had full knowledge of all resources needed and required. Second, there was a clear policy for the action necessary to be taken for this decision.	<p><i>"In our formal meeting we identified the required information to be gathered concerning this decision....We had full knowledge of cost, time; ability needed and required human power for the project, and the implementation Company for the national payments decision " (P1-A)</i></p>

	Uncertainties about the Actions to be taken	High uncertainty	P1, P2 and P3 stated that they had received notification of several of the procedures which should be taken during making this decision from board of directors of the bank. Therefore, they add that there was the complication in the application of the procedures which should be taken for this decision by others (such as, the General People's Committee and Central Bank of Libya).	<i>"... I believed that not all procedures to be taken were completely clear to us, so periodically we met with the Chairman and members of the Board Directors, and we debated the problems that were exposed. And there were some differences in points of views on the procedures which should be taken, and how we were able to address these problems, e.g. the bank should have permission from the General People's Committee, when related to the contract of the implementation company of the project which needed a lot of money"(P2-A)</i>
	Difficulty of predicting the outcomes	Low uncertainty	It was easy to predict results for this decision as indicated by both P1 and P2 It appears that the process of new technology decision was very clear. In this connection, the bank followed scientific method in terms of identification of the problem, gathering and analysis of more information. They also added that the bank relied on the success of other countries that had successfully introduced it.	<i>"... We did not find it difficult to predict the results of the decision. We made some tests in some branches and implemented them using the bank card system and the results were positive. We found we provided quick service to customers and got rid of the queues that used to be in banks, which encouraged us to continue in making the decision."(P1-A)</i>
5.3.6 Decision Motive	Motivation for making the Decision	High motivation	The interview findings showed motivation to make the decision was very clear. P1, P2 and P3 believed that this decision was an opportunity not to be missed. The respondents identified three points for this necessity: (1) To keep up with current developments in the global banking industry, (2) To be innovative and introduce and diversify into new banking services, and (3) To keep the customers and attract new customers. Further reasons, P2 added are: (1) To improve the profitability of the bank, (2) The Lack of good services for the bank's customers.	<i>".... I believe that this is to solve the administrative problems such as increase the number of staff, due to reliance on older systems which are incompatible with the developments in the banking sector." (P1-A)</i>
	Confidence in Making the Choice	High motivation	According to interviewees, this decision was the right choice due to fact that its main purpose was to develop and improve the bank's situation. Based on a number of reasons, P1, P2 and P3 believed that this decision was the right choice: (1) The experiences of international banks in this area gave them the confidence to implement this technology, and also through the uniform standards between banks in world in order to avoid accounting and administrative problems created by dealing	<i>"... We were certain that we made the right choice because we contracted McKinsey, one of the largest technology companies in the world and which were of better quality with a strong system of protection, and with more financial facilities".(P1-A) "We are confident that we made the right choice, because our research shows us that things will work well if we implement things like the Banks that have used the technology. Our Bank was very committed to make the decision a success." (P2-A)</i>

			<p>between banks. (2) This decision took adequate time in terms of study, analyse of information collected and evaluated alternatives. (3) The national payment system is implemented by global company, one of the largest technology companies in the world. In addition, P2 added that the decision was a right choice, because there was increasing demand for new services which cannot be provided through the old method.</p>	<p><i>“We did not have a single doubt that this was the right decision to make. It was actually the way forward for us.” (P3-A)</i></p> <p><i>“... Of course, we were confident that this decision was the right choice and the target was very clear, this decision provided more time for customers and employees of the bank, and better access to good service at any branch in any city of the country without the need for customers to contact the branch they opened their account with. The customer can also access their balance, details and dates of any transaction. They are able to obtain cash instantly”. (P2-A)</i></p>
5.3.7 Environmental Hostility-Munificence	Threat to Survival	Low hostility	<p>The interview findings show that the bank did not have any major environment threat to survival. P1, P2 and P3 agree that the bank’s environment was safe and stable. In their responses, both P1 and P2 identified two (internal and external) factors for this lack of threat. Internal factors - after adapting the new strategy to developing the bank, efforts were made to restructure and develop infrastructures of the bank. External factors - the new Libyan Bank Law 1/2005 gave more powers to Libyan Commercial Banks (e.g. restructuring bank and create new investments), and helped to ensure to a certain extent the stability of the banking sector in Libya. In addition, P1 and P2 believed that the Bank did not face survival threat because (1) the bank is very rich in physical infrastructure, (2) has good customer base, and (3) the bank’s products are well received and the Bank has a big market opportunity</p>	<p><i>“... In my opinion, the banks environment is very safe and still stable after adapting a recent new strategy in the form of developing the bank, and is considered to have no threats.... Also, in my opinion we have enough financial and human resources to achieve stability and growth for our bank”.(P3-A)</i></p> <p><i>“I believe the Bank has no major survival threat. The bank has invested in personnel and infrastructure for the success of the strategy. Also, there are a limited number of Libyan banks.” (P2-A)</i></p>
	Stressfulness	High hostility	<p>The bank’s environment was stressful. P1, P2 and P3 agree that the bank’s environment faced severe pressure, and sometimes hostile. As P1, P2 and P3 noted, this was due to three points (1) Libyan market cannot accommodate huge investments, (2) the large number of procedures and complications of the administration in the business, (3) Commercial Banks have a few investment opportunities in the Libyan market. Another reason (4), P1 added, is the lack of good marketing departments in Commercial Banks. Also they added, this is because investment is controlled by the country’s politics and the rules and regulations published by the Central Bank of Libya</p>	<p><i>“...it is still the beginning for the bank’s investments. The involvement of private and foreign banks gave us an investment opportunity. However, we are still at the beginning, because we do not have the experience and are still preparing ourselves and the qualified individuals we have for investment to a certain extent in many fields, but not a wide expansion. Besides, there are limitations from the Central Bank of Libya in terms of investment” (P2-A)</i></p> <p><i>“It is stressful understanding the new operating method. The method is still new to us.” (P1-A).</i></p>

	Dominance of the Company	Low hostility	Dominance of the bank on Libyan market does not exist. According to As P1, P2 and P3 , this was due to four reasons (1) almost equal competition level among banks, (1) the largest commercial bank is state-owned, (3) most banks offer the same service, (4) technologically, all Banks were at the same level. Also, by State law, no single Bank can control and manipulate the banking market to its own advantage.	<p><i>“... The activities environment in Libyan banking is still non-expanding, and governed by the law and public policy; therefore we cannot control the market because of our limited ability to control the environment.” (P1-A).</i></p> <p><i>“The Banking industry in Libyan is still largely controlled by the State. Also, especially because of this new technology based operation, no single Bank dominates the market.” (P3-A)</i></p>
5.3.8 Environmental Uncertainty	Product of New Services	Low certainly	There was a high degree of predictability concerning product demand and the preferences of clients. Not much was available concerning new products’ introduction before the new technology based operation.	<p><i>“... of course, we can predict these services, and they have been well received by the Libyan market, and they have improved our services and reduced time and costs for both the bank and our customer.” (P3-A)</i></p> <p><i>“... We needed to wake surveys of citizens and their desires, where there was some ambiguity as to what extent this service was acceptable and this may be attributed to culture and banking law”.(P2-A)</i></p>
	Competition	Low certainly	With regards to competition, the changes in competitors’ prices were predictable; due to the funding costs for banks, thus the profit margin between banks was very low. P1, P2 and P3 stated that the changes in the markets and changes in competitors' strategies were predictable, due to (1) current mergers between the banks in Libya, (2) reduction in the size of bank branches, (3) partnership with foreign banks. Also both P1 and P2 reported that the entry of new companies into the market was predictable, through two means (1) reports from Central Bank of Libya and (2) the direct statement of competitors.	<p><i>“... The competition in Libyan commercial banking has no effect on the Libyan market, because the market is oligopolistic and characterized by the dominance of public sector control. Despite the entry of foreign partners to the Libyan market, the situation remains as before.” (P1-A)</i></p> <p><i>“Personally, I think there is hardly any competition in the Libyan commercial banking industry. Apart from high degree of State control, there is hardly any innovation in the industry, and customers have a limited service package.” (P2-A)</i></p>
	Governmental Policies	High certainly	Both P1 and P2 stated that monetary policy can be very predictable, while legal regulations affecting the business sector cannot be predictable.	<i>“...some Government policies, for example, monetary policies issued by the Central Bank of Libya, we can appreciate and predict, due to them being clear and fixed policies. On the other hand, I can say that other government policies cannot be predicted, because the government may issue any decision at could any time, and this could affect the bank.” (P1-A)</i>

	Economy	Medium certainly	P1, P2 and P3 believe that the bank could predict and appreciate economic conditions through the processes of economic reform.	<i>"... we can predict and appreciate economic conditions which surround the bank, through the growth in money supply, for example, the introduction of technology and providing improved services to citizens (the use of machines); this procedure persuades citizens not to keep their money in their houses, which increases the deposits of citizens in the bank and thus facilitates economic activity by increasing banking credit, which increases further value of banking deposits." (P2-A)</i>
5.3.9 Performance	Financial and Business Performance	High Performance	According to P1, P2 and P3, financial performance is considered one of the most important indicators in the assessment processes of their organizations' operations. In their view, the financial performance of the bank was good enough to make this decision. And they added that these indicators increased during the making of this strategic decision. As the respondents noted, due to this decision, there was an increase in (1) the total number of loans, (2) the profits before tax and (3) the number of customers respectively.	<i>"... We can measure the level of performance of the bank in terms of the return on assets, operating profits and market share.... and the bank also had financial and human resources which contributed to the success resulting from this decision." (P2-A)</i> <i>"The Financial position of the Bank was good, we were able to fulfil all our obligations with companies that we had contracts with, and we covered all expenses related to this decision: for example, travel to other countries to get acquainted with this technology. (P1-A)</i>
	Organizational Effectiveness	High Performance	P1, P2 and P3 noted organizational effectiveness as an important organizational performance indicator during the making of this decision. In this context, they identified that the operational efficiency of the bank to make this decision was good in terms of the exploitation of the resources available in the bank, enabling them to control costs and performance and the quality of their employees at different administrative levels. Also P3 added that another indicator was social responsibility as being a good measurement during the making of this decision, such as the equality of opportunity between employees.	<i>"According to my vision, the efficiency level of proper utilization of manpower and financial resources, it helped the bank, for example, to reduce costs and time, and this increases the expected value of the net proceeds from both inside and outside the budget, and decreases the provision for doubtful assets. Our staff felt much more motivated and satisfied because there was equality of opportunity between employees. "(P3-A)</i> <i>"I think we worked with all our energy in order to exploit the available resources to reach the output." (P1-A)</i>

<p>5.3.10 Decision Effectiveness</p>	<p>Success in Achieving Decision Objectives</p>	<p>High effectiveness</p> <p>Medium effectiveness</p>	<p>P1, P2 and P3 identified three high level success of the decision: 1. Providing improved customer services such as easy balance transfers, 2. Enabling the opening of new bank accounts, 3. Reducing operational costs.</p> <p>Also, P1 and P2 identified two medium level success of the decision: 1. Reducing credits-based risks, 2. Reducing risks of funds between the banks</p> <p>Also P1 and P2 added that they could measure the effectiveness of the decision through decreasing transaction costs, or they could measure the profits resulting after a decision and compare with previous years. P3 added that the use of technology greatly assists the bank in the expansion and diversification of the services provided to customers, which in turn affects portfolio profits and contributes to raising the efficiency of financial intermediation.</p> <p>(Research observation) According to the researcher's observation within bank A, the bank managed to achieve their goals through making this decision. For example, before the end of each work day the bank was working on a settlement of accounts with other banks and public institutions electronically, and this led to reduced costs and time.</p>	<p><i>"... We can hopefully achieve 80% of the results. And the results emerged from the first year ... By the end of this year we had achieved 100% of our aims..... the results of this decision on decreasing transaction costs, for example, the bank using ATMs, which leads to a decrease in the number of employees and branches."</i> (P2-A)</p> <p><i>"With the technology, we achieved reasonable risk reduction and und management issues with other banks."</i> (P3-A)</p> <p><i>"Sure, there was initial resistance to change, which is to be expected. As times passed, things became better. Altogether, this decision has been a success despites those problems....The objectives were met."</i> (P3-A)</p> <p><i>"... Customers were encountering difficulty in opening bank accounts, due to the lack of using a new technology and difficulty administrative procedures."</i> (p1-A)</p> <p><i>"... The level of profitability decreased from year to year before making this decision, due to increasingly low volume of deposits and the number of customers of the bank. The current situation of the Bank has led to a continuing increase in total deposits as a result of the quality of banking services provided to customers, thus this decision had contributed to increasing before tax bank profits".</i> (P1-A)</p>
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	<p>Hindsight that the right choice was made</p>	<p>High</p>	<p>P1, P2 and P3 referred to (1) the time was appropriated in making this decision in terms of (A) the new Banking Law (1 / 2005), (B) opening the Libyan economy, (C) entry of foreign banks in Libyan market, this requires from local Commercial banks to develop them self to face potential competition In the banking market. (2) This decision followed scientific methods in the study of the decision in terms of actual compilation of information, analysis, evaluate and the use of external expertise</p>	<p><i>“the foreign investment in Libya from 95% of the volume of investment expenditures, which is about 5, 6 billion Libyan dinars. In 2006, Libya announced a series of procedures which are related to attract foreign capital.”(P1-A)</i></p> <p><i>“... this decision changed many of the conditions inside the bank, and this allowed the bank to be able to introduce new services quick and continuously.” (P1-A)</i></p> <p><i>“... of course, this decision was the right choice for the bank. The bank changed completely... there was a need for our bank to use modern technology for the development of banking services; also this decision was a turning point in the banks’ development history. This technology based banking made it possible for our bank to have direct business operations with international banks.” (P2-A)</i></p>
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5.3 Data Analysis for the Islamic Murabaha Decision in Bank (A)

Table 5.4: Data Analysis for The Islamic Murabaha Decision (Bank A)

Themes	Variables/Sub-Themes	Activity Level: High/Medium/Low	Summary of Analytical Findings	Specific Comments from Interviewees
5.4.1 Procedural Rationality	Identification of Information Required	High rationality	<p>According to P5, P6 and P7, four key information types were collected: (1) The requirements and needs of individual's service, (2) examining the changes in the environment surrounding the bank which requires the interaction of the bank from the social, religious, economic and political aspects. (3) the prediction of the market, and (4) the required facts about the financial costs for making this decision.</p> <p>Documentation The researcher was allowed to look at the reports and minutes of the meeting.</p>	<p><i>"...We had a meeting with the head of the committee and we set the most important priorities for collecting information... we took due time in collecting information about this decision." (P4-A)</i></p> <p><i>"... I believe all administrations cooperated with the Committee on gathering the necessary information by virtue of personal relationships and the interest of the bank about the problem from which the bank was suffering." (P5-A)</i></p> <p><i>"As a member of the Board of Directors, I led a task force that worked to analyse the plan for this decision and to identify the nature of information required to ensure a successful outcome of the decision. Sometimes we worked in smaller groups before putting our ideas together." (P6-A)</i></p>
	Decide Methods of Information Gathering	High rationality	<p>The bank relied on internal and external sources during the process of collecting information, P4, P5 and P6 noted. Internal sources: forming a committee headed by a chief and five members of the bank managers, and using questionnaires to collect information from the citizens on items and articles needed. Another source to get information, P4 added, was the formation of a committee for legal surveillance to make sure that the decision was taken according to Islamic laws and principles before its application. External sources: Islamic law (Koran and Suuna), and the experts from Arab Islamic banks who have a long history in the system of Islamic banking and profiting. Visits to Arab Islamic banks (e.g., Bank of Jordan and Bank of Qatar) were arranged to study Islamic banking.</p>	<p><i>"...We have hosted one of the economic experts in Islamic banking from our brothers in Qatar to give three days lectures about the pattern of Islamic profit system and the basis of converting to it. This can be done perfectly by combining all the aspects of Islamic law, credit, marketing, accountancy and administration. This program was directed to all the staff in the main bank quarters and the branches." (P5-A)</i></p>

	Obstacles to Gathering Information	Medium rationality	According to P4, P5 and P6 four obstacles were identified: (1) there is no advanced data base and information technology, the bank was still using old ways of collecting information. (2) shortage of qualified and specialized personnel who can work in the Islamic Murabaha system, (3) complex ramifications of the administrative procedures inside and outside the bank; for example, (People’s surveillance body and Central Bank of Libya), and (4) poor infrastructure and communication system.	<p><i>“...The current systems used at the bank are traditional banking system unprepared to deal with the Islamic products but in order to cope with competition and to achieve our customers satisfaction, some programs were added to the current bank system to be able to perform the Islamic system of profit known in Islamic banks. This policy is transitional until the bank adopts the permanent policy in accordance with Islamic products.” (P4-A)</i></p> <p><i>“...This problem has been discussed with the general Post Organization but the communications are still weak and the problem still exists and hasn’t been solved yet.” (P5-A)</i></p>
	Analyse Relevant Information	High rationality	P4, P5 and P6 commented that the bank lacked advanced statistics skills and highly qualified personnel to analyse data. Also, they lacked a data bases unit. Because of these, other odd information analysis methods were used, such as, (1) pro forma financial statements (financial ratios), (2) cost benefit analysis, (3) analysis of the financial reports submitted by the accounting department which includes the size of idle funds, and investments opportunities available. In addition (P4) another method was (4) analysis of the opportunities and threats which help reduce the risk involved in making this decision; establishing priorities and providing a framework for evaluating the relative importance of different decision objectives. This bank therefore used the assistance of expert consulting companies for information analysis.	<p><i>“...The information we have is enough at the first step to start making this decision” (P4-A)</i></p> <p><i>“But the bank still needs to improve our statistical analysis tools and the knowledge among the staffs. This is also very important for future measurement of performance.” (P6-A)</i></p>
	Crucial Information	High rationality Medium rationality	According to P4, the bank had crucial information to make the decision. P5 and P6 stated that (1) the bank still needs more information in terms of (1) the Islamic Murabaha system, it’s the bank’s first attempt to use this system, and it should be in accordance with the laws of finance in Islam, (2) the bank’s staff need more awareness of Islamic Murabaha.	<i>“... we still needed more information because we did not previously have any information on the Islamic Murabaha. There were a lot we did not know about the laws of finance in Islam and the bank’s staff still need more training, and seminars and lectures on the basic concepts of Islamic Murabaha”(p4-A)</i>

5.4.2 Intuition	Personal Judgement	low intuitiveness Medium intuitiveness	<p>According to P4 and P5, there was a lack of information in terms of the contrast of Murabaha with the resale of goods and articles according to the laws of Islam. These necessitated forming control committees to examine the contract terms, and ensure that banks dealings are in line with bank contracts.</p> <p>According to P6 medium use of personal judgement was necessary when: (1) searching for investment opportunities to use available money, and (2) studying the decision needs in terms of establishing department of management specialization to provide Islamic services.</p>	<p><i>“I believe we used personal judgement to a reasonable extent in times of deciding on opportunities for investment and also establishing departments for Islamic services.” (P4 A)</i></p> <p><i>“As a member of the Board of Directors and a head of the committee, I was responsible for ensuring that the committee produces a good report that enables the bank take the right steps concerning this decision..... We analysed our sales records and contracts to make sure that they are ok with Islamic laws, but we also looked at what other banks have done, who use this Islamic Murabaha.” (P6-A)</i></p>
	Past Experience	High Experience	<p>P4, P5 and P6 said that (1) most board members and managers had a long experience in the banking industry, but (2) the bank also used outside experience from the Arab Islamic banks as well as special experts in Islamic Law.</p> <p>Also, P5 noted that (1) this decision had another side related to knowledge of Islamic law, and (2) decision-makers had a shortage of knowledge about Islamic Law.</p>	<p><i>“... Most of the managers have previous experience in banking business and we rely on them in making this decision.” (P4-A).</i></p> <p><i>“...We made a contract with Dr. Elsadek Abd Elraman Algharyani and Dr. Usama Alsolabi. Both are specialized experts in financial dealings from the legitimate side. They also have experience and write works that discuss the financial deals from the legitimate point of view in Islam.” (P5-A)</i></p>
5.4.3 Political Behaviour	Openness with each other about Interests and Preferences	Low political influence	<p>P4, P5 and P6 are of the view that personal interests were not shown by the decision makers, rather all decision makers were concerned with the higher objectives of the bank, which were to (1) increase the Bank’s market share, (2) introduce an Islamic way to provide new services, (3) use the bank’s available money to gain new customers and achieve financial gains, (4) target other segments of society who think that interest is forbidden. Thus, the decision-makers did not allow their personal interests to influence their thinking.</p>	<p><i>“...There was complete clarity and transparency among the decision makers. The layout of plans and targets that aim at the higher interests of the bank were discussed regularly during the periodical meetings. Exceptional meetings are held to discuss urgent issues and find suitable solutions for them.” (P4-A)</i></p> <p><i>“.....I believed that all the decision-makers with their attitudes and views were concerned with the higher objectives of the bank, and there was no place for personal interests..... therefore when this decision was made, there were effective consultations among the bank chairman and the board of administration members as well as the departments managers. Hence, the illegitimate and ill-mannered implications around that decision were minor.” (P6-A)</i></p>

	Power to defend Preferences	High political influence	According to P4, P5 and P6 said that the Chairman of the Board of Directors used his power and influence to: (1) establish administration that manages the Islamic Murabaha to match the organizational structure of the bank, (2) choose qualified staff from the various departments who have been trained in accordance with Islamic law, (3) choose the best offers from companies for their re-sale.	<i>"...Sometimes the chairman of the Board of Directors imposes his influence in formal meetings and selects the perfect offer by companies which submitted their products to the bank to contract with. So, some members approve of the chairman's views while others disapprove. Then, members have different opinions sometimes disagreements increase in the end. The final opinion is in the hand of the bank chairman." (P5-A)</i>
	Bargaining among Decision Makers	High Low political influence	In P5's view, there was bargaining between Board of Directors of the Bank and the Oversight Committee when making this decision concerning some of the conditions of the Islamic Murabaha. P4 and P6 believes there was no bargaining among Board of Directors and Managers about this decision, for the reasons that this decision was (1) a step to introduce new banking products, in order to achieve good results and raise the bank performance, (2) considered a changing point from traditional Bank to Islamic bank.	<i>"I think the only haggling was a disagreement which happened between the bank board of administration and the Oversight Committee legitimacy about the items of the conditions of the Islamic Murabaha that were illegal from Islamic laws, so the committee refused them. This was a form of haggling from the bank for the committee to accept the terms of contract submitted to meet the conditions of Islamic Murabaha." (P5-A)</i>
5.4.4 Decision Importance	Decision Importance	High importantl y	P4, P5 and P6 stated that: (1) there was enough time to study the decision, (2) the bank spent a lot of time, money and effort, (3) this decision was to achieve the wishes of the law of a particular community, which refuses to deal in usury. P3 also added: (4) the bank has spent a lot of money on staff training which concerns the " Murabaha" Islamic system.	<i>"...The importance of this decision is that it makes Islamic principles real in the life of the citizens. It works on the establishment of real Islamic society. Deepening the Islamic spirit among people is part of the decision and the role it plays in society." (P4-A)</i>
	Subsequent Decision	High importantl y	P4, P5 and P6 agreed that this decision is followed by other decisions of the same importance. For example, the bank worked on preparing other decisions such as, (1) "Murabaha decision" which is under examination and research, (2) a new department called the Department of Islamic Murabaha within the organizational structure of the bank, (4) Decision concerning staff training.	<i>"...I think the following decisions are similarly important to this one, such as the decision of musharaka and the decision of Murabaha and they make new investments that will have huge profits for the bank." (P6-A)</i>

	Delaying this decision	High Delay	P4, P5 and P6 identified 7 points that led to delay in the DM: (1) There was no scientific reference, and the managers did not understand the Islamic Murabaha system, (2) lack of specialized personnel, with understanding of Islamic investment instruments, (3) administrative procedure delays by the Central Bank of Libya, (4) long time by the Board of directors and members to study and discuss this decision, (5) differences in views between managers and the Oversight Committee legitimacy about the items of the conditions of the Islamic Murabaha, (6) The managers hid some information about this decision, (7) The absence of a specialized department of the Islamic Murabaha in the bank.	<p><i>"...We were a bit late due to some obstacles that the bank branches didn't have enough data base for activating Islamic "Murabaha system". But necessary arrangements were made to solve this problem." (P5-A)</i></p> <p><i>"...We can say that these negative aspects came from a weakness of the bank staff, specifically when the bank started its work. That staff didn't have an accurate understanding of the legitimate affairs. In particular, what is related to the final form of Islamic "Murabaha "according to legitimacy of Islam that happened because the bank employed staffs who don't have any knowledge about the Islamic Sharia." (P7-A)</i></p>
5.4.5 Uncertainty of the Decision	Clarity of kind of Information to be collected	High – certainty	P4, P5 and P6 suggest that the type of information to be collected about the decision was unclear. The information type included (1) the correct terms that should be available in Murabaha contracts to be in accordance with Islamic Sharia, (2) the bank staffs to apply the Murabaha system did not fully understand the legitimate regulations, (3) the laws and political rules that regulate work inside the state. (4) the internal positions of the bank to suit the new banking services was not very clear (P4)	<i>"At the beginning, we were very uncertain about the kind of information to collect, as we still trying to study the system as was used in other banks. We were still not very clear of what and how to be done." (P5-A).</i>
	Uncertainties about the Actions to be taken	Medium certainty	According to P4, P5 and P6 there were uncertainties about the actions to be taken concerning this decision, because there was/were: (1) different views about the legitimate control committee and the bank board of administration, (2) lack of clarity in some items of Islamic Murabaha contract (3) inconsistencies in the tasks and responsibilities between top managers and committee Shariah regarding the foundations of Islamic Murabaha system.	<i>"During the periodical meetings, we discussed the conditions of the Islamic Murabaha contract. It was obvious that some information wasn't clear to comply with the Islamic Sharia laws. This led to different points of views between the bank administration and the legitimated committee. So, we rephrased the conditions of contract, according to recommendations of the legitimate committee. We also employed internal auditor and one of the bank's staff known to be highly professional and with a good sense of Islamic legitimate awareness, to make sure that "Murabaha" system is applied according to the Islamic Sharia laws." (P4-A).</i>

	Difficulty of predicting the outcomes	Low certainty	n their P4, P5 and P6 views, it was very easy to predict the effects of this decision due to three reasons (1) the success achieved by the banks that used Islamic Murabaha, (2) considerable time, effort and money were invested in studying and analyzing the information for this decision, and (3) Libya is an Islamic state and its constitution is Islamic law, therefore this decision will be accepted by customers.	<p><i>“Personally, I don’t think it is difficult to predict the outcome. This decision has worked for other banks, and my bank has spent more time, and money to analyse it, so why will not work for us. I don’t see any risk or unclear effects from the decision.” (P5-A).</i></p> <p><i>“We invested time and money into the feasibility analysis and implementation of the decision, using past experience knowledge. With all these, it was not difficult to predict that the decision would be a success.” (P6-A)</i></p>
5.4.6 Decision Motives	Motivation for making the Decision	High Motivation	P4, P5 and P6 stated that the motivation for this decision was high and very clear. Both agreed that this decision was an opportunity for the Bank to: (1) improve its service package to its customers, (2) increase the market share of the bank, (3) spread its risk and increase profitability. In addition, P5 added another point (4) improve its social responsibility standing to the community. As the interviewees also mentioned, this decision also provides an opportunity to resolve existing crisis by (1) providing a means for the customers and the community to buy goods, (2) elimination of usury, which is contrary to Islamic law, and (3) employment of idle money.	<p><i>“The motivation for this decision was very high. It was a step that the bank had to take because of its importance to the bank, concerning improving service package, increasing market share and improving its profit chances.” (P4-A).</i></p> <p><i>“There were a number of problems with our banking system. This Islamic Murabaha was necessary; because it will enable us solve some of the problems in our banking system.” (P5-A)</i></p>
	Confidence in Making the Choice	High Motivation	According to P4, P5 and P6 the decision makers were very confident about this decision and it was the right choice. This confidence, they explained was based on the fact that (1) this decision was based on scientific studies and research and cost analyses, (2) this decision relied on Islamic Sharia.	<p><i>“...There were alliances between the chairman and top managers to confirm and to issue this decision in the interest of the bank..... we wouldn’t spend all this effort, money and time unless we were very confident of the appropriateness of this decision.” (P4-A)</i></p> <p><i>“...according to the reports and information which we had, this reiterated the success of Islamic banking and with reference to the consultancy companies (Mackenzie) the annual report in 2008 stated that the growth.” of Islamic banks increases by 20% every year.” (P5-A)</i></p>
5.4.7 Environmental Hostility-Munificence	Threat to Survival	Low Hostility	P4, P5 and P6 note that the Libyan banking environment was safe and never under any threat. The survival of their bank was not threatened: (1) there is low competition between banks in their service areas, (2) there is limited financial resources available are in the banking market environment, and (3) the Libya national economy is stable.	<p><i>“I believe there were no threats to the survival of the bank, either from within Libyan or outside.” (P4-A).</i></p>

	Stressfulness	High Hostility	P4, P5 and P6 suggest that there were opportunities for investment after issuing the new law No (1) 2005 which allowed Commercial Banks to invest in financial assets and look for other investments. As they noted too, there are some bureaucratic complications caused by the Central Bank of Libya, for example, giving licenses to practice. Also, there were some restrictions by the Libyan Central Bank concerning the proportion of investment. All these factors caused increased stress.	<p><i>“...The state has issued some laws and legislation to encourage investment also, some restrictions imposed on investments was cancelled. But the ratio of investment was determined by the Central Bank of Libya.” (P5-A)</i></p> <p><i>“...We can say that all financial and human capacities are available at the bank. The problem is that the bank is controlled with policies and regulations. This makes the bank decide on some procedures because the bank should go back to the Libyan Central Bank to have its agreement on any procedures that relate to this decision.” (P6-A)</i></p>
	Dominance of the Company	Low Hostility	P4, P5 and P6 suggest that there were opportunities for investment after issuing the new law No (1) 2005 which allowed Commercial Banks to invest in financial assets and look for other investments. As they noted too, there are some bureaucratic complications caused by the Central Bank of Libya, for example, giving licenses to practice. Also, there were some restrictions by the Libyan Central Bank concerning the proportion of investment. All these factors caused increased stress; the bank couldn't guarantee a favourable surrounding environment. They added that the bank does not have the ability to control the market which was very limited and this service was new in the Libyan market. Thus, there were some factors out of the bank's control, for example the customers attitudes and behaviour and the community culture. Moreover, P5 added there were policies and laws which reflected the State's general policy which controls the Libyan markets.	<p><i>“... I think it's difficult for the bank to control the market or customers taste, or even the general policies of the state, even when the bank is state-owned. With these and other factors it is difficult to have a dominance of the market. No single bank had a dominance of the market.” (P5-A)</i></p>
5.4.8 Environmental Uncertainty	Product of New Services	Low certainty	According to P4, P5 and P6, it was possible to predict the success of the new service (Islamic Murabaha), due to (1) citizens refusing to deal with usury and preferring to deal in accordance with Islamic Law, (2) citizens preferring to buy the product retail, (2) developing variety of banking services.	<p><i>“...I think we could predict that this product would get the approval of the community. It will be easy for the Libyan citizens to buy whatever commodities they need in accordance with the Islamic Sharia, and it solved a lot of their problems.” (P4-A)</i></p>

	Competition	Low certainty	P4, P5 and P6 emphasised that changes in the markets and changes in competitors' strategies were unpredictable, due to (1) competition is limited in providing this service, (2) this service is a new product which entered in the Libyan market. On the other hand, they emphasised that it is possible to predict the entry of foreign banks.	<p><i>"...Currently, this decision has no competition inside the banking market of Libya. Our bank is the first ever to offer such services. So, it can have the biggest possible share in the market through offering the best banking service for the benefit of Libyan community." (P4-A)</i></p> <p><i>"It is good for the Central Bank to regulate and coordinate the industry, but the banks also need to be allowed some freedom to allow for competition, which is good for the market development. My hope is that this will be the case when foreign banks start joining the Libyan banking industry." (P5- B)</i></p>
	Government al Policies	Low + High certainty	<p>P4, P5 and P6 stated that monetary policy can be predictable, due to it having clear and fixed policies, because the policy of the Libyan Central Bank is a conservative policy. On the other hand, legal regulations affecting the business sector cannot be predicted.</p> <p>Researcher observation</p> <p>During the time the researcher was meeting with the Director, he showed her a letter from the Central Bank of Libya; the letter included instructions that the bank must submit a detailed report on all companies that the bank had bought goods from, and which the bank would be selling to citizens under the terms of the Islamic Murabaha. The letters also stipulated that the proportion of profit on these transactions set by the bank could not be altered.</p>	<p><i>"...The Islamic Murabaha decision is a kind of radical change of the bank, and therefore we were worried that we would not achieve the goals that we sought. Because it is part of the current reform process in the banking industry and Libyan economy in general, it is an economic reform that makes opportunities for bank investment available. It also offers new services for the Libyan community." (P4-A)</i></p>
	Economy	Low certainty	<p>According to P4, P5 and P6 the economic policies were predictable due to: (1) the clearness and stability of the economic policies in general, (2) the government ideology currently followed is allowing the restructuring of the economy, especially the bank sector. Moreover P4 added another point (3) the Libyan Law allows directing foreign investment companies to invest in Libya.</p>	<p><i>".....I believed that government policies cannot be predicted, because in some cases were decisions issued which were improvised by the government, and this could affect the bank." (P5-A)</i></p>
5.4.9. Performance	Financial and Business Performance	High Performance	<p>For the Islamic Murabaha decision, P4, P5 and P6 reported that that financial situation of the bank was good, basing their performance judgement on the return on assets, operating profits and market share during the making of this decision.</p>	<p><i>"...The decision of Islamic Murabaha represented a new kind of product in the Libyan banking market; it was likely to make definite profits for the bank. Thus, to make this decision, you should have a good financial standing. We allocated a budget for making this decision, that we can cover all the costs that we were needed." (P4-A)</i></p>

			<p>Researcher observation</p> <p>While conducting observation within bank A, the researcher observed that some employees were not happy about the New Technology strategic decision in their bank. Nevertheless, they had to do their best to successfully implement that strategic decision regardless of their opinion about it. Satisfaction as a criterion to measure success might depend on the culture within which organizations operate.</p>	
	Organizational Effectiveness	High Performance	P4, P5 and P6 stated that one of the organizational effectiveness indicators which was used to compare their bank with other banks were employee satisfaction, and efficiency of operations.	<p><i>"... the employees were satisfied, due to that we adopted sound systems of performance evaluation, which were fair for employees."(P4-A)</i></p> <p><i>"Financial and human resources were available as well, with the proper disposition of the exploitation possibilities, and we tried as much as possible to minimize the costs."(P5-B)</i></p>
5.4.10 Decision Effectiveness	Success in Achieving Decision Objectives	High effectiveness Medium effectiveness	<p>For this bank (as reported by P4, P5 and P6), the objectives of the Islamic Murabaha Decision where high level success was made included (1) satisfying the needs of Libyan citizens and encouraging them to deal with banks according to Islamic laws (Sharia) from usury (Reba), and (2) making profit for the bank to continue to perform favourably in the banking industry. On the other hand, medium success was made in the areas of (1) coping with the level of competition with other banks and offering new customer's services that have no contradiction with Islamic laws of (Sharia), and (2) limiting investing funds outside the bank, and using up idle funds.</p>	<p><i>"I have no doubt in me that this has been a very successful decision. We are achieving our goals, for example, concerning keeping our customers happy with the Islamic law based banking, and also making profits to keep us going. We are also making progress in using up our funds internally" (P4-A)</i></p> <p><i>"...Since we started the application of this decision inside the bank, it was met with warm welcome from the people who rushed to purchase the different products they needed. This attitude had some fruits in the Islamic Libyan community which could get their needs from different products away from (Reba) which is absolutely forbidden in Islam; the bank made profits with good reputation, this could keep the bank share in the market." (P6-A)</i></p>

				<p><i>“From the financial point of view, this decision has contributed a lot to this bank. Our customers are happier with our service and our profits are increasing as a result of this.” (P5-A)</i></p> <p><i>“This decision has performed well in terms of providing service to satisfy both the customers and the bank” (P6-A)</i></p>
	<p>Hindsight that the right choice was made</p>	<p>High effectiveness</p>	<p>P4, P5 and P6 agreed it was the right decision the bank has made. They emphasised that there was a big change in the bank regulations which were, (1) more concentration on client’s satisfaction, (2) change of culture among the bank staff, not to look at themselves just as bureaucratic clerks doing routine office and paper work but rather as updated staff in charge of marketing and selling developed banking services, (3) change of some legislation - the Central Bank of Libya which has issued some laws to regulate the banking work. This has had a great effect on the development of the bank services.</p>	<p><i>“... This decision has helped to transform the way things are done in this bank. There has been a positive culture change, minimization of bureaucracy, and our clients are much happier with our service.” (P4-A)</i></p> <p><i>“...We worked hard together, there were strong ties of mutual friendship sometimes, we disagreed during discussion but all of it was for the sake of the bank to have success and achieve the objectives of attracting new customers while keeping the current ones. The bank also was successfully able to make accurate identification of the customer real needs and desires. We got precise results within one year after the application of the decision.” (P5-Bank A)</i></p>

5.4 Data Analysis for the Islamic Murabaha Decision in Bank (B)

Table 5.5 Data Analysis for the Islamic Murabaha Decision (Bank B)

Themes	Variables/Sub-Themes	Activity Level: High/Medium/Low	Summary of Analytical Findings	Specific Comments from Interviewees
5.5.1 Procedural Rationality	Identification of Information Required	High rationality	The respondents (P7, P8 and P9) noted five points about the kind of information collected about this decision, namely to identify (1) the requirements of customer's new banking services, (2) the changes in banks environment (social, economic and political aspects), (3) the cost of transactions and commissions of Islamic Murabaha to customers, (4) the desired goals of this decision (Islamic Murabaha), and (5) Islamic legislation that must include in the Islamic Murabaha contract (P9)	<p><i>"... All data we obtained was in the form of either reports and correspondence or some facts and statistics we gathered from the countries we visited. We compared the end results of facts between Qatar and Jordan and on this we reached a satisfactory result regarding this decision." (P8-B)</i></p> <p><i>"Our committee worked together, and the spirit of cooperation and collective construction of common ideas helped to create friendships among them. This helped to determine needs and the nature of information concerning contracts, and how to ensure compliance with Islamic laws, etc." (P9-Bank B).</i></p> <p><i>"...Islamic Murabaha committee formed by Board of Directors of the Bank in order to gather information about this decision and study the current status of the bank according to all things related to Islamic Murabaha, for example, individuals, training methods, determination needs, contracts study and ensuring their constituency with the Islamic Sharia, assigning one legal authority to deal with and to revise contracts used by the bank." (P7-B)</i></p>
	Decide Methods of Information Gathering	High rationality	Collecting necessary information and accurate diagnosis of the decision was important, P7, P8 and P9 noted. Respondents identified internal and external sources of gathering information.. Internal sources: (1) a study previously prepared by the Marketing manager, (2) using inquiry forms to gather people's opinions about this decision, (3) Committee of the Islamic Murabaha.	<p><i>"...Some information was collected based on external sources. Formal visits were organized to Arab banks implementing the same system, such as Jordanian Islamic Bank and Quatrain Islamic bank." (P8-B)</i></p>

	Obstacles to Gathering Information	Medium rationality	P7 and P9 noted two points: (1) the lack of ground rules and sophisticated electronic information, as the bank still relies on traditional methods to collect information, (2) a lack of trained staff with full knowledge of Islamic legislation. P8 stated that (1) complexity of administrative procedures within the Bank, and (2) the need to refer to the Central Bank of Libya and taking statements on all measures relating to the collection of information on this decision.	<i>“At the present time, we still rely on traditional methods to collect information, which has a negative impact on the time taken for decision-making. The collection of information takes us too much time, in addition to the complexity of administrative procedures within the Bank or outside the bank” (P9-B)</i>
	Analyse Relevant Information	High rationality	According to P7, P8 and P9, collected information was analysed through the analysis of preliminary information which was used in (1) analysis of financial ratios such as the balance sheet and a list of savings, (2) cost benefit analysis, (3) analysis of the financial reports which includes the size of idle funds, and available investments opportunities, (4) comparing the results of the facts and figures that have been collected from countries using the Islamic Murabaha system. Also the strengths and weaknesses of Murabaha decision were analysed (P8).	<i>“We mainly analysed relevant information by using accounting metrics. We need to invest in more modern multi-purpose tools, especially concerning the Islamic Murabaha, as done in many countries that practice this system.” (P8-B)</i>
	Crucial Information	Medium rationality Low rationality	P8 and P9 stated that the bank had crucial information that enabled them make the decision. But the bank still needed additional information; the bank’s staff still lacked awareness of Islamic Murabaha and how to deal with Islamic investment instruments. According to P7, there was a lack of information about conditions that must be met in the Islamic Murabaha contract between the bank and the companies that own the scheme, for example, there must be documentary proof of transfer of ownership to the bank, and where to store after Bank Ownership.	<i>“... I believe we were able to collect decisive and final information required to make this decision, in my opinion, it is related to the infrastructure of the bank and preparing suitable individuals to work with the system of Islamic Murabaha.” (P7-B)</i>
5.5.2 Intuition	Personal Judgement	Medium intuitiveness Low intuitiveness	P8 and P9 said, the decision was adopted on the basis of logic and scientific methods, as a result of the success met by the Arab Islamic Banks. P7 stressed that this decision was based (1) entirely on the collection of the required information, (2) scientific study on the collected facts, (3) estimating the material costs and human resources needs, and (4) it took two years research and discussions to make a decision for Islamic Murabaha.	<i>“... We thought that as a result of the large success achieved by Arab Islamic Banks, such as Jordan and Qatar Islamic Banks which deal on the Islamic Murabaha basis, we thought that we could meet the same success, as they achieved, in developing the level of our banking services to the customers.” (P8-B)</i>

				<i>"... The Islamic banks have had success with this decision and their banking activities according to Islamic laws at the same time. They achieved great success at the level of offering services or gaining profit." (P7-B)</i>
	Past Experience	Medium Experience	P7, P8 and P9 stated the decision required from the managers involved full familiarity with the Islamic jurisprudence and Islamic Sharia. But most of the managers in charge making this decision lacked full knowledge of Islamic jurisprudence laws. Therefore external expertise assistance was required from Arab Islamic Banks, such as (1) those in Qatar, and (2) specialists in Islamic jurisprudence from inside the country.	<i>".....the managers lacked experience in making this decision and the decision requires a greater knowledge of Islamic law. Thus this decision required experience in other aspects, such as Islamic Sharia, therefore we used the experience of some auditors who had extensive experience in Islamic Sharia. However, this was not enough, because we also needed to have staff familiar with Islamic law." (P7-B)</i>
5.5.3 Political Behaviour	Openness with each other about Interests and Preferences	Medium political influence Low political influence	P8 and P9 note that there were different directions and opinions between the Board of Directors and the members during the meetings, but these differences were limited and for the good of the bank. The dominant authority within the bank was the Chairman of the Board of Directors who has the legal power to direct and influence the role of the participating members. In their view P7 there was not transparency between the Board of Directors and the executive managers during the meeting and discussions. All worked for the goal of the decision, which was to benefit the bank and not for personal interest, they noted. The bank wanted to (1) introduce new products to the customers, and (2) work to solve social problems, such as the refusal of individuals from dealing with interests.	<i>"... during our meeting with the Chairman of the Board of Directors of the bank, different views and directions appeared about the basis for choosing the optimal offer from the companies which own the products. Again some opinions were united while others were different and alliances formed between the members. But after discussion, the Director-General of the bank decides as he is the highest authority in the bank." (P9-B)</i> <i>"... In the meetings, the Director-General of the Department provides all the papers and listened to all opinions and trends on all the offers of goods offered by companies in order to identify any goods which were acceptable to consumers, (as well as taking the Islamic Fatwa opinion in offered conditions by bidding companies). Do these conditions contravene the Islamic law or not? ... After hearing all the opinions, the Director-General will decide which offers are the most suitable to contract." (P8-B)</i> <i>"... At the beginning of our work to pass this decision, we used our strength in order persuade to get approval from the Central Bank of Libya for making this decision. This is because we are under the supervision and influence of the Central Bank, which has the right to issue laws and legislations for all Libyan banks to work with. Therefore the main aim of this decision is the banks interests and preferences and not personal ones." (P7-B)</i>

	Power to defend Preferences	<p>Low political influence</p> <p>High political influence L</p>	<p>P7 noted that (1) the decision makers did not use their power and authorities to protect their interest; everyone worked for the benefits of the bank, (2) the committee of the legitimate authority has an important role during the meetings as it was jointly responsible with the administration in applying the provisions and principles of Sharia in the Islamic decision.</p> <p>P8 and P9 however noted that there were some personal interests in some elements of this decision regarding bonuses, extra time, travelling abroad and promotions available to the decision makers.</p>	<p>"..... I believe that the legitimacy of the board plays an important role in the meetings held on the ground, which it is a responsibility shared with responsible management in applying the provisions and principles of law, it was trying to make this decision matching the Islamic law and the offers should adhere to these principles." (P7-B)</p> <p>"..... These differences of opinions are very important and very neutral. There were differences regarding travelling abroad and who are the suitable candidates and suitable international banks." (P8-B)</p>
	Bargaining among Decision Makers	<p>High political influence</p>	<p>According to P7, P8 and P9 there was bargaining among the managers on the core decision subject, about perfect organizational basis that defines responsibilities between Board of Directors of the Bank and the legitimate committee as all decision makers worked for the goal of the bank.</p>	<p>"..... I believe that there were differences in opinions, because of complications in procedures in this decision. This was due to that the organizational aspect, since the bank had a deficiency in perfect organizational basis that defines responsibilities, between Board of Directors of the Bank and the legitimate committee. Thus, this created differences in opinions, and caused bargaining among them." (P8-B)</p> <p>"It is normal that different people will show different opinion, and this will lead to some bargaining. However, in this decision, effort was made to ensure that every bargaining step was in agreement with Islamic law." (P9-B)</p>
5.5.4 Decision Importance	Decision Importance	<p>High importantly</p>	<p>Concerning the importance of this decision, P7, P8 and P9 mentioned important points about the decision (1) has controls and legitimacy of certain restrictions to prevent the involvement in usury, (2) expands the circle of the bank activity inside and outside the country, which took a lot of time, effort and money, (3) enabled changes in the ways and methods of practicing the bank activities.</p> <p>Documentation</p> <p>The researcher was allowed to look at some reports such as: costs of making decision and problems related to financial resources</p>	<p>"... I think the importance of this decision lies in changing the direction of the bank activity, from a usury bank to a bank which deals according to Islamic Sharia. This has led to activate the investment and development and benefiting by the owners of investment deposits to run their money through legitimate methods. The buyers also benefited by paying the selling premiums through periods of time in the future. This increases the bank's activities to such a large extent which enable us to meet the insurance of goods for the people inside the country or abroad." (P8-B)</p>

				<i>“This decision was necessary because Libyans have wanted to have the Islamic Murabaha. They therefore received it well when it was introduced, as it was based on Islamic law..... Currently, we are in the process of identifying further strategic decisions to make. To help in that plan, we have set up marketing and accounting committees to work separately and analyse our performance so far, and also come up a plan concerning strategies to better our services and response to the customers and general public.” (P9-B)</i>
	Subsequent Decision	High importantly	P7, P8 and P9 stated that this decision should be followed by subsequent decision of similar importance, such as, "Musharaka decision".	<i>"... We are preparing another decision with similar importance for “Musharaka decision”, speculating decisions and new department called the Department of Islamic Murabaha and following the Murabaha decision..... The bank is seeking to provide this new service in order to increase our market share, to provide opportunities for investment and to be more competitive." (P8-B)</i>
	Delaying this decision	High Medium Delay +	P8 and P9 identified obstacles, such as: (1) the high profit margin stated in the contract prepared by the management of credit risk, (2) complaints of some sections because of labour shortages and the lack of facilities, and (3) the measures imposed by the Central Bank of Libya to request permission before performing everything related to this decision. Moreover P7 added reason (4) tax revenue and its negative effects on citizens.	<i>“... There was some delay in making this decision, for example there was a difference in opinions about the value of the profit margin stated in the contract. Therefore, we have to reach for a solution to provide the item to the citizen, and at the same time, reasonable profit margin for the bank.” (P8-B)</i>
5.5.5 Uncertainty of the Decision	Clarity of kind of Information to be collected	Medium certainty	P7, P8 and P9 stated that there was Lack of clarity about (1) some of the information related to the contract terms, the bank gets assistance from Qatar Bank helped to clarify some of the information related to the contract terms. Also, another problem (2) was that the bank staffs did not fully understand the legitimate regulations. So, the Qatar Bank offered training sessions to help them understand Islamic Murabaha system.	<i>“... There was some unclear information related to the terms of the contract, such as the necessity for the bank to show its seriousness in buying the commodity and to own it by paying its price to the seller immediately after the agreement on the contract. Thus, few differences and a disagreement of opinions appeared among the management of the bank, the members and the legitimate committee during their official meeting. Therefore, the legitimate committee has submitted a report which reviewed the required proposal for reforming some terms of the contract to match with Islamic Sharia.” (P7-B)</i>

	Uncertainties about the Actions to be taken	High certainty	P7, P8 and P9 identified four points of uncertainties, (1) different views and lack of clarity in some items of Islamic Murabaha contract, (2) lack of job descriptions for all departments in the bank, (3) regulatory and administrative constraints imposed by the laws on the banks, and (4) negligence by Libyan government to encourage Islamic Murabaha system.	
	Difficulty of predicting the outcomes	Low certainty	P7, P8 and P9 stated that this was considered as new evidence for the validity of applying Islamic Sharia at any time and any place, (2) where the need of people was verified and led to activate investment and development. Moreover, P8 stated that the bank spent time and money in studying this decision in order to facilitate its success.	<i>"... till this moment all indicators are positive about the outcomes of this decision and there was no difficulty in predicting the results. The decision helped us to solve the problem of the people, we got new customers, we made profits for the bank and we started to develop the competitive capability of the bank." (P8-B)</i>
5.5.6 Decision Motives	Motivation for making the Decision	High Motivation	According to P7, P8 and P9 the Islamic Murabaha decision was important because: (1) the bank needed to expand in its services, (2) it will enhance the efficiency of financial intermediation, (3) it will encourage investments and development projects, and it will help to solve the problem of the refusal to deal with interest because it's contrary to Islamic Sharia.	<i>"... The decision gave solutions to many problems suffered by people. Therefore, we are going to continue the creation of new products that's helped the people and at the same time achieve a profit to the bank and increase our market shares." (P7-B)</i> <i>"We had a clear motive, that is, to reach out better to the customers and give them better service. We also made sure that our investments into this decision would yield benefits to the bank." (P9-B)</i>
	Confidence in Making the Choice	High Motivation	P7, P8 and P9 were confident that it was the right choice to make this decision due to (1) the decision was based on feasibility study and research, and cost analysis, (2) the decision is not contrary to Islamic Sharia and has received acceptance from the whole society, and (3) this decision had low-risk and it also increased profitability.	<i>"... I think we were very confident about the validity of this decision because it was the first new product provided to the Libyan market according to Islamic Sharia and has helped many people." (P7-B)</i>
5.5.7 Environmental Hostility-Munificence	Threat to Survival	Low Hostility	P7, P8 and P9 did not think there were threats to the survival of their bank. According to them: (1) there is poor competition between banks in producing this service, in terms of the variety of tools in the Islamic banking services, and the level of skills of staff having new and good skills in Islamic banking, and (2) the new banking services (Islamic Murabaha) encourage segments of society to deal with banks, who see interest as usury in Islam.	<i>"In general, we can say the Libyan banking environment is a safe environment due to policies and laws that govern the law of Libyan banks by the Central Bank of Libya. I must say, for my bank, there was no element of threat to survival!" (P7-B).</i>

	Stressfulness	High Hostility	According to P7, P8 and P9, there was high stressfulness, because (1) the Central Bank caused some bureaucratic complications in the process of obtaining licences. These complications cause the banks too much stress and have a negative influence on the performance of the bank.	<i>“In my opinion some of the guidelines defined by the Central Bank were too strict and caused my bank some stress. For example, there were strict processes for obtaining licence to practice, and permission has to be obtained at each stage of this decision.” (P8-B).</i>
	Dominance of the Company	Low Hostility	Their bank does not dominate the market P7, P8 and P9 emphasised. According to them, some reasons in this connection are: (1) the bank is governed by Central Bank policies, and also influenced by State decisions, (2) the level of efficiency of workers in banks is very similar, to provide these services (Islamic Murabaha), and thus does not allow any bank to control the Libyan market.	<i>“The way the Libyan commercial bank industry is structured, no single bank can have dominance. The Central Bank regulates the industry through its policies, and financial limitations also prevent such dominance.” (P8-B)</i>
5.5.8 Environmental Uncertainty	Product of New Services	Low certainty	In their responses, P7, P8 and P9 pointed out that the new service (Islamic Murabaha) will be well accepted. They sounded like they can predict the tastes and preferences of customers. P7 and P8 commented that: (1) this service has wide acceptance by members of the community due to the desire of individuals to move away from dealing with usury, as God said [Allah has permitted trading and forbidden usury (Al-Bakara 275)], to provide some banking services for customers' bank, such as buy retail.	<i>".... We were expecting this item to receive acceptance from individuals in society because it's going to facilitate the receiving of this item and considering social service, at the same time, as it will solve many problems for them." (P8-B)</i> <i>“This new decision is a good step in the Libya banking industry. I believe our bank will have a good experience with it because the Libyan people are happy with the ‘Islamic Murabaha’ decision.” (P9-B)</i>
	Competition	Low certainty	P7, P8 and P9 noted that: (1) the provided service is considered as a new product with no competitor in Libyan banking environment; (2) increasing competition in the market, in the light of economic developments, the situation required from us to introduce new services, such as Islamic Murabaha decision; (3) the new banking Law (1/2005) allows foreign banks to open new branches in Libya, so many Islamic banks are waiting for this opportunity to invest in Libya, this will cause more competition with local banks; (4) also the new banking Law (1/2005) encourages Commercial Banks to create new investments, thus all the Commercial Banks are developing new strategies.	<i>"..... I believe that the policies of competitors are usually clear for us because of the lack of investments and the policies that govern the banks are also clear. Therefore, it is possible to say that for this service there are no competitors now in the Libyan banking market." (P7-B)</i> <i>“Presently, there is not much competition in the industry, but I expect this will change in a short time, as there is a high possibility that foreign banks will try to penetrate the Libyan banking industry.” (P8-B)</i>

	Governmental Policies	Low + High certainty	P7, P8 and P9 noted two points in their responses: (1) the bank is under the control of laws and policies issued by the Central Bank of Libya; (2) There is no constancy in laws of the governmental policies. The researcher was allowed to look at the official letters from the Central Bank of Libya include recommendations and procedures that must be followed during their making of the decision. In addition, this situation prevails for all banks and all five decisions.	<i>" I believe that despite the current economic opening in Libya, still the laws of the state control the investment opportunities. Although this decision is based on statements issued by the government, we are still having no freedom to choose the type of investment activities preferred by the bank." (P8-B)</i>
	Economy	Low certainty	P7, P8 and P9 suggest that: (1) Libya is currently reforming the banks sector to match the economical development in the country. Thus, this decision is considered as a type of investment opportunity which contributes to the development of Libyan economy; (2) the Murabaha decision represents an investment opportunity in Libyan banking market and it is in agreement with the ongoing reforms in Libya. In general; (3) Libya is following a predictable economic policy, because it is consistent with banking development.	<i>"..... the growing fierce competition in business would force us to be concerned about the development aspects to retain our share in the market. This intern requires renewal and continuous innovation of the various tools in bank procedures to increase the productivity and reduce the costs. Again, this will requires innovation and creation of highly skilled staff in technical, administrative and other fields." (P7-B)</i>
5.5.9 .Performance	Financial and Business Performance	High Performance	From the interviews with P7, P8 and P9, it was agreed that during the making of this decision the financial and business performance of the bank were very good compared to other banks. These financial indicators were return on assets, operating profits and market share. They added that the financial situation of the bank was considered strong through a number of indicators (1) facilitating elements like the management of grants and loans, and the development of their Islamic methods in banking, (2) reducing the risk of money outside the bank, (3) increasing savings and money by attracting new customers, and (4) increasing market share (P7).	<i>".... in accordance to the bank balance sheets, the capital of the bank had a strong balance sheet, and, the market share of the bank was on the rise."(P8-B)</i>
	Organizational Effectiveness	High Performance	In the views of P7, P8 and P9, organizational effectiveness was one important indicator that enabled them to compare their bank with other banks, similar in size and business, and among these indicators were, for example: (1) employee satisfaction: (2) the efficiency of the bank's operations.	<i>"Our staff showed satisfaction with incentives provided to them and equal opportunities between them. However, there was some dissatisfaction by some employees; this was maybe a result of the disparity in level of education. But we always tried to solve these problems and make them happy. (P7-B) "We as a team, we worked for this decision. This decision</i>

				<i>needed efficiency at the work to make it. Praise is to Allah, due to having managers of departments having more experience and efficiency in using the financial and human resources in the best way." (P9-B)</i>
5.5.10 Decision Effectiveness	Success in Achieving Decision Objectives	High effectiveness Medium effectiveness	<p>P7, P8 and P9 pointed to several successful goals: (1) providing the Muslim customers a safe place to keep their money and investments and away from the suspicion of usury, (2) providing new banking services of high standard to customers in line with the provision of Islamic Sharia, (3) attracting many new customers, by using Islamic Sharia in banking services, and (4) reducing the migration of money or leaving it to be handled outside the banks (P9).</p> <p>(Researcher observations) the researcher observed that the Bank B achieved the goals of the Murabaha decision, through observation, the researcher noticed that there were a large number of citizens who wanted to buy goods using Islamic Murabaha finance, during the researcher conducted interview with marketing director, the marketing director received an order from a Service company asking for a range of goods to be paid for under this system. The marketing director also said that the bank was barely able to provide for its customer requirements due to the demand, and this was confirmed by documents found on the sale of goods under Murabaha Islamic finance decision by the researcher.</p>	<p><i>"This decision opened the door to new and improved banking services.Because the decision was based on the Islamic Sharia, we could gain more easily the confidence of the large Muslim customers. As a result of this, we made profits and improved our services." (P8-B)</i></p> <p><i>"..... the bank seeks to achieve a growth rate and to remain in the banking market. In order for the bank to do so, it is necessary to continue and compete in this market. On the other hand, for the bank to achieve its objectives, it must spread so as to reach different segments of the society and provide banking services for customers to their nearest places. This goal can only be achieved through geographic spreading in communities." (P7-B)</i></p> <p><i>"..... As I think, the current banking work always needs to be renewed and there needs to be innovation of new banking services and marketing. This is due to the need of customers for continuous innovation of the moral and material requirements, and also because competition started in Libyan banking market to gain the most possible customers." (P8-B)</i></p> <p>" the bank provided new services for society. The bank thus introduced the new product for customers reluctant to deal with the bank, because they think of it are a usury based-bank; through this, the bank increased the volume of deposits from the customers." (P9-B)</p>

	<p>Hindsight that the right choice was made</p>	<p>High effectiveness</p>	<p>This was the right choice, P7, P8 and P9 noted. This, according to them, is due to the following reasons: (1) since the banking service was based on Sharia law, the bank was able to attract many customers, (2) the bank got contracts with good companies to provide quality products, to meet customers' satisfaction, and to sell all the products in the maximum time possible, (3) using the provision of Islamic Sharia, the bank cancelled the interest, which is avoided by many customers away from suspicion of usury, and (4) in the light of this decision there were establishment changes in the policies and business rules, and providing new banking services to customers (P9)</p>	<p><i>"..... Many offers have been provided to us by different companies to participate in this investment. These offers were domestic or from abroad, such as those from Qatar and Egypt, in addition to the many requests from citizens interested in purchasing goods." (P7-B)</i></p> <p><i>"This is one of the best decisions that we have made since the beginning of this bank. With this decision, there were a lot of positive developments that followed in the bank. Our customers were even very happy with our banking services." (P8-B)</i></p> <p><i>"..... As I think, the current banking work always needs to be renewed and there needs to be innovation of new banking services and marketing. This is due to the need of customers for continuous innovation of the moral and material requirements, and also because competition started in Libyan banking market to gain the most possible customers." (P9-B)</i></p>
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5.5 Data Analysis for Training Decision (Bank B)

Table 5.6: Data Analysis for Training Decision (Bank B)

Themes	Variables/Sub-Themes	Activity Level: High/Medium/Low	Procedural Rationality: Summary of Analytical Findings	Specific Comments from Interviewees
5.6.1 Procedural Rationality	Identification of Information Required	High rationality	P10, P11 and P12 pointed out four points for the collected information these are (1) to identify the training needs of departments depending on the regulations of banking. This process should highlight issues such as staff inefficiency, (2) to identify which staffs of the bank requires training, (3) to study, analyse and evaluate the companies offering training, and (4) to identify the desired goals of this training.	<p><i>"... Of course there is a need to change the system and conditions of employment for the possibility to identify the training requirements, rules, regulations and laws in force within the bank". (P10-B)</i></p> <p><i>"To make sure that our training decision had any chance to succeed, we first analysed our internal environment to find out who needed what and where and how. Then we consulted people and banks with similar training experience. Then we applied the knowledge we gained to our situation and monitored things regularly too, to see if and when things needed to be changed." (P12-B)</i></p> <p><i>"...As I think we acquired adequate information which enables us to make this decision. For example, we needed to know everything new about the modern means of training and whether they are in line with the capacity of the staff and the degree of accepting the training processes by them." (P11-B)</i></p>
	Decide Methods of Information Gathering	High rationality	<p>According to P10, P11 and P12, their bank gathered information by: (1) examining all the training requirements for employees, reports of staff performance and efficiency, (2) examining committee reports, (3) study the offers submitted by the companies, and (4) using Consulting Bureaus and visiting Arab and foreign countries who have used such training.</p> <p>The use of documentation was another method to collect the data of this thesis, in addition to semi-structured interviews and participant observation. It provided a greater amount of information as well as supplying more reliable and in-depth data. The researcher was allowed to look at some documents regarding contracts with specialized companies for staff training.</p>	<p><i>"...We also depend in collecting the information on the organized official visits to the Arabic banks to have an idea about the latest methods and techniques used in training programs for the staff, and the possibility to apply them in our bank. We sent a group of employees accompanied by the director of training to the Arabic bank of Jordan for 15 days. Again, the staffs were selected from those who are close to them, only those with whom they have a personal relationship or kinship." (P10-B)</i></p>

				<p><i>"...We met with the President of Board of the bank and we talked and decided to form an internal committee consisting of a number of the staff headed by the Director of training and management. We asked this committee to collect the information by the help of other departments and sections, and to prepare a report explaining the required level that should have been reached by the employee and the type of needed training. The managers cooperated among themselves to collect the information and data. They had known each other a long time in the field of their work." (P11-B)</i></p>
	Obstacles to Gathering Information	Low rationality	<p>The obstacles, as P10, P11 and P12 reported, are: (1) shortage of qualified professionals to collect required information, (2) lack of database to facilitate the process of collecting the information. (3) Weaknesses in communications systems infrastructure and links to the bank via the internet. Moreover, P10 added another obstacle, namely: The number and complexity of administrative procedures within and outside the bank. Due to these obstacles, the bank directors rely on external consulting firms for collecting information.</p>	<p><i>"... I believe that the required information was collected to make this decision, and the problem experienced by the bank was identified as the lack of staff for advanced training programs on mechanisms of banking business". (P10-B)</i></p>
	Analyse Relevant Information	High rationality	<p>In addition to the obstacle listed above, P10, P11 and P12 noted that the bank did not have the means of analysing data on its own. Therefore, the bank depended on consulting firms for the analysis of the information. Also, the bank used simple analysis methods: (1) examining the reports submitted by the committees and discussing them in the formal meetings, (3) studies of the economical feasibility, (4) cost benefits analysis. The researcher was allowed to look at some documents regarding contracts with specialized companies for staff training.</p>	<p><i>"...We did not have advanced statistical means for data analysis. The analysis which we depend on as a bank was the discussion of reports submitted by the committees, those which have been created, and the reports submitted by various departments. However, the total dependence in the analysis of the information was on the consulting firms and the study of each alternative alone, and then selection of the best alternative." (P10-B)</i></p>
	Crucial Information	High Medium rationality	<p>P10 and P12 emphasised the success of the managers in reaching the basic and critical information for making this decision P11 stated that some time additional information is needed in making this decision, such as, (1) the future trend of the employees to continue working at the bank, (2) the willingness of the person to accept training programs.</p>	<p><i>".....Through our past experiences, some staff had been subjected to training programs, who then moved to work with others. This caused us a loss of time and money, therefore, the future predictions of the staff are hard to predict." (P11-B)</i></p>

5.6.2 Intuition	Personal Judgement	Medium intuitiveness	P10, P11 and P12 agreed that personal judgment was not a major factor in making this decision. They cited four points which made them not depend on intuition for making this decision: (1) This decision depends entirely on a scientific method for gathering information and facts. (2) This decision uses this scientific method to identify training requirements. (3) To study the required financial and human costs. Moreover, P10 added another point, (4) to study the requirements of an environmental and marketing banking. In spite of that, the respondents also stated insufficient information; the top managers did not use on their intuition to making this decision.	<i>“Of course we had some lack of information, as for example, some of the staff did not accept the training programs. This might be related to their education or they do not want to change...clashing of the manager’s duties and responsibilities as a result of the unclear old administration regularities.” (P10-B)</i>
	Past Experience	High intuitiveness	P10, P11 and P12 emphasised that experience played a major role in making this decision, and its role was very high on the process of making this decision. They have strengthened their point of view by saying that, (1) the experience is represented in education and previous professional experience, (2) the bank depend on the experience of Arabic banks, like Lebanon and Jordan, in selecting the modern and sophisticated training methods	<i>“Of course experience played a very effective role in making this decision. The members participating in making this decision were found to be sound in previous experience in the field of banking, having not less than 20 years and holding scientific qualifications..... but we still wanted people who had more experience related to this decision in terms of identifying training needs. We still felt we had inadequate experience and this made us concerned about taking the correct decision; therefore, we used the aid of a few experienced individuals in the field of banking business from other banks, especially those who had a very good history in this field.”(P12-B)</i>
5.6.3 Political Behaviour	Openness with each other about Interests and Preferences	Low High political influence	P10 and P12 stated that, there was a convergence of views among the board of Directors and the managers about the bank’s interest, in terms of improving the level of employees and their work skills, and improving the quality of banking services. P11 stated that, there was a presence of transparency among top managers regarding their personal interests, concerning e.g. training abroad, and the tangible and intangible benefits	<i>“... I am very sure that the objective of making this decision was for the interest of the bank and not for personal interest. But there is a common ground and convergence of views among the Board of Directors and managers of the bank concerning their preferences and interests. This resulted in the creation of atmosphere of trust and cooperation as they work together for long time on this decision. Also, alliances formed between a few of the managers concerning their interests, but without contradiction with the interest of the bank. For example, each manager was seeking a training course abroad due to the moral and financial benefits for them.” (P10-B)</i>

				<i>".... I think that in order to bank interest, chairman of the board of directors and the members of board of directors seek to training of employees..... I believe that there is no hidden information between them, in order to protect their personal interests behind the decision". (P11-B)</i>
	Power to defend Preferences	High political influence	P10, P11 and P12 had the same view that the Chairman of the Board of Directors and his members used their power to impose their opinion on the group, due to the strength of their administrative position in the bank which affects the following points: (1) Identifying training requirements. (2) Elements targeted for training. (3) Selection of the optimal offer for training.	<i>"...I think that in some cases the President of Board of Directors and his members impose their opinions by using their power and the strength of their administration positions for this purpose. For example, the training courses abroad were limited to certain group of departmental directors only, by taking advantage of their personal relationship with the Director-General of the bank or because of the power of their administrative positions. For example, a number of staff was selected to travel to India for training on SWIFT system, but this session was given to another group of managers despite the fact that the original staff will work on this system. As a result, no body was found to work on this system and this negatively affected the work of the bank." (P11-B)</i>
	Bargaining among Decision Makers	Low political influence	According to P10, P11 and P12, there is the absence of any bargaining between the decision makers in the bank. So in their opinion the political behaviour was very low; due to (1) the discussion between top managers depends on consultation and open debate in their official meeting about anything or any problem, (2) the investment in human resource is the best investment, thus the decision makers did not care about the cost of training, (3) time and funds are very important factors facing any company when training their employees, so the bank made plan to subject the majority of employees to training without an effect on bank business.	<i>"...All the papers were put on the table for the discussion by the members and the managers. Each one gave his opinion with complete transparency. For example, we made contracts with specialized institutes at home or in foreign countries to give training courses. These courses were selected on the basis of their availability and there was no bargaining about that." (P10-B)</i>
5.6.4 Decision Importance	Decision Importance	High importance	P10, P11 and P12 stated that this decision is very important to the bank. The bank therefore: (1) spent much time and money to make this decision, (2) plans to improve employee skills for better performance of duties, (3) adapting members' knowledge to match circumstances and environmental conditions in and outside the bank, and (4) develop employees' behaviour especially towards bank's customers.	<i>"Certainly, it was an important decision. For a long time there was the need for the bank to introduce training courses in all fields. We have organized, among the training plan for the year 2008, very interesting training programs, which included: training courses, seminars, forums in the field of banking business and assisting programs in English language and computer. The number of participants in these training courses was 1018 trainees." (P10-B)</i>

				<p><i>"..... I believe that due to the importance of training in Bank, the top managers take enough time to study and analyse all aspects of the decision, in order to achieve the objective of training..... And maybe there are other objectives that can be achieved from this decision." (P11-B)</i></p>
	Subsequent Decision	High importance	<p>P10, P11 and P12 listed the subsequent decisions to support past decisions as: (1) restructuring the bank to match developments in the banking world, (2) creating new departments (e.g. department of information technology, department of marketing and department of human resource), and (3) introduction of new services.</p>	<p><i>"...To allow the success of this decision, as expected, it should be accompanied by other decisions, as for example, the establishment of new department and administrative diversification of the provided services." (P11-B)</i></p> <p><i>"..... For example, after establishing the department of marketing, the Bank issued another decision related to staff positioning and recruitment in the field of marketing". (P10-B)</i></p>
	Delaying this decision	High Delay	<p>Periodic trainings is necessary to meet international standards, P10, P11 and P12 commented. The respondents agreed that there was a delay in making this decision Some of the reasons for the delay, according to them are: (1) differences among managers about the selection process of specialized training institutes, and when to cancel trainings and courses, due to high costs, (2) the emergence of some complexities of administrative, and also the lack of good contact between departments, (3) bureaucratic red tape and lack of support from the public sector, and (4) delay in the formation of committees to collect and study data.</p>	
5.6.5 Uncertainty of the Decision	Clarity of kind of Information to be collected	Medium uncertainty High uncertainty	<p>In his view P10 and P12 there was clarity about information to be collected, in issues of: (1) correct assessment of staff requirements, and (2) development of work requirements according to modern techniques.</p> <p>P11 identified 4 issues where it was not very clear what information needs to be collected: (1) development of employee culture and the extent of will to develop work ability, (2) consistent application of the technical development required for compliance with external work environment, (3) the political regulations and laws in force within the country, (4) efficient organization of the internal hierarchy of the bank.</p>	<p><i>"There was no doubt about the kind of information we needed to collect. All members knew the type of information and their individual roles in the process towards making the decision." (P10-B)</i></p> <p><i>" but we also had some issues where it was not very clear what we needed. One key reason for such problem is that there was no clear definition of roles between the concerned personnel. (P11-B)</i></p>

	Uncertainties about the Actions to be taken	Low uncertainty high uncertainty	P10 and P12 stated that the decision-makers have had full knowledge of all the procedures which must be taken to make this decision. However, p11 stated that there was complication in the application of procedures such as, (1) many of the regulatory and administrative constraints imposed by the laws on the state-owned enterprises, (2) job descriptions (lack) for all departments, resulting in the overlap of functions between the managers and heads of departments, (3) shortcomings and negligence by the committees responsible for the training programs.	<i>“I must admit that our process had some problems, and this affected the quality of our actions.....we had regulatory problems, there was overlap between the functions of managers, and some people did not take the training plan seriously.” (P11-B)</i>
	Difficulty of predicting the outcomes	Low uncertainty	P10, P11 and P12 emphasised that there was no difficulty in the prediction of the outcome of this decision, because (1) the bank followed scientific methods in terms of identifying the best training requirements and information type collected from consulting firms, (2) the bank permitted top managers to take all necessary procedures in order for the decision to succeed	<i>“...The actions which we have taken were correct and there was cooperation between us in facilitating the procedures. He added, we faced some problems and difficulties with the staff because they did not follow and respect the official hours of the training courses. He also added that some of them resist the change and refuse some training methods.” (P10-B)</i>
5.6.6 Decision Motives	Motivation for the Decision	High Motivation	According to P10, P11 and P12 there was high motivation to make this decision. This decision was very important to the bank: (1) it will help solve the crises experienced by the bank, (2) it will increase the efficiency of bank staffs, (3) it will enable the bank meet the standards in the international economic arena. This decision, the respondents further commented, would enable the bank to: (1) introduce new banking services to customers, (2) improve the performance of the bank, (3) improve staff skills and abilities, enhance the bank’s chances, and (4) increase the market share of the bank.	<i>“...We had several motives behind this decision, for example, to create banking workers able to keep up with the development in the field of banking and able to use the best available techniques. Also, to meet the current competition this started to appear in the environment of Libyan banking market.” (P10-B)</i> <i>“I have worked for this bank for many years, and the bank has not been doing well economically for many years. I believe that poor staff quality is one major reason for this. This training decision will help the bank to economic turnaround.” (P12-B)</i>

	Confidence in the Making Choice	High Motivation	P10, P11 and P12 were confident that it was the right choice. This confidence, they said, is because: (1) the decision took adequate time and was well studied and analysed, (2) training of employees and their choice was determined by their departments; (3) of the need to develop administrative structures of bank training; (4) of the strategy of manpower and human resources through the development training programs according to business requirements, and (5) the bank work within the framework of international standards of training (P4)	<i>"...Of course, sure we were very confident of the validity of this decision because we spent serious effort, time and money. In addition, there was good cooperation and understanding between the Director-General and the managers for making this decision. Also it was a benefit to the employees by improving their skills, in addition to the financial incentive benefits included in the decision to encourage them for taking the training courses. In addition, the bank will improve the banking services to the customers and in international foreign affairs." (P10-B)</i> <i>"..... I believe that confidence in making the right decision was due to the cooperation with the Arab Monetary Fund and the International Monetary Fund and other institutions within the framework of a comprehensive annual training plan and for taking into account the most important developments in banking business in all areas". (P11-B)</i>
5.6.7 Environmental Hostility-Munificence	Threat Survival to	Low hostility	While P10 and P12 said there was low level of threat, P11 thinks it was medium. Explaining their views, both mentioned a number of threat factors: points, (1) the Libyan banks in general are governed by clear policies and laws by the Libyan Central Bank , (2) business requirements that banks should have strategies to improve the skills of staff, the development of administrative structures of the bank by training programs, (3) the competition between banks especially after the new Libyan Bank Laws 1/2005 allow foreign banks to open new branches in Libya, and also processes mergers between banks.	<i>"...I think the bank started to develop a strong position after introducing one of the Arabic banks as a partner with a 17% share; the diversification of its activities and introducing new products helped to attract more customers." (P12-B)</i> <i>"There is some threat concerning foreign banks coming to Libya. Let's wait and see how that will develop further." (P11-B)</i>
	Stressfulness	High hostility	According to P10, P11 and P12, the stress level was high. The reasons are: (1) as customers demand new banking services, the bank will have to invest more in human resources, (2) increased competition will require banks to regularly train their staff to provide service quality and variety, (3) the new Banking Law (1/2005) encourages Commercial Banks to putting plans and programs of the strategy to developing and training staff of bank.	<i>"The stress in the Libyan banking industry is increasing so much....We need to offer better service, as competition is increasing." (P10-B)</i> <i>"This new Banking Law (1/2005) even makes matters worse. Foreign banks will come to Libya and push us out of the banking industry." (P10-B)</i>
	Dominance of the Company	Low hostility	P10, P11 and P12 said no single bank dominate yet: (1) there is still limited competition in the Libyan banking industry, (2) the Banks are still governed by the Central Bank policies, and (3) almost all the banks are at the same level of development.	<i>"I don't think any bank dominates now, but the possibility that that will happen in the near future is high.... may be after the foreign banks will come to Libya." (P10-B).</i>

5.6.8 Environmental Uncertainty	Product of New Services	Low certainly	According to P10, P11 and P12 believed that competition was actually low in the industry. With law no.1 of 2005 though, things will continue to change in the future, and the training decision was a good step in that connection. Due to, the low levels of competition, all banks are aware of the banking strategy of the other banks. Also, all banks are under the new Banking Law issued by the Central Bank of Libya, and all banks use the reports and leaflets issued by the Central Bank of Libya. In addition, to some extent information are personal relationships between the staffs of the banks. .	<i>"...We made this decision and provided advanced training courses for the workers according to the prediction of the new services which we seek to provide, and according to customer's preferences and services which facilitate the provided service for them as quickly as required." (P11-B)</i>
	Competition	Low certainly	According to P10, P11 and P12, Competition was actually low in the industry. With the new law though, things are likely to change in the future, and the training decision is a good step in that connection. Due to, that almost all banks are aware of the banking strategy of the other banks. Also, all banks are under the new Banking Law issued by the Central Bank of Libya, and all banks use the reports and leaflets issued by the Central Bank of Libya. There is to some extent, personal relationships between the staffs of the banks.	<i>"...The training of staff is considered as the main basis in the competition process with other banks to get the largest possible part of the marketing share in local market. Prediction of competitor's policies was known to us, therefore, and for this reason, it was necessary to introduce the staff to the training sessions to be able to compete by providing the best banking services." (P11-B)</i>
	Governmental Policies	High certainly	P10, P11 and P12 noted that government policies influence the banking industry. Often the government initiates its policies through the Central Bank of Libya. The Central Bank issues clear instructions and policies to the Commercial Banks, as a way of controlling activities in the industry. One such policy issue that the Central Bank looks at is training of staffs. This 'Training Decision' can be said to a response to one of the Central Bank's policies. (Researcher observations) Knowledge about some of the official correspondence by the Central Bank of Libya, which included some of the instructions and guidance that must be followed by the bank, through the reading of some of the documents made available to the researcher whilst she was interviewing participants.	<i>"...For example, we refer to the law no. 1 for the year 2005 which is considered as a new starting point for the Libyan Commercial Banks to develop themselves by opening new investment fields. The law also gave these banks the right to share with other international banks or to merge with local banks." (P10-B) "... We cannot predict government policy, but there is a relationship between staff training and legal regulations affecting the business sector. Because, the business sector require banking services diverse and sophisticated in terms of speed and precision required in the banking, whether domestic or international. Thus, this requires us to invest in the human element in order to (1) maintain the bank's customers, (2) to attract new customers and (3) ultimately, to achieve the greatest profits." (P11-B)</i>

	Economy	Low certainly	As P10, P11 and P12 noted, economic restructuring has been going on in Libya for some time now. There is restructuring from public economy to private economy. To ensure that things work better, there are regular changes in laws to coordinate activities in the Libyan economy. Currently, the Libyan government, through its new Banking Law (1/2005), encourages foreign direct investment and also mergers in Libya.	<i>"..... I believe in the economic reforms taking place in Libya, this requires the bank to increase investment in human resources to ensure the provision of new services to business." (P10-B)</i> <i>"...We, in the bank consider the training decision as a complementary decision to the economical reforming process pursued by the state at the present time by investment in human resources. Therefor this decision was very important." (P11-B)</i>
5.6.9 Performance	Financial and Business Performance	High Performance	From the interviews, P10, P11 and P12 were of the opinion that the financial and business performance of the bank had looked very good since over the period of making the 'Training Decision'. They also said that the bank was able to compare the performance of their bank with other banks through several financial measurements, including the return on assets, operating profits and market share.	<i>"... This decision needed to be financial supported.... the bank had a strong balance sheet that could fulfil all the physical obligations with the companies contracted to train staff, (P11-B). "We have done very well since this training plan was introduced. The bank is financially doing very well." (P10-B)</i>
	Organizational Effectiveness	High Performance	P10, P11 and P12 mentioned that organizational effectiveness was the new indicator which the bank was able to use to compare with other banks, and this indicator included, for example: the operational efficiency of the bank and staff satisfaction.	<i>"I think that we did not run the risk of operational financial problems, due to the fact that all decision-makers had good experience of the proper utilization of optimal resources." (P10-B)</i> <i>"During the DM, we focused on the skills and performance of employees at various administrative levels. We ensured that there would be rationalization of expenditure and incentives for workers, and that the opportunities were equal for all workers." (P11-B)</i>
5.6.10 Decision Effectiveness	Success in Achieving Decision Objectives	High Effectiveness Medium Effectiveness	P10, P11 and P12 believe that the objectives of the decision have been achieved partially. Success was achieved in the area of (1) improving banking services, (2) getting closer to customers, and (3) improving our profitability. However (P10), more success is needed in the area of (1) enhancing the attitude and behaviour of staffs at work, (2) enabling staff to learn new knowledge in the industry, and (3) improving our structural and administrative processes.	<i>"I think that although we have attained a certain percentage of our goals, we are still suffering from the administrative complexities of the Central Bank of Libya that governs us." (P10-B)</i> <i>"...Significant improvement appeared in employee's performance through the improved services provided to the customers." (P12-B).</i> <i>"I Think that the bank is more efficient since the training began. The bank staffs now know more about service delivery, and they are also happier doing their jobs. The bank has improved not only internally, but also in its relationship with customers."(P10-B)</i>

			<p>(Researcher observation)</p> <p>According to the researcher’s knowledge of Libyan Commercial Banks as a customer in one of the banks, she noted that there was a big difference after the services provided to clients were improved, especially in terms of respect for the customer, and treating the customer as a priority, in comparison with the services that were provided in the past. In addition, the customers on the bank were very positive, thus the researcher noted that this feedback supported that the bank had achieved the goals of this decision. This observation can be generalized to all banks.</p>	<p><i>“...We can say that we have achieved 80% of all the goals we were seeking and we are fully satisfied with this result. He added, but we still need to encourage the staff in other advanced training courses.” (P11-B)</i></p>
	<p>Hindsight that the right choice was made</p>	<p>High Effectiveness</p>	<p>P10, P11 and P12 believe that the right choice was made. The timing of the decision was very much appropriate, taking into consideration (1) the new Banking Law (1 / 2005), encourages Commercial Banks to train their staffs, (2) that we needed to improve our services, (3) foreign banks would enter the Libya market in the near future, and this will create competition (we need to prepare for this and train our staffs), (4) the decision was based on feasibility study and research, and (5) we used external expert knowledge.</p>	<p><i>“This decision is a step in the right direction.....The bank needed to learn new ways of doing things, new ways of serving the customer better, new ways of preparing bank for future competition.” (P10-B)</i></p> <p><i>“This training decision has been delayed for too long. Due to the Our old system had too much bureaucracy and administrative problems. Some training was needed to solve this. Also, the new Banking Law required a training of this nature.” (P11-B)</i></p>

5.6 Data Analysis for Training Decision in bank (C)

Table 5.7: Data Analysis for Training Decision (Bank C)

Themes	Variables/Sub-Themes	Activity Level: High/Medium/Low	Procedural Rationality: Summary of Analytical Findings 13, 14, 15, 16	Specific Comments from Interviewees
5.7.1 Procedural Rationality	Identification of Information Required	High rationality	interviewees (P13, P14, P15 and P16) noted six means of identifying required information: (1) the composition of internal committee to study the regulatory conditions of the Bank; and determine the training needs of staff; (2) the reports of all departments include areas of deficiencies that personnel lack training needs; (3) the cost of training program; (4) the awareness of banking of the employees to accept this training; (5) the bank study the offering of companies to training staff. Moreover, P9 stated (6) also by cooperation between banks, the bank also was made the organization of official visits to Arab banks to know more information.	<i>"...I think the information they collected was sufficient for DM. We did not need any additional information. We received assistance by staff in different departments, and from other managers in other banks. But the final and critical pieces of information that we relied on while making this decision were taken from the experience of Arab banks and the consultants we depended upon in the identification of training needs; their role was very important." (P13-Bank C)</i>
	Decide Methods of Information Gathering	High rationality	According to P13, P14, P15 and P16 their bank gathered information through, (1) evaluation of staff performance and assessing training needs, and (2) obtaining information from experienced Arab and foreign banks. The use of documentation as another method to collect the data of this study, the researcher was allowed to look at some documents regarding the contracts with specialized offices for staff training.	<i>"...We held several visits to the Arab Bank of Qatar and the Bank of Jordan and Egypt before the start of making that resolution. We sent about 3 committees headed by the department to managers of these banks, the duration of the mission took about 10 days to identify the developed methods of training needs or the developed styles that we will rely upon in the training of staff which area should the employee be subject to training.... We asked officials to provide detailed reports about that." (P14-C)</i>
	Obstacles to Gathering Information	Low rationality	In their responses P13, P14, P15 and P16 identified these obstacles of collecting information: (1) lack of information and inaccuracy spread in more than one department interlinking areas of specialties, (2) outdated administrative regulations of work and lack of flexibility, (3) regulatory and administrative constraints imposed by law on the state-owned enterprises.	<i>"Of course, we faced some obstacles in gathering information, due to many reasons. For example, as a big bank we had many branches and therefore so many administrative bottlenecks. There was also the problem of regulatory control and complexity of administrative procedures from outside (such as Libyan Central Bank)." (P16-C)</i>

			In addition, P13 and P16 added another two points, (2) there is no single source for the collection of information and data due to the large size of the bank and the multiplicity of its branches in various regions, (2) the lack of specialized human elements in the areas of information systems.	
	Analyse Relevant Information	High rationality	In their responses, P13, P14, P15 and P16 agreed that necessary data related to training needs and bids of companies specialized in giving training courses had been analysed. In addition, they stated that they did not have advanced statistical methods to analyse information, thus, the information was analysed by the expertise of external consulting companies contracted, both to identify training needs or study bids and choose the best offer. They also used another method which was identifying the strengths and weaknesses through the recommendations of the combined reports of departments.	<i>"...As a bank we did not have advanced statistical methods to analyse data or database information that can be relied upon to review the data or the elements of human resources specialized in the statistical analysis this, made the bank use external and internal in the analysis of information." (P13-C)</i>
	Crucial Information	High rationality	P13, P14, P15 and P16 agreed that the decision-makers were able to reach the critical information which helped in making this decision. In addition they mentioned that the bank considered several points, which enabled them to make this decision such as, (1) identify the needs of the departments of the bank, (2) it identification of staff targeted for this training and the extent of their abilities and desirability of this training, (3) coordination with specialized training institute with regard to identifying lecturers and scientific materials.	<i>"Although we had some administration-based problems that affected our ability to gather information, I believe we were still able to collect crucial information to enable progress with the decision. Honestly, the fact that we used specialised training institutes helped so much in this point." (P15-C)</i>
5.7.2 intuition	Personal Judgement	Low intuitiveness	P13, P14, P15 and P16 agreed about the non-use of personal judgement in the DM, they supported this saying that, (1) training decisions were based entirely on gathering information and facts necessary to determine the training needs in a scientific way, (2) studying the financial and human resources, (3) the decision was as a result of market requirements, in order to improve the banking services	<i>"...due to that the bank is a large organization and we have many branches scattered across the country, and therefore we cannot risk making this decision relying on our intuitions" (P14-C) <i>"...We had some information poverty in spite of all the information we collected, but the changes and developments in the external environment of the bank and innovation in training methods makes it imperative that we have to be always in constant search and collect the missing information. (P13-C) "The importance of this training decision to our bank is massive. Because of that we are investing so much into it as we are very sure that this step is unavoidable, and it will help the bank perform very well in the future." (P16-C)</i></i>

	Past Experience	High Experience	In their responses P13, P14, P15 and P16 emphasised that the previous experience of managers have had a major role in the making of this decision. As result, (1) the co-educational level and previous experience in the banking industry for managers and the President of the Board of Directors has an important role in making of this resolution, (2) The bank relies on expertise of specialized training institutes in training programmes, (3) the bank relied on the expertise of Arab Banks of training, which have been visited.	<p><i>"...I think most of the participants in that DM had experience in the field of work for not less than 25 years, along with some high qualifications. But not all of this long experience in work can be useful because previous experience of the managers may suffer from errors or failures....It is therefore inappropriate to apply the lessons learned in past experiences to the experiences of the present." (P14-C)</i></p> <p><i>"We have made many mistakes in the past. For example, not taking the steps to train our staff in the past and bring them up to modern service levels. We cannot afford to make mistakes in this decision, because it is very important to our future. Competition is very likely in the future, and it is important that we should be careful in all our step DM" (P15-C)</i></p>
5.7.3 Political Behaviour	Openness with each other about Interests and Preferences	High Medium political influence	<p>P14 and P15 noted that the decision makers were focus on: (1) achieving the interest of the bank and developing staff and (2) to provide the best services of customers.</p> <p>P13 and P16 noted that there was some personal interests amongst some decision-makers, thus certain alliances seemed to exist between them on e.g. (1) external training courses, (2) financial bonuses.</p>	<p><i>"..One can be sure that there were personal interests between the managers. For example, choosing optimal supply companies contracted, it is possible there is a bias in the selection of optimal supply as a result of possible personal relationships between managers and such companies or for the benefit of each other, but such interests are not clear, may have happened in secret so as not to be know any one and thus alliances may arise between managers for their mutual interests." (P13-C)</i></p>
	Power defend to Preferences	Low political influence	P13, P14, P15 and P16 believe that decision makers used power and influence but for the interest of the bank, in terms of (1) choosing the best training institute's staff training, (2) determining the term of training, (3) choosing the best employees (based on capacity) the training programs.	<p><i>".... Authority and power were in the hands of President of the Board of Directors of the Bank only, and we comply with his orders only and he organized the process of making that decision, for example, he made selection of the right managers to send them on training courses to overseas countries he also decided to choose optimal supply after consultation with members of the committee management of the bank and therefore everyone followed the Director General and comply with his orders ... And for their interests they had to be on the same side of the Director-General as he is the highest administrative authority within the bank. (P13-C)</i></p>

	Bargaining among Decision Makers	high political influence	According to P13, P14, P15 and P16, there was bargaining between decision makers about this decision, in order to resolve some administrative differences between departmental managers of the bank committee. They are (1) reducing the number of staff training programmes in the bank's target training plan; (2) sorting the differences between the top managers regarding the high cost of several training programmes; and (3) determining the conditions which should be available for employees undergoing training.	<i>"Often there was bargaining to resolve some of the differences that occurred, for example, between officials identify those involved in the financial budget of the process of training and training department. Where training programs require a lot of money and in order to reach an agreement appeared in some cases, such bargains.... occur some differences appeared about the employees to be subjected in training sessions where every director wants to give training courses to his staff." (P13-C)</i> <i>"...it is possible that some members haggled but outside the formal meetings, for example, to give opinions on the presentations made by the specialized institutes to give training courses and which offer is the appropriate and optimal for the bank And therefore differences emerged between the administrative committee members to choose the right offer." (P14-C)</i>
5.7.4 Decision Importance	Decision Importance	High importance	In their responses P13, P14, P15 and P16 stressed three points because of the importance this decision which were: (1) the bank spent much time effort and money; (2) the transmission of skills required for the officer or director to make them able to perform the duties expect; and (3) directing the employees and the Director and their adaptation to the circumstances and existing economic conditions of the external environmental.	<i>"... apart from a training plan approved for 2008 the bank organized training programs in the field of banking and allocated a budget) as well as the effort by the administration of the bank to the success of trial sessions, where the number (1200) of trainees in the various organizational levels participated in these training courses." (P16-C)</i>
	Subsequent Decision	High importance	P13, P14, P15 and P16 agreed subsequent decisions followed this one in the same importance. This decision is the basis for new services to be provided by the bank in the future, for example a decision concerning (1) the establishment of a new department and sections, (2) the introduction of new services (Islamic Murabaha products).	<i>"... Preparation was done immediately after this decision to introduce units and new sections on banking, for example the establishment of a new department responsible for marketing the introduction of new goods and services, a special unit to information technology." (P14-C)</i>
	Delaying this decision	Medium Delay	According to P13, P14, several reasons caused the delay in making this decision: (1) overloading the bank with many regulatory and administrative restrictions imposed by the Central Bank of Libya; (2) complex administrative procedures within the bank; (3) the complexity of the channels of communication between departments and divisions within the Bank and between the branches of the bank, which led to the lack of access to information in a timely manner, P15 and P16 added (4) differences in training priorities (institute, cost, and programme) between managers	<i>"...We were already very late making this decision, we were suffering from problems with the customers, for example, mistreatment of customers by employees and poor service provided to them ... In addition we were slower than other banks in keeping pace with technological developments in the training of personnel and I think that the delay during making this decision was due to the complexity of the regulations and laws governing banks in general, set down by the Libyan government and Central Bank of Libya ." (P13-C)</i>

5.7.5 Uncertainty of the Decision	Clarity of kind of Information to be collected	Low High uncertainty	P13 and P15 reported that the kind of information required to make decision was clear such as: (1) correct rating of weaknesses in the performance of staff; (2) solving problems for customers and the provision of improved services to them, (3) forming committees to collect information and study them, (4) identification of training needs, and (5) marketing environment was clear. In contrast P14 and P16 said there was an ambiguity of information required such as: (1) the culture of the employee and the development of abilities to work, (2) inconsistencies in the tasks and responsibilities of managers.	<i>"...In my bank, everything was very clear what information type we needed. I think this clarity of what information we needed helped the success of this training decision."</i> (P13-C)
	Uncertainties about the Actions to be taken	Medium uncertainty	P13, P14, P15 and P16 agreed that there were some actions taken which made this decision not clear, such as (1) there was difficulty in the procedures of decision, due to the need to obtain administrative approval by the Central Bank of Libya for each stage of making this decision, (2) the vagueness of some of the procedures and laws in force within the Bank, and (3) communication between departments was complex (P13).	<i>"...while making this resolution we were exposed to the obsolescence of existing laws in the bank, causing us to overlap in responsibilities also some of the managers didn't bear the responsibility in some of the measures to be taken and this caused some differences between the managers of departments and hence the delay in DM."</i> (P14-C)
	Difficulty of predicting the outcomes	Low uncertainty	P13, P14, P15 and P16 agreed that there was no difficulty in predicting the outcome of this decision, due to (1) the training programs being related to the functions of staff and their career and knowledge, (2) the reliance on the optimal selection for training needs of staff, (3) it has been relied on the specialized training centres, (4) the majority of staff having the desire to improve their functional capacities.	<i>"...the outcome of this decision can be predicted as long we worked hard to retain specification of the training needs of staff also to examine and identify the weaknesses of the programs and study risk in the decisions in the case of exposure to any obstacle, and the desire of staff to improve their performance."</i> (P13-C)
5.7.6 Decision Motives	Motivation for making the Decision	High Motivation	According to P13, P14, P15 and P16 this decision was necessary because of the advantages it offers: (1) our banking system was in poor shape, (2) the customers deserved better service, and (3) we need to keep up with international banking developments. This decision was also necessary because the bank needs to (1) increase its ability in the competition that started in the Libyan banking industry, and (3) maintain its market share	<i>"...Indeed, the decision, issued by the instructions of the board of directors of the bank was about the need to increase the level of employee's capacity in a short period, by means of advanced training course, hence we felt that the decision was really an opportunity for us to in prove the conditions of the bank from all aspects of organizational and service."</i> (P14-C)
	Confidence in Making the Choice	High Motivation	P13, P14, P15 and P16 were very confident that this decision was the right choice, because they (1) selected experienced institutes with good reputation in training programmes, (2) selected scientific materials in the training programmes for the bank's staff, (4) determined the term of training, (5) discussed and consulted between the Bank Directors Board and its members.	<i>"...certainly we were confident in making this decision. This confidence reflected the development that was evident in the banking services and transactions with our banks, also of the changes in the behaviour, capabilities and good customer caring.."</i> (P14-C)

5.7.7 Environmental Hostility-Munificence	Threat to Survival	Low hostility	P13, P14, P15 and P16 suggest that the bank environment was safe and without threats, and they reported that there are three reasons (1) Libyan banks in general are governed by clear policies and laws issued by Libyan Central Bank , and (2) the bank has strategies and plans to improve staff skills. One issue they identified as a threat is the fact that the new Libyan Bank Law (1/2005) has opened the door to competition by allowing foreign banks to open branches in Libya, and also allow mergers between banks.	<p><i>"...I think that the environment surrounding the bank is still safe from any threats in spite of some investment doors and allowing some banks to have partnership with the Libyan banks, but the situation remains as it is ... it's possible that future competition and investment may increase." (P14-C)</i></p> <p><i>"The fact that foreign banks can now come into the Libyan banking industry is a threat to Libyan banks. A higher danger is when they start merging." (P13-C)</i></p>
	Stressfulness	High hostility	In their (P13, P14, P15 and P16) view, the bank's environment is stressful, due to: (1) increasing demand for new banking services, (2) increasing trend of competition between banks (3) the new Banking Law (1/2005) conditions for banks to have a plan for regular training of staff.	<i>"...in spite of some economic openings and some investment opportunities, we are still under pressure and at the mercy of these laws and policies governing the operations of investment by the Central Bank of Libya." (P14-C)</i>
	Dominance of the Company	Low hostility	P13, P14, P15 and P16 also believe no single bank dominates yet. The reasons are: (1) competition is still low, (2) the bank cannot control the behaviour of customers, (3) the bank is governed by policies of the Central Bank of Libya, and (4) the level of skills and efficiency of workers is very similar at all banks.	<i>"... the laws of the state allowed us to practice many of the investments, we can have the ability to control and compete in the market, now we could not until we free ourselves from such laws imposed on us by the Central Bank of Libya, which govern the activities of investment". (P13-C)</i>
5.7.8 Environmental Uncertainty	Product of New Services	Low certainly	P13, P14, P15 and P16 emphasised the possibility of predicting the new service provided in the bank. In this connection, they said: (1) the clients are looking for speed and accuracy in the performance of banking services, (2) to meet that requirement we had to improve our services, and (3) to ensure that we needed to conduct training to improve the employees' skills.	<i>"...We worked hard to place staff in training sessions in order to improve the services provided to customers, and thus we can predict what they want from new services and improve their behaviour as the employee was treating the customer badly" (P13-C)</i>
	Competition	Low certainly	P13, P14, P15 and P16 suggest that competitors can be predictable in the Libyan banking market because (1) lack of competition; (2) similarity in bank policies, and (3) result of reports and leaflets distributed by the Central Bank of Libya are known by all banks.	<p><i>"...in order to compete with other banks and get the appropriate market share in the market we must have staffs well trained on all the marketing and banking methods in accordance with updated existing technologies." (P13-C)</i></p> <p><i>"There is low level of competition at moment, but how that will be in the near future, we don't know yet.let us wait and see." (P14-C)</i></p>
	Governmental Policies	High certainly	P13, P14, P15 and P16 stated that so far the monetary policy can be predictable. However, legal regulations affecting the business sector may not be predictable, as the government often comes up with new laws, for example, the new Banking Law (1/2005).	<i>"...Despite the existence of laws governing the State-owned banks in general and especially now when a new start to open the prospects of investment for Libyan banks in general, but still the laws of the Libyan government are highly unpredictable " (P14-C)</i>

	Economy	Low certainly	P13, P14, P15 and P16 note that, so far, the economic policies can be predicted, especially because of the impact of the Islamic Murabaha (P9). Overall, economic policies were predictable, as they were largely expected steps to ensure that the banking system is updated in line with global developments. However (P10), the Libyan economy is in transition from public to private sector. Because of this, some unpredictability about the economic policies looks likely in the future.	<i>"...a short period of training for the staff is the first foundation for the reform of the Bank and the development of our banking services. That decision was issued in accordance with economic reforms in the state." (P15-C).</i>
5.7.9 Performance	Financial and Business Performance	High Performance	According to P13, P14, P15 and P16, financial performance was one of the most important indicators in comparing their bank with other banks of the same size and business. In their view, the capital of the bank was excellent during the making of this decision. And the indicators that were compared were (1) the rate of return on assets, (2) market share of the bank. (Documentation and observation) : The bank allowed the researcher to view the balance sheets; thus, it is clear to the researcher that the financial situation of the Bank was strong and they had the resources to cover all expenses and costs involved in the DMP. In addition, the researcher notes that the bank personnel did not complain of a lack of financial resources.	<i>"... The market share of the bank was to increase during the making of this decision, because the bank started the application of new trends.... but we faced some obstacles." (P16-C)</i>
	Organizational Effectiveness	High Performance	P13, P14, P15 and P16 believed that organizational effectiveness was an important organizational performance indicator which allowed them to compare their bank with other banks; the indicators were, for example: the operational efficiency of the bank and staff satisfaction.	<i>"There are current trends of the importance of attention to the human element because of its deep influence on organizational effectiveness of orders within the Bank, and the satisfaction of employees is one of the main goals of the bank, in addition to the customer's satisfaction with the services provided to them." (P13-C) "..... I think that ... the bank was providing appropriate facilities for the staff, and that the circle of contact personnel was widened, and we were working to meet their financial and moral needs, attaining the satisfaction of workers and thus having an impact on banking services."(P14-C)</i>
5.7.10 Decision Effectiveness	Success in Achieving Decision Objectives	High effectiveness	From the responses of P9 and P10, the achieved the objectives of this decision, both in terms of better service and profitability target: (1) after launching the decision, the implementation of the training was, and has continued to be successful, (2) they have improved in the nature of service and the manner of delivery, (3) trained staffs are	<i>"..... I am sure that we made the right decision. The goal was to improve the way things are done in this bank, and also to improve our performance, both to the bank itself and to the customers and public. We have done very well concerning these issues." (P13-C)</i>

			showing the advantage of the new skills learned, and (4) the profitability level is increasing.	
	Hindsight that the right choice was made	High Effectiveness	<p>P13, P14, P15 and P16 believed that the right choice was made. This decision, they said, is one that will be very helpful for the bank in the future, as new developments take place in the industry. Also, the decision was important, as the bank needs to improve its service offering to the customers. According to them too, a training plan had to be initiated as the government policy demanded this. The bank's staffs needed to be trained for future demands (e.g., competition in the future), when foreign banks enter the Libyan banking industry.</p> <p>(Researcher observation) An improvement in service inside the bank was obvious through the researcher's observation within Bank c, and the access she was given to view the public budgets of the Bank.</p>	<p><i>"..... Due to the circumstances and variables on the current international economic arena, and the growing interest in the program of training to achieve the objectives of the Bank, this decision was more than necessary. The decision was right." (P14-C)</i></p> <p><i>"...this decision was very right, because government policies required us to do that. Also, the customers are beginning to know their service rights more, and this training was necessary, so that our staff can know how to keep customers happy and at a profit." (P13-C)</i></p>

5.7 Summary of Key Findings for Each Strategic Decision (SD)

Table 5.8 presents a summary of the empirical findings for each SD, based on the 10 themes of this study. In discussing the analytical results, respondents' quotations are used to support conclusions. To avoid repetition, where there is similarity in findings for a theme (and or sub-theme) for the Banks, a reference is made to the relevant section, where the point has been previously discussed.

Themes	SD new technology in bank (A)	SD The Islamic Murabaha in bank (A&B)	SD Training in bank (B&C)
Procedural Rationality	There was a process for gathering and analysing useful information. They also had some obstacles in the process.	There was a high focus on gathering and analysing information for the SD. There was large use of external sources in the information processing.	There were clear efforts to gather and analyse required information. The process involved the use of both internal and external (e.g., consultancy bureau and visiting Arab and other countries with experience in the area).
Intuition	This SD making based more past experience and very low personal judgement	Here, while past experience was strongly emphasised, personal judgement based on logic was also used. Three levels of personal judgement (high, medium and low) were found.	For this SD, emphasis was on past experience, but personal judgement (medium level) was also used.
Political Behaviour	The decision process did not reflect political behaviour. Openness about interests and fair bargaining for the interest of the bank were shown. No use of power or influence.	There was some degree of display of personal interests & preferences, use of power and influence and politically based bargaining between decision makers.	Evidence similar to the national payment SD, on the elements of interests and preferences and bargaining. Some measure of use of power and influence existed, especially in Bank B
Decision Importance	The decision was seen as very important to the future of the Banks	This decision was also seen as very important for company growth and serving customers well	This was seen as a very important decision to raise standard and performance
Uncertainty of the Dec.	No uncertainties concerning the kind of information to be collected. They were sure of the actions that needed to be taken, and they could reasonably predict the outcome of the decision	There were uncertainties about the information needed and the actions to be taken concerning the decision. However, they were able, to some extent, to predict the outcome of the decision.	There were uncertainties about the information needed and the actions to be taken concerning the decision. However, they were able, to some extent, to predict the outcome of the decision. There was high uncertainty about actions to be taken.
Decision Motive	There was a clear motive, and the managers were quite sure they were making the right choice.	There was a highly clear motive, and the managers were certain that they were making the right choice.	There were clear decision motives and the decision makers were quite sure that the right was made.
Environm. Hostility-Munificence	There were no major threats to the survival of explored Banks. There were investments in facilities and structures	There were no threats too in this SD. There was human and financial capacity	No major threats were found in this SD
Environm. Uncertainty	The SDMP reflected a stable environmental climate. There was reasonable stability in the economic (customers' demand and competitor factor), as well as governmental policies).	The evidence for the 'Islamic Murabaha SD was very similar to the 'new technology' SD.	Evidence similar to that of the 'new technology' and Islamic Murabaha SDs. However, there was evidence of governmental policies instability

Performance	Bank had the necessary financial resources, which it used to support the DMP	The bank had a strong financial performance, and was efficient in using its financial resources in making this decision.	Given a strong of financial situation to the bank and availability of resources, the Bank follows a new approach, Organizational Effectiveness which is the satisfaction of workers.
Decision Effectiveness	Decision effectiveness was achieved. The goals for the 'Training' SD were being met.	Decision effectiveness was achieved. Better services are being delivered. The customers are satisfied.	This SD was also effective. Through this SD they learnt new ways of doing work.

5.8 Summary

The answers that represent the findings of this study were obtained through the interview schedule [see Appendix 2], which was developed from the research questions and the literature. This chapter has discussed the ten factors which were identified in the previous studies, and which affected the process of strategic decision making within the three banks in Libya. Each decision has been analysed separately as presented in the Tables 5.3-5.7. The researcher used three criteria (high, medium, low) to judge the data which were collected from interviews, documents, and observations, in order to determine the extent and impact of these factors on the DMP.

It was found that these factors differed in their effect on the process of strategic decision making and some of them had a strong affect for example Procedural Rationality, Decision Importance Decision Motive, and Environment. Hostility-Munificence, Performance; however, some others had little effect on the process for example political Behaviour, intuition. In addition there were similarities in the findings for each of the five strategic decisions based on the evidence for all the examined themes, but there were also differences. The results presented in this chapter in Tables 5.3 to 5.7 are discussed in Chapter 6, and compared with other empirical results reported in the literature.

CHAPTER SIX: FINDINGS AND DISCUSSION

6.1 Introduction

The theoretical context for this study is strategic decision making process (SDMP), Commercial Banks in Libya. The study questions are:

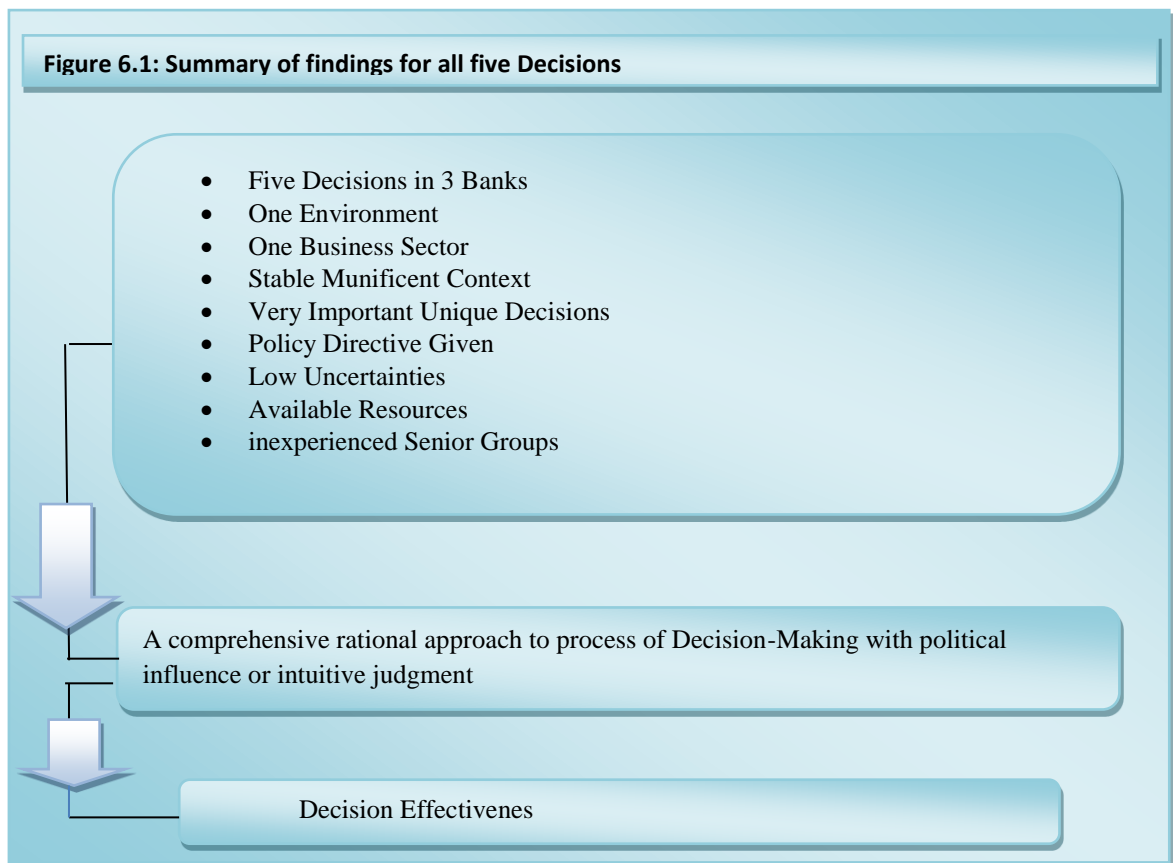
1. What are the key factors influencing the process of strategic decision making in the Libyan commercial banks?
2. What is the relative importance of 'rationality', 'intuition', 'political behaviour' in the process of strategic decision-making?
3. What is the influence of managerial factors on the process?
4. What is the influence of perceived "decision importance" on the process?
5. What are the key factors influencing strategic decision effectiveness?

The chapter is presented in two parts. Part one (Section 6.2) presents the results from data collection methods. Part two (Section 6.3) discusses the findings compared with other studies in the domain of SDMPs.

6.2: Discussion of Analysis

The analysis of five decisions in three banks suggested the situation summarised in Figure (6.1). The findings are discussed in the following order: Procedural Rationality, Intuition, Political Behaviour, Decision Importance, Uncertainty of the Decision, Decision Motive, environmental hostility-munificence, environmental uncertainty, performance, and decision effectiveness, for each of these themes, results are presented to include:

1. The evidence for each Bank concerning the SD explored,
2. The areas of similarities or differences between the Banks, and
3. The associations between the various themes, where such a conclusion can be empirically justified.



6.2.1 The Influence of Managerial Factors on SDMP

In this section, the researcher discusses the empirical findings for each element separately in accordance with the five decisions in the three banks. These factors are recognised in most of the SDM literature (see chapter three). The researcher tried to reach the results by discussing the practical results of each factor of DM, and finding similarities and differences between the decisions in the three banks, according to the standards that the study used to measure the results of each decision. This was done to show the extent of the impact of each factor on the SDMP in the Libyan Commercial Banks; the results were further validated by referring to the comments of participants that were presented in Chapter 5.

Procedural Rationality

Procedural rationality was a key factor in the SDMP of all the Banks (see the Interviewees' comments in table 5.3 (section 5.2.1), table 5.4 (section 5.3.1), table 5.5 (section 5.4.1), table 5.6 (section 5.5.1) and table 5.7 (section 5.6.1), section Procedural rationality).

The Banks collect and analyse information, the interviewees reported: (P3-Bank A), (P7-Bank A), (P11-Bank A), (P13-Bank A). In the process of collecting and analysing information, they gave much attention to experience. The banks' staff were sent to observe banking in other countries for them to learn from experienced professionals, while committees were formed in the case of 'Islamic Murabaha SD' in Bank B. The Banks used executive experience as part of their rational procedures. Their collecting and analysing of information involved reasonable efforts to solve the difficulties they had that may affect the success of the SDs. (P3-Bank A), (P9-Bank A), (P16-Bank A) .

It is worth mentioning, that the findings shows some similarities with all banks in that there was a common collective cooperation between executive and staff to obtain the information by virtue of friendship and personal relationships, between them. This may be due to the impact of organizational culture in the banks, or customs and traditions of individuals among them which impacted on the internal work environment of the bank: [see comments from interviews in appendix (6)].

When there was a need to analyse the collected data for DM, all banks indicated that they lacked qualified staff, advanced technology and a standard information database (see Table 5.3, 5.5, 5.8 and 5.9). All banks identified a need to improve the statistical knowledge among staff as an important factor for future measurement of performance (P6-Bank A in section 5.3.1). In the case of the 'new technology SD' in Bank A and 'Training SD' in Bank C, the banks relied on the external resources for analysing the information.

For the 'new technology SD' in Bank A, the process of gathering information depended more on internal sources, while the 'Islamic Murabaha SD' in Bank B and 'Training SD' in bank C combined internal and external, though with differences: (P1-Bank A), (P7-Bank A), (P13-Bank A),(P11-Bank A).. For example, as evidence in section 5.2.1 shows, for the 'new technology SD' in Bank A, some external sources were used, the decisions made were largely influenced by the evidence obtained through internal committees composed of the executive director of the project and group members, as well as reports collected from various departments. On the other hand, for the 'Training SD' in Bank C (see section 5.4.1) both internal (internal committee to study the regulatory conditions of the Bank and determine the training needs of staff, as well as the departmental reports concerning training needs) and external (cooperation with other

banks, and official visits to Arab banks to understand more information) sources were considered in the DMP.

For in the ‘new technology SD’ in Bank A, the interviewees believed that the effectiveness of the decision was illustrated through achieved goals and improved performance (success in Achieving Decision Objectives), as seen comments in Table 5.3 (section 5.2.10). The interviewees’ comments for Bank A in ‘the Islamic Murabaha SD’ also supported this conclusion: (P4-Bank A).

For ‘Islamic Murabaha SD’ in Bank B, there was also evidence that procedural rationality contributed to effectiveness of decision through performance: (P8-Bank A), (P7-Bank A), (P9-Bank A).

Intuitive Behaviour

The results are presented in table 5.3 (section 5.2.2), table 5.4 (section 5.3.2), table 5.5 (section 5.4.2), table 5.6 (section 5.5.2) and table 5.7 (section 5.6.2). The evidence from the present study found that the banks did not use intuition in their strategic decision - making processes. Since the SDs were seen as very important, the executives were very careful to avoid serious mistakes (e.g. ‘The new technology SD’ in Bank A: (P1-Bank A), (P3-Bank A) in order to ensure that no negative impact is made on the Bank’s performance.

Given the process of making decisions required for carefulness and avoidance of risks, banks based their decisions on past experience rather than on personal judgement: (P2-Bank A), (P6-Bank A), (P11-Bank A). In addition, they looked at what other banks have done in the area of Islamic Murabaha: P6-BankA) and what level of experience auditors have in Islamic Sharia: (P7-BankB).

Also, as the evidence for the ‘Islamic Murabaha SD’ (Bank A) shows, Intuition based sense-making might be effective in deciding or exploiting the opportunities for investment which exist in the market of Libyan banking, and also departmental restructuring decisions: (P4-Bank A).

In case of ‘Training SD’, past experience is seen highly important in making ‘Training’ decisions (see Table 5.5. and 5.7.). Both Banks B and C used the expertise of specialised training institutes and other banks on which to base training decision.

Political Behaviour

The results from this study (see table 5.3 (section 5.2.3), table 5.4 (section 5.3.3), table 5.5 (section 5.4.3), table 5.6 (section 5.5.3) and table 5.7 (section 5.6.3), provide some insight into political behaviour in SDMPs in the banks. The three key ways that political behaviour may be displayed in a SDMP include:

1. Lack of transparency amongst decision makers concerning their interests and preferences,
2. Use of power to defend their preferences, and
3. Bargaining amongst decision makers.

For each of the sub-themes, there were some similarities, but also differences, between the Banks.

Overall, none of the Banks reflected strong political behaviour in their SDMPs. There were minor differences in the use of power, but in most cases, some form of general agreement was reached. Even in such circumstances where there were differences; agreed organizational goals seemed to be the main focus. For example, the ‘new technology SD’ in the Bank A: (P1-Bank A), (P2-Bank A). Another example, in the ‘new technology SD’, was that they cooperated, shared information and bargained positively in the interest of the Bank.

This may be due to the organizational culture of the bank, so that employees know what is right for their organization, and this has a clear impact on organizational outcome processes (P1-Bank A).

For the ‘Islamic Murabaha SD’ of Bank A, the findings concerning political behaviour in the SDMP were not different for the evidence to the ‘new technology SD’. Again, there were minor differences and use of power from top level, but organizational interest was the main priority: (P6-Bank A).

There was constructive consultation, which may explain the impact of organizational culture on the staff in the surrounding work environment of the bank: (P5-Bank A) and transparency among the decision makers in the SDMP for Bank A: (P4-Bank A).

There were occasions when the Chairman of the Board used his powers in the ‘Islamic Murabaha SDs’ Bank A, especially when selecting the best contract offer from business partners: (P5-Bank A).

The findings for the ‘Islamic Murabaha SD’ Bank B also showed the important role that the Chairman of the Board played in the DMP. As for ‘Islamic Murabaha SD’ Bank A, while the chairman played a big role in the decisions, the decisions were discussed with other members. Also, opinions and preferences amongst decision members differed sometimes, but these were not driven by self-interest, but rather were efforts aimed to ensure that the ‘best’ decisions were made. Bargaining, for the interest of the Bank, was also a feature of the DMP: (P7-Bank A), (P9-Bank A).

Minor degrees of political behaviour were displayed in the Islamic Murabaha SDMP. On the one hand, the core involvement of the Central Bank created room for some political influence in the decision process. Also, as shown in section 6.4.3, the use of committees, authorities and legal provisions had a dominant influence on decision processes.

The findings for Bank B for the ‘Training SD’ seemed to reflect transparency in the DMP. There was also convergence of views and an atmosphere of trust and cooperation amongst the decision makers: (P11-Bank A), (P12-Bank A).

For Bank C, which, like Bank B, is a case study for the ‘Training’ SD, the interviewees pointed out the possibility of interest and preferences on the part of the decision makers. However, their interests were not very clear and may have happened in secret, which may have led to secretly agreed alliances between concerned personnel during the DMP: (P13-Bank C).

The evidence of secretly agreed alliances in ‘Training SD’ Bank C is also supported by the evidence of the ‘Training’ SD in Bank B. As evident in the comment (P11-Bank B), one way of arranging agreed alliances is by some personnel taking advantage of their personal relationships with the Director General of the Bank, who has high political influence. Interestingly, this evidence of the power of the Director General in ‘Training SD’ Bank C pinpointed above, also seems to be the case for the ‘Training’ SD in Bank C: (P13-Bank C).

Since other managers might have opinions different from that of the President of the Board, they tend to use secret lobbying to get their views recognised. For example, to obtain the budget to cover the financial training courses at the same time as serving their personal interests and the staff close to them. Bargaining is also common in such circumstances: as stated by interviewees: (P13-Bank C) and (P14-Bank C). The possibility of political behaviour in the SDMP seemed higher in Banks B and C.

Decision Importance

Decision importance is presented in table 5.3 (section 5.2.4), table 5.4 (section 5.3.4), table 5.5 (section 5.4.4), table 6.6 (section 5.5.4) and table 5.7 (section 5.6.4). The strategic decisions included in the study were all considered as very important decisions for their Banks: (P3-Bank A) and (P1-Bank A). The SDs were seen as critical to the organizational outcome and future performance of the Banks.

‘New Technology SDs’ in Bank A, it was noted that the decision to invest in new technology has achieved a higher level of integration and connection between different organizational activities, and in linking the bank with other banks, and also in expanding international activities (P2-Bank A and P3-Bank A). New training courses for staff, and a new department was created to implement this decision.

For the ‘Islamic Murabaha SD’ in Bank A and Bank B, the importance of this decision was confirmed by the interviewees: (P9-Bank A). The major reason to make this decision related to achieving the wishes of Islamic Law of a particular community which wanted a different banking activity to usury. There was also opportunity to expand banking activities inside and outside the country.

Similar evidence for the importance of the decision was found for Bank B in the ‘Islamic Murabaha SD’: (P8-Bank B). This evidence supports the suggestion that the importance of the decision had a contributing effect on SD organizational outcome: (section SD effectiveness).

For the ‘Training SD’, both Banks B and C made decisions to improve employee’s skills for better performance of duties and to ensure that the employee’s knowledge was adapted to the economic and environmental circumstances inside and outside the bank (see Table 5.8 and 5.9).

The evidence for the ‘Training SD’ Bank B (section 5.5.4) also shows similarities with decision importance and committed effort towards SD success that were reported in the findings for ‘new technology SDs’ and ‘Islamic Murabaha SDs’ (Banks A and B). There is reason to suggest that decision importance has a direct influence on procedural rationality, leading to SD effectiveness: (P11-Bank B). The interviews with the Banks also pointed to the issues that the Banks faced which caused delays in the DMP for the SDs. They were concerned with operational issues in the SDMPs of the Banks: [see comments from interviews in appendix (7)].

In answering the question about the reasons for delay in making the decision, the interviewees pointed out several reasons: overloading the bank with many regulatory and administrative restrictions imposed by the Central Bank of Libya, complex administrative procedures and the complexity of the channels of communication (P13-Bank C), (P15-Bank C).

An interviewee of the Bank (P14-Bank C) pointed out other operational issues in the Bank’s SDMP for the ‘Training SD’, as well as the issue of differences in the views and opinion of managers in the DMP, (a point that was mentioned earlier under political behaviour). As can be seen below too, this difference in opinion was also stated in the comments of the ‘Islamic Murabaha SD’ Bank B and the ‘Training SD’ Bank C: (P8-Bank B), (P14-Bank C).

Uncertainty of the Decision

From the interview results, as evident in table 5.3 (section 5.2.5), table 5.4 (section 5.3.5), table 5.5 (section 5.4.5), table 5.6 (section 5.5.5) and table 5.7 (section 5.6.5), there was reasonable certainty concerning the SDs. In the Libyan Commercial Banks, reasonable steps were taken, and a dedicated effort was made to ensure that ‘new technology SD’ Bank A was successful: (P1-Bank A), (P2-Bank A).

This dedicated effort included clearly identifying the information needed, as shown by the comments: (P2-Bank A). There were little or no uncertainties concerning the kind of information to be collected. Also, they were certain about the actions that were needed to ensure the success of the decision. They could, with some degree of certainty, predict the outcome of the decision: (P1-Bank A).

The ‘Islamic Murabaha SD’ in both Banks A and B are similar. There were great uncertainties about the contract-related information and details about the regulatory and administrative constraints imposed by the Law (see section 5.3.5 and 5.4.6). For Bank B, ‘Islamic Murabaha SD’, reported that this was where the information need was unclear. To solve this problem, those decision-makers found quick solutions by observing how Arab Banks overcome the lack of clarity of the information: (P7-Bank B). Despite the differences and disagreements (as stated by P7-Bank B’s comments), the Bank was not only able to predict the outcome, but also suggest that the SD helped the Bank improve in several performance dimensions (P8-Bank B’s comment).

For the ‘Training SD’, Banks B and C were used as case studies. For Bank B, in the section 5.4.5, it was reported that the information required, which was used in the DM, was clear. In addition, they had knowledge about the actions that should be taken (P10-Bank B). However, there was another point of view from another participant, who stated that there were some issues that were not clear to decision makers, which needed to be studied, in particular in terms of the nature of the problems that had influenced the quality of their actions, (P11-Bank B). However, participants agreed that there were no difficulty to predict the outcome of the decision, indicating the absence of ambiguity in DM (P10-Bank B).

For the ‘Training SD’ Bank C, the findings showed that the kind of information the Bank needed was very clear. According to (P13-Bank C), this clarity of information helped the decision-makers to achieve the goals for which the DM aimed and contributed to the success of the SD.

Further findings for the ‘Training SD’ Bank C indicated problems of overlap in responsibilities and differences between managers, leading to delays in DM: (P14-Bank C). The comments by (P13-Bank C) pointed out that the outcome of the decision could be predicted and that efforts were made to ensure the success of the SD.

Decision Motive

The analytical results (see Table 5.3 (section 5.2.6), table 5.5 (section 5.3.6), table 5.7 (section 5.4.6), table 5.8 (section 5.5.6) and table 5.9 (section 5.6.6). indicate a clear decision motive was evident for all Banks, and this led decision-makers to follow a rational approach in their SDs.

For Bank A, there was a high motivation for the decision ‘new technology SD’, as the managers felt there was a great need for it, and an opportunity to make good use of new technology: (P3-Bank A), (P1-Bank A). There was a need to follow current developments in the global industry and offer the customers better service, to enhance the profitability of the organization. Bank A was committed to achieve the effect of this ‘new technology SD’ because this was an opportunity not to be missed. As P1 (Bank A) noted, the decision makers were sure and confident that the decision was the right choice. Because they were investing in a technology that would enable the bank to provide better service to their existing customers and also open channels for better global banking operations. Thus, proper steps were taken: (P2-Bank A), (P2-Bank A).

Bank A findings for the ‘Islamic Murabaha SD’ showed similarities with the ‘new technology SD’. There was a clear motive for this decision: (P4-Bank A) and (P5-Bank A). They show that this bank invested time and money into the SD. There was a clear motive for the decision and confidence in making the choice. In addition, the core motives of the decision for Bank A for the ‘Islamic Murabaha’ SD (table 5.4) included improving its service package to its customers, increasing the bank’s market share, addressing risks and increasing profitability.

For the ‘Islamic Murabaha SD’, Bank B’s evidence (table 5.5) indicates the core motives included using the ‘Islamic Murabaha SD’ to expand its services, enhance the efficiency of financial intermediation, encourage investments and development projects, and as a tool to help solve the problem of the refusal to deal with interest because it is contrary to Islamic Sharia: (P7- Bank B) and (P9-Bank B).

The evidence for the ‘Training SD’, Bank B and Bank C indicates a clear SD motive, which included having a working Banking system with trained personnel able to cope with developments in the banking field. There was also the motive of preparing the Bank for the competition that is beginning to increase in the Libyan Banking Industry, and for economic change: (P10-Bank B) and (P12-Bank B).

For the ‘Training SD’ Bank C, the motives were to meet the requirement issued by the board of directors of the bank, and improve the Bank’s organizational and service aspects: (P14-Bank C). Both Banks B and C were confident that the ‘Training SD’ was the ‘right’ decision, and would succeed: (P10-Bank B), (P11-Bank B), (P14-Bank C).

Overall, banks were highly motivated in making their decisions, and investing their time and money. They invested in ‘new Technology’ to improve their performance, administrative system, and to keep up with the advancements in the global banking industry. Introducing and innovative banking system, like Islamic Murabaha, enabled them to improve their service package to customers, expand their banking activities and to increase their profitability. The need to make a decision for ‘training’ to increase their employee’s skills for accepting new technology and new banking services was critical to their success.

Environmental Hostility-Munificence

Table 6.3 (section 5.2.7), table 5.4 (section 5.3.7), table 5.5 (section 5.4.7), table 5.6 (section 5.5.7) and table 5.7 (section 5.6.7) summarise the analytical findings for the Banks. The influence of environmental hostility-munificence is observed to be low in the DMP.

The evidence for the ‘new technology SD’ Bank A refers to a highly munificent environment in the industry: comments by P3-Bank A suggest that the environment was safe after adopting the new strategy and the Bank achieved stability and growth. P2-Bank A suggests there were no major threats, and there was enough investment in personnel and infrastructure. However, as P2-Bank A also notes, involvement of the Libyan Central Bank may hinder the chance to use the additional capacity: (P3-Bank A), (P2-Bank A), (P2-Bank A).

For ‘Islamic Murabaha’ SD Bank A and B, (P3-Bank A), there was evidence of availability of financial and human capacity. However, although the interviewees indicated that the Central Bank of Libya’s policies and regulations might limit the operating chances of the Bank, it is maintained in a subsequent comment that there were no threats to the survival of the bank: (P6-Bank A) and (P4-Bank A).

The safe environment of the Libyan Commercial Banks in relation to the ‘Islamic Murabaha’ SD was also reported by Bank B. Similar to Bank A, there was also an indication of no threat to the survival of the Bank, further comments suggested the guidelines defined by the Libyan Central Bank were too strict and caused the Bank some stress. Thus, there were no threats that could hinder their ability to use their

capacity. There was indication of further threats (competition) in the future in the Libyan banking industry: (P7-Bank B) and (P8-Bank B).

For the 'Training SD', Bank B's evidence found growth in the Bank's activities due to the effectiveness of the SD. P11-Bank B pointed to threats related to foreign Banks entering the Libyan Commercial Bank industry: section 5.5.7 (P12-Bank B), (P11-Bank B) and (P10-Bank B).

For the 'Training SD' Bank C, the results showed similarities with the findings for Bank B for the 'Training SD', and for the 'new technology SD' concerning the safeness of the environment, and the threat from foreign banks: (P14-Bank C), (P13-Bank C).

Overall, the impact of environmental hostility on DM is noted as low for threat to survival and dominance of the company, while, for stressfulness it is considered high. All banks reported they have faced severe pressure especially when introducing new technology and implementing Islamic Murabaha. The reason is clear as they need to restructure their banking services to accept these changes in accordance with the regulations. The lack of their employee's knowledge about the new technology and Islamic Murabaha adds more stress to their environment. However, they were confident as they already have plans to improve staff skills and knowledge.

Environmental Uncertainty

Analytical findings from this study (see table 5.3 (section 5.2.8), table 5.4 (section 5.3.8), table 5.5 (section 5.4.8), table 5.6 (section 5.5.8) and table 5.7 (section 5.6.8), indicate that the Commercial Banks did not face harsh environmental conditions. To a large extent, they could predict the service preferences of their customers, and there was not much competition. Even government policies were largely predictable.

For the 'new technology' SD, the evidence for Bank A is pinpointed in section 5.2.9. P1 and P2 of Bank A indicate that they could reasonably predict government policies (concerning monetary policies issued by the Central Bank of Libya) and the economic conditions surrounding their bank's activities: (see comments on section governmental policies (P1-Bank A) and sub section Economy (P2-Bank A)).

For 'Islamic Murabaha SD' Bank A, there is evidence to show that the role of the Central Bank to regulate and coordinate the industry might have been affecting the opportunity for competition in the market: (P4-Bank B), (P5-Bank A).

Further evidence was also found that Bank A was able to predict the acceptance and the success of the new service 'Islamic Murabaha SD', and the preference of the customers because of the social service element of the service: it will help solve a lot of problems for them (e.g. citizens refusing to deal with usury and preferring to deal in accordance with Islamic Law: (P4-Bank A).

Bank B comments for the 'Islamic Murabaha' SD indicate a lack of competition in the market. Also, this comment supports earlier comments for 'Islamic Murabaha' SD Bank A: (P5-Bank B) and (P4-Bank A) about the government's role concerning policies and how this affects the level of competition in the market: Both (P7-Bank B) and (P4-Bank A) noted that 'Islamic Murabaha' SD was a great investment opportunity for the Libyan Banking industry.

On the competition point, the 'Islamic Murabaha SD' Bank B found competition was actually predictable in the banking industry, and there was an increasing possibility that competition would encourage Commercial Banks to make new investments, thus all the Commercial Banks were developing new strategies: (P7-Bank B).

For the 'Training SD' Bank B and Bank C, the findings show that the training courses were designed to enable workers to deliver services more suited to customers' preferences: (P11-Bank B), (P13-Bank C).

It seemed that competition was also predictable, as comments by P10-Bank C indicate, He points out that there was low competition, and the need for a 'wait and see' approach for the future. The combined comments from Bank B and Bank C suggest that the 'Training' SD was aimed to prepare the Banks for possible competition. This approach, they indicate, was necessary for their Banks to retain their market share: (P11-Bank B), (P13-Bank C).

More comments for Banks B and C give further insights in to the unpredictable features of their environment, and also the proactive steps taken. According to the 'Training' SD Banks B and C, one environmental condition concerning the 'Training' SD, was that

government policies and regulations could not be predicted. Because of the unpredictable nature of this condition, further proactive actions were taken towards, for example, maintaining the Bank's customers, attracting new customers, etc.: (P10-Bank B), (P12-Bank B) and (P14-Bank C).

Economic reform was also seen as an environmental feature that influenced the SDMP in the Libyan Commercial Bank Industry, especially for the 'Training' SD. Such reforms require a proactive response from Banks: (P12-Bank B), (P11-Bank B), (P14-Bank C).

In summary, the influence of environmental uncertainty on DM is low for introducing new technology, accepting Islamic Murabah and providing training. The major source of unpredictability arises from legal and governmental regulations affecting the banking sector. Banks are more predictable about the kind of information to be collected and the actions needed for introducing a new technology and implementing training in comparison with Islamic Murabaha. The source of uncertainty in implementing Islamic Murabaha comes from the Murabaha contract, political and state rules.

Performance

Performance in the present study was defined as how a firm performs in comparison to companies similar in size and industry, not only on financial indicators of performance, but also on non-financial indicators (table 5.3 (section 5.2.9), table 5.4 (section 5.3.9), table 5.5 (section 5.4.9), table 5.6 (section 5.5.8) and table 5.7 (section 5.6.9).

From the analytical evidence and supporting comments and the documentation, the bank found that these indicators were good and could be relied upon in comparisons between banks of similar in size and industry.

For financial and business performance (in addition to respondents' comments above), the present study shows that the financial performance of the banks was high, and through the increase in market share, and the return on assets and operating profits as well, they were able to cover all cost (e.g. new technology SD Bank A: (P1-Bank A). As well as the operational efficiency of the bank in terms of exploiting the resources available and controlling costs (P2-Bank A).

For non-financial performance, as interviewees' comments showed earlier in this section, during the making of the 'new technology SD' and 'Islamic Murabaha SD', Bank A had a good measure of operational efficiency in terms of exploiting the resources available and controlling costs (P2-Bank A). Also Bank A's employees were satisfied and motivated: (P3-Bank A), (P5-Bank A). In the 'Training SD' Bank C used a new approach, which gave more attention to the satisfaction of the human element and providing appropriate facilities for them, and because of its positive effect there was an improvement in services provided to customers and the reputation of the bank: (P14-Bank C), (P14-Bank C).

For the 'Islamic Murabaha SD' and 'Training' SD Bank B, in addition to the financial situation being good, the decision makers believed they had non-financial advantages: (P7-Bank B), (P9-Bank B), (P11-Bank B).

In summary, the strong financial position of the three banks in terms of the availability of financial and human resources and good operating efficiency, showed that performance of the banks had an impact on their SDMP.

Decision Effectiveness

From the results in table 6.3 (section 5.2.10), table 6.4 (section 5.3.10), table 5.5 (section 5.4.10), table 6.6 (section 5.5.10) and table 5.7 (section 5.6.10), the Banks achieved decision effectiveness for the five strategic decisions.

The evidence for Bank A shows effectiveness both for the 'new technology SD' and the Islamic Murabaha SD': (P1-Bank A), (P2-Bank A). For Bank A, combining the views of (P1-Bank A) and (P3-Bank A), the aims were achieved, and there was risk reduction, and the Bank introduced new services quickly, and launched operations with international Banks. As the comments showed, however, there was some degree of resistance to change, as some customers did not welcome technology based banking. This can be attributed to the influence of culture on individuals, in terms of the extent to which they accepted new technology: (P2-Bank A) and (P3-Bank A). While conducting observation within Bank A, the researcher observed that some employees were not happy about the New Technology strategic decision in their bank. Nevertheless, they had to do their best to make a success of that strategic decision regardless of their

opinion about it. And this might depend on the culture within which organisations operate.

For the 'Islamic Murabaha SD' evidence for Bank A (see Table 5.5), the customers welcomed the Islamic Murabaha decision, as it embraced Islamic Sharia. The decision transformed the way things were done in the Bank, making progress in using the Bank's funds, and therefore it is possible that religion and culture had an effect on the making of this SD, thus Bank A achieved decision effectiveness in this SD. (P5-Bank A), (P6-Bank A).

Bank B, served as a case-study for both the 'Islamic Murabaha SD' and the 'Training SD', and the findings show similarity with those of Bank A. Both SDs show that the decisions were effective: (P7-Bank B), (P12-Bank B). Further evidence for Bank B indicates that 'Islamic Murabaha SD' was a chance to gain more confidence from the majority of Muslim customers and to respond to offers from Qatar and Egypt: (P8-Bank B), (P7-Bank B). The evidence of learning new ways of doing things reported above was also evident in the findings for Bank B for the 'Training' SD: (P10-Bank B).

The findings for Bank C show how the decision was effective in achieving the goals that the Bank was looking for, and achieving their organizational outcome. The interviewees also maintained that the decision was very necessary to help improve the skills of their staff, respond to the needs of customers, and also meet the changes in the international area (P13-Bank C), (P14-Bank C) and (P13-Bank C).

Managerial factors influence the level of performance of strategic decisions (Steinmetz and Kline, 1976; Covin and Slevin, 1989). Elements that fall into such managerial factors/influence would include procedural rationality, intuition and political behaviour, uncertainty of the decision, decision motive, and environmental uncertainty, amongst others. Other factors may have contributed to the good performance of the Banks.

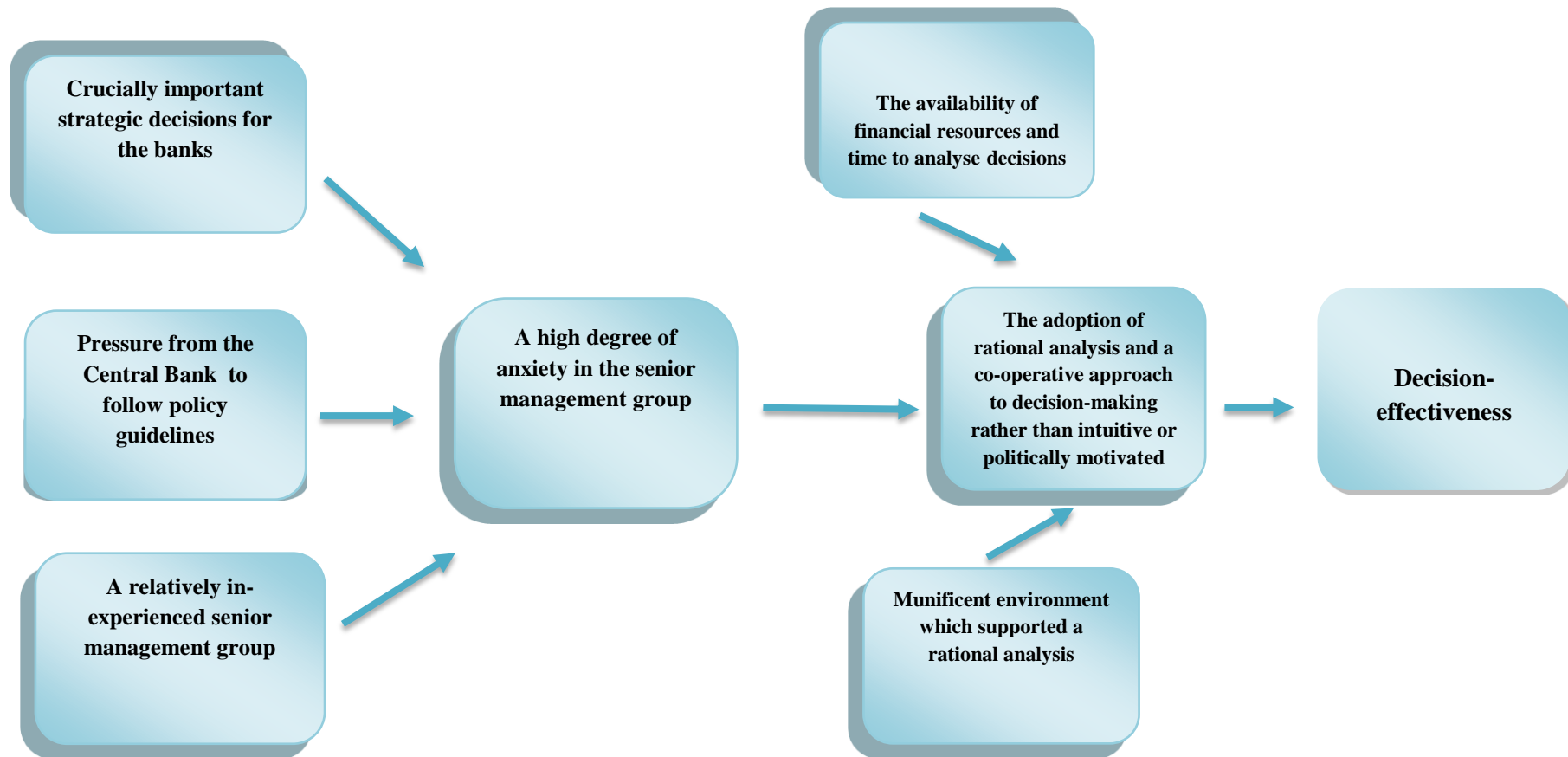
By looking at the empirical data which were collected through semi-structured interviews, documentation, and participant observation, this study concludes that the three banks in Libya followed a similar approach to making strategic decisions.

All of the decisions were crucial to the future success and survival of the three banks. The senior management group responsible for making their decisions was relatively

inexperienced, and there was external pressure from the Central Bank to follow its policy guidelines. These pressures resulted in a high degree of anxiety to make a ‘good’ decision, and the senior work followed careful rational processes as a result, with low political or intuitive

Combining the overall evidence gained from this study, the SDMP for all five decisions in the Banks is presented in Figure 6.2.

Figure 6.2: Interpretive Framework



7.3 Discussion of the Findings Compared with other Studies

The managerial emphasis of this study, (as Figure 6.2 shows) shares similarities with the holistic approach (Pettigrew, 1992) that highlighted three intellectual traditions in managerial elites, namely the study of institutional and societal power, the study of boards and directors, and the composition and correlates of top management teams. Following that holistic perspective, the findings from the present study are explained in comparison with a number of selected publications on SDM. The present study's findings are compared against those of Pettigrew (1992), Eisenhardt (1989), Eisenhardt and Bourgeois (1988), Dean and Sharfman (1993-a), Fredrickson and Mitchell (1984), Papadakis et al (1998), Elbanna and Child (2007-a), Elbanna and Child, (2007b), Dean and Sharfman (1993-b) and Dean and Sharfman (1996).

Firstly, these studies have been selected for the comparative discussion because they explored features of SDMP that have been included in this study. Secondly, these studies reflect theoretical foundations that are necessary for explaining the findings from the present study. In this comparative discussion two steps are taken. In the first step, the respective studies are defined, pinpointing their objectives, methodological approach (including the method of analysis, sample used and the context of the sample), and the key conclusions of the studies. In the second step, the results from the present study are compared with those studies, highlighting areas of differences or similarities. In this connection too, the possible reasons for the differences or similarities are explained.

Pettigrew (1992)

Managerial elites were studied by Pettigrew (1992). Specifically, that study, which is based on synthesis and critical review, examined three intellectual traditions in the study of managerial elites: interlocking directorates and the study of institutional and societal power, the study of boards and directors, and the composition and correlates of top management teams. Pettigrew's study concludes that all three research areas have strengths and weaknesses, and have made some contribution to knowledge about managerial elites. Incremental developments are however possible in the conceptualisation and method used in all three areas (Pettigrew, 1992). For the incremental development target, Pettigrew (1992, p.177) suggests that all three research

areas, “*share the common limitation of studying managerial elites several paces from the actors, processes and issues facing those elites*”.

There is need to change approach so that we can understand better: (1) why directors form ties across the boundaries of their own organization; (2) to what purpose such ties are put and what issues are created or resolved; (3) the mobilisation and use of power to achieve outcomes in line with perceived interests; and (4) whether and to what extent top management teams exist and through what processes the team fashions its impact.

The managerial role in the SDMPs found in the present study provides insights that connect to managerial elite theory Pettigrew defines the parameters thus:

“The interest is in those who occupy formally defined positions of authority, those at the head of, or who could be said to be in strategic positions in private and public organizations of various sizes” (Pettigrew, 1992, p.163).

Pettigrew’s study underlines, there is also importance in the behavior of groups of actors as they operate as boards of directors, executive committees or top management teams. “*the question of the relative power of managerial elites and others is a crucial empirical issue*” (Pettigrew, 1992, p.163).

The present study suggests that those at the strategic apex of the organization have much power and influence, and may try to use these to influence their decision patterns. The present study supports the logic that how such senior position holders use their powers and influence in organizational strategic decision process is constrained by the ‘***countervailing influence***’ (in- and outside the organization) and rules, traditions and other institutional arrangements (Pettigrew, 1992; Herman, 1981). This is because (1) organizations do not have unlimited resources, and (2) they are also controlled by the external forces in the marketplace. This is consistent with the analysis undertaken in the present study. The present study found that the powers of the senior position holders in the SDMP are influenced by Central Bank policies, growing competition, uncertainties and risks attached to decisions being made, religious issues, the importance of the decision etc.

The similarities pinpointed above can be explained by a number of reasons:

1. The top management (as defined under managerial elite) in any organization are usually the main actors in the DMP,
2. They operate with the interest of making and implementing decisions that would improve the performance of the organization. For this reason, they must find a means of effectively managing the internal and external environment of the organization, as well as government policies, culture and religious-based matters,
3. In this target of effectively managing the operational circumstances of the organization, procedural rationality is given much attention, and there is low political behavior and use of intuition in the DMP, most especially, as the decisions are considered strategically important.

Finally, the top management capacity and role as presented in this study provides support for the view that boardroom and other top influences are not only shaped by the activities of actors at other levels in and outside the firm, but also by a much broader range of contextual forces and processes emanating from economic, political, and industry sector conditions (Pettigrew, 1992, p.173). For example, in the present study, there is evidence that top management capacity was exercised with full consideration of the decision motives, decision importance, as well as taking into consideration the huge investment that needed to be made to into the strategic decision, an additional factor that made the decision makers avoid risky steps in their DM .

Eisenhardt (1989)

Eisenhardt's study examined agency theory and its contribution to organization theory. The study concludes that agency theory offers unique insights into information system outcome uncertainty, incentives and risk. Principally, Eisenhardt (1989) recommends that an agency perspective has much relevance in a problem situation that involves a cooperative structure.

Agency theory has several links to mainstream organizational perspectives (Eisenhardt, 1989). According to the cooperative behavior context (Barnard, 1968), the heart of agency theory is goal conflict inherent when individuals with differing preferences engage in cooperative effort. Agency theory is also similar to political models of organizations (Eisenhardt, 1989), and both agency and political perspectives assume the pursuit of self-interest at the individual level and goal conflict at the organizational level (e.g., March, 1962; Pfeffer, 1981 cited in Eisenhardt, 1989, p.63).

The results of the present study underline this differing preference feature amongst people engaging in cooperative efforts. Empirically, the decision makers exhibited differences in their interests and preferences for certain decisions. However, in general the best option for the interests of organization was followed to ensure that organizational well-being was not sacrificed for personal interests.

The present study supports theories that pursue efficient processing of information as a criterion for choosing among organizational options (Galbraith, 1973 cited in Eisenhardt, 1989). In the contingency approach of the Banks, efficient gathering and analyzing of information is undertaken to achieve 'optimal' DM (e.g., Galbraith, 1973; Lawrence and Lorsch, 1967 cited in Eisenhardt, 1989). Logically, this approach is rational, as it enables the decision makers to examine the decision options and follow the option that will yield decision effectiveness.

One other contribution of agency theory is its risk implications (Eisenhardt, 1989). Environmental effects such as government regulation, emergence of new competitors, and technical Innovation can affect outcomes. According to agency theory (Eisenhardt, 1989), a new and small firm has limited resources available to it for weathering uncertainty: As the likelihood of failure looms large for such a firm, the principals may become risk-averse. Eisenhardt (1989, p.65) Predicts "*that such managers will be very sensitive to outcome uncertainty*".

The results from the present study provide evidence that connects to the risk attitude. In their DMPs, the Banks were very cautious in taking steps with uncertain outcomes, especially as the SDs were considered very strategic to the future of the Banks. The Banks were also very cautious in the DMP when the resources committed to the SD project were considered substantial for the Bank.

Furthermore, the results of the present study support the agency theory logic of considering environmental effects, such as government regulations, emergence of new competitors and technical innovations. The model summarized in Figure 7.2 pinpoints how a number of such environmental factors influenced the SDMPs of the Banks.

The similarities of the present study with the aforementioned models can be explained by a number of reasons. First, attitudinal differences are normal among people, and may be displayed through political behavior at key levels of the DMP. Differences in interests and preferences are normal amongst people and in groups. Bargaining and negotiation are also logical approaches in such situations, as part of a process towards reaching a common ground in SDM.

Finally, organizations aim to maximize wealth and provide shareholder value. To do this, SDM rationality may be dominant factors. In seeking that target, the cautious risk position captured in this study is a logical expectation.

Eisenhardt and Bourgeois (1988)

Using eight firms, Eisenhardt and Bourgeois (1988) used ‘midrange’ theory linking power, politics and performance, which examined how politics affects the strategic decision process of top executives in the ‘high velocity’ microcomputer industry. Midrange theory aims to integrate theory and empirical research. They found that politics, the actions by which executives enhance their power to influence decisions, arise from power centralisation. In their study power was organised into stable coalitions based on demographic characteristics such as age and office location. Finally, Eisenhardt and Bourgeois’ study suggested that politics in top management teams was associated with poor performance.

In the present study, empirical evidence does not permit us to agree or disagree with the notion that politics in teams was organized around stable coalitions whose membership was not based on issues but on demographic characteristics such as age, job title, and office location. The reason is that we did not seek to identify characteristics that drove political behavior, rather we gauged how political behavior is exhibited in the SDMP.

Eisenhardt and Bourgeois argued that the use of politics in high-velocity environments is associated with diminished firm performance. Explaining, Eisenhardt and Bourgeois (1988, p.765) noted that *“politics are time-consuming and information-restricting, creating communication barriers and inflexibility within a team”*.

The present study provides support to Eisenhardt and Bourgeois (1988) on this point of politics causing delays and withholding of information in the DMP. Further support concerns the influence of politics on organizational performance. In the present study, strategic decision effectiveness was examined. Overall evidence showed that the decision makers of the Banks did not show political behavior in the SDMP. Rather, committed effort was made to ensure procedural rationality in the making approach, which provides further support to Eisenhardt and Bourgeois (1988). The message from this is that when acting politically, decision makers may sacrifice the best interest of the organization. However in the present study no significant evidence of political behavior was found in any of the decisions, and the decisions were found to be effective, supporting Eisenhardt and Bourgeois' findings.

In their study, Eisenhardt and Bourgeois concluded that effective firms follow a rational approach to DM. This study shows that in their committed effort to ensure that strategic decision effectiveness and subsequently overall organizational performance was achieved, the efforts of the Banks were geared towards achieving procedural rationality in their SDMP. Rational steps were taken to ensure that clear strategic decision aims were achieved, adopting relevant measures to adapt to the demands of their environment. Political behavior and intuition-based thinking were not common features of their SDMP.

A number of explanations exist for the similarities between the present study and that of Eisenhardt and Bourgeois. On rationality, it is to be expected that organizations that aim for procedural rationality will seek to avoid political behavior and the use of intuition in their DMP. Allowing individual interests and preferences to prevail over organizational interest, or basing their decisions on intuitive thinking could have serious negative performance implications.

Dean and Sharfman (1993a)

In a study of 57 strategic decisions in 24 companies, Dean and Sharfman (1993a) surveyed multiple informants and a structured interview protocol. They found that

Environmental competitive threat, perceived external control of the organization, and the uncertainty of the strategic issues being addressed are related to procedural rationality (p.587).

For the purpose of our comparative discussions, three conclusions in Dean and Sharfman are elaborated, namely: (1) Competitive threat¹ in a firm's environment decreases rational procedures in DM, (2) External control² relates significantly to procedural rationality, thus, higher levels of external control are associated with less rational procedures SDM, and (3) uncertainty of the strategic issue relates highly to rationality, therefore, decision-makers will engage in a less rational process of SDM when faced with problems characterized by a high degree of uncertainty.

Analyzing the above conclusions relative to the findings of SDMP in Libyan Commercial Banks, supportive and contrasting evidence is found. Concerning the competitive threat conclusion, the model captured in the present study suggests that a growing competitive threat from other banks will positively influence procedural rationality in the SDMP. The explanation for this is that organizations intensify their rational efforts to ensure success of the strategic decision: the contrary would expose the banks to the risk of losing their major investments. It is interesting that despite a munificent environment (see Figure 6.2); intensified procedural rationality was still pursued by the Banks. This may be explained by the nature of the SDs that the Banks were engaged in, and also connected to the risk averse behavior of the decision makers. It could be that religion, cultural factors, and social responsibility features of the SDs had an influence.

¹ Dean and Sharfman (1993) – ***“competitive threat reflects both competition and (lack of) munificence, that is, the 'dangerousness' of the organization's environment.This measure increases as competition increases and decreases as munificence increases” (p.596).***

² Dean and Sharfman (1993) – ***“Some of the firms in the study were family owned, others were publicly held, and the rest were operating divisions or subsidiaries of other firms” (p.596).***

Based on environmental munificence and environmental uncertainty, the present study does not confirm Dean and Sharfman, who found that environmental uncertainty did not moderate the relationship between SDMP dimensions and SD effectiveness. The present study suggests that when there is environmental uncertainty, more procedural rationality is employed, and this influences the level of strategic decision effectiveness.

Regarding control, the results from the present study support Dean and Sharfman (1993a) Due to the external control influence of the Libyan Central Bank, more rational procedures were followed in the SDMPs to secure effectiveness.

The results from the present study support Dean and Sharfman in terms of the suggestion that the perceived magnitude of impact of a decision is among the strongest explanatory variables of DM behavior, as decision-makers act more rationally when decisions imply important consequences. Empirically, the Banks sought more procedural rationality in their DMP, because they judged the SDs to be of critical importance. Consequently, a clear motive was evident: to encourage a rational approach to achieving SD effectiveness. Overall, this drive for a rational approach explains why the banks did not embrace political behavior or intuition in their DMP.

Fredrickson and Mitchell (1984)

In a study of an industry with an unstable environment, involving 109 executives in 27 firms, Fredrickson and Mitchell (1984) combined both structured interviews and questionnaires, and suggested a model that views `comprehensiveness` as a measure of rationality. They define comprehensiveness as the extent to which an organization attempts to be exhaustive or inclusive in making and integrating strategic decisions. In an unstable environment they found that there was a consistently negative relationship between comprehensiveness and performance.

When strategic decision effectiveness is high, there is logical ground to believe that organizational performance will be enhanced. In the present study, SD effectiveness was explored, while Fredrickson and Mitchell (1984) explored organizational performance (return on assets and growth in sales). The present study contrasts with Fredrickson and Mitchell (1984) who suggested a negative relationship between comprehensiveness and performance. Empirically, the present study suggests that when

rational procedures are followed in a SDMPs, then strategic decision effectiveness is achieved. If an organization adopts a comprehensive approach towards ensuring procedural rationality, as was the case with the banks in the present study, they will make a dedicated effort to gather and intensively analyse information, and their options. This will involve rational procedures which contribute to SD effectiveness.

An explanation the present study offers is that the strategic decision processes explored by Fredrickson and Mitchell (1984) reflected a highly unstable environment. In the present study, the environment was highly stable. Beside this environmental difference, another factor is the different cultural contexts of the two studies. A factor that could also explain the contrast is that the two studies explored quite different strategic decisions. Fredrickson and Mitchell (1984) explored only one strategic decision; while the present study was of five strategic decisions.

Papadakis et al., (1998)

The study of Papadakis et al., (1998) covered 70 SDs in 38 Greek manufacturing firms. They combined questionnaires and interviews, as well as archival documents. Papadakis et al., present a model that investigates the relationship between the SDMP and management and contextual factors. Three process dimensions were explained: (1) decision-specific characteristics, (2) top management characteristics, and (3) contextual factors referring to external corporate environment and internal firm characteristics.

In their model, Papadakis et al., found that rationality was affected by decision-specific characteristics and internal context. On this point, the present study provides support for Papadakis et al., and underlines the fact that an SD's magnitude of impact, and the type of SD, are core decision-specific characteristics. Also, the present study supports the view that planning formality and ownership/control are the dimensions of the internal context which exerts significant influence on rationality in the SD-making process.

The present model supports Papadakis et al., concerning the view that SDs relating to capital investment and internal reorganization call for a rationality-based DM approach. The Banks were very careful to avoid risky steps, taking into consideration that much was invested into the SDs. An explanation for these similarities is based on the simple

logic that when organizations invest major resources into their projects, committed efforts are made to ensure success, and improving shareholders' value.

Papadakis et al., (1998) also argued that environment and management factors are insignificant. The present study does not support that conclusion. Instead, the evidence in the present study suggests that there is a relationship between environmental dimensions and rationality of SDM. The results from the present study indicate that Banks intensified their drive for procedural rationality as a way of coping with environmental uncertainty (see Interviewee P7-Bank B's comment in section 7.3.8).

An explanation for this finding is that decision makers will be more committed to procedural rationality in their SDMP when there is environmental uncertainty. The difference between the findings of the present study and Papadakis et al., may relate to context (country and/ or industry) difference(s). In the context of the present study, culture and religion were influential factors on the SDMP.

Another contrast of the present study to Papadakis et al (1998) is the issue of management factors. The present study found that in times of environmental uncertainty, management plays a major role in ensuring rationality in the SDMP. Management factors include, for example, taking risk-averse steps to ensure that the future of the organization is not endangered.

Elbanna and Child (2007a)

Elbanna and Child present a model of strategic decision effectiveness that highlights three key variables in the SDMP: process dimensions (rationality, intuition, and political behavior); moderating variables (decision-specific, environmental, and organizational factors); and outcome variable (strategic decision effectiveness). The study involved two stages and combined both quantitative and qualitative tools. The study examined 117 Strategic decisions in 9 industries in Egypt.

The results from the present study show similarities and contrasts with the findings of Elbanna and Child. First, the present study supports Elbanna and Child in finding that strategic decision effectiveness is correlated positively with procedural rationality in the

DMP. Secondly, the present study supports Elbanna and Child's overall findings that political or intuitive behavior may reduce strategic decision effectiveness.

According to Elbanna and Child, decision uncertainty may have a different influence on the link between each of the SDMP dimensions and strategic decision effectiveness. The evidence from the present study seems to support the view that decision uncertainty moderates the relationship between rationality and strategic decision effectiveness. In the present study, although the decisions were reasonably certain, procedural rationality was followed. This approach may have been influenced by the nature of other moderating environmental features of the banks.

As shown in Figure (6.2) the Banks enjoyed a munificent environment, despite a growing competitive pressure from other Banks. Putting together the overall environmental evidence, a low level of environmental uncertainty existed. The Banks wanted to ensure procedural rationality and less political behavior and intuition in the DMPs. Based on the evidence, the present study supports the view that environmental uncertainty does moderate the relationship between SDMP dimensions and strategic decision effectiveness (Elbanna and Child, 2007).

Finally, and concerning intuition, Khatri and Ng (2000) reported that intuitive synthesis is positively related to organizational outcomes. The differences in contexts (country and industry) in these studies may explain the differences in findings. Furthermore, the differences in the moderating variables for each study may prompt different SDM actions to be deemed suitable. For example, in the present study each SD was deemed critical to the future of the organization, and since the decision makers believed substantial financial investments were involved in the SD plans, managers felt the best thing to do was to avoid taking risky steps, with a careful analysis of consequences.

Elbanna and Child (2007b)

The study of Elbanna and Child examined 117 strategic decisions in 9 industries in Egypt. The study involved two stages and combined both quantitative and qualitative tools. The study suggested an integrated model of SDM rationality which identifies decision, environmental and firm characteristics as influences on the rationality of decision processes.

The model presented in the present study (see Figure 6.2) reflects a process model that pinpoints issues that managers take into consideration in their SDMP.

Comparing both models, there are similarities in the findings. Both models agree that SDM rationality is affected by decision-specific characteristics and environmental variables. Like Elbanna and Child, the model from the present study indicated that environmental variables would significantly shape DM rationality.

Unlike Elbanna and Child, where political uncertainty in Egypt was a major threat, the present study suggests economic and market factors and Central Bank -led initiatives as important influences. Commenting on the state of environmental instability, one interviewee pointed out how such circumstances prompt them to be proactive:

“..... the growing competition in business would force us to be concerned about the development aspects to retain our share in the market. This in turn requires renewal and continuous innovation of the various tools in bank procedures to increase productivity and reduce costs. Again, this requires innovation and creation of highly skilled staff in technical, administrative and other fields.” (P7-Bank B)

Thus, the Banks operate under increasing environmental uncertainty, a situation that poses high demand on them to find suitable ways of adapting and surviving. For such an environmental situation, a more procedural, rational, based DMP with less political behavior and intuition was adopted. The Banks were keen to gather and analyse information, and use experience-generated knowledge, rather than intuition-induced thinking, in their SDMPs.

The regulatory influence of the Central Bank, and the influence of Sharia, meant that the banks also paid attention to welfare needs and social responsibility factors. The evidence showed that managerial efforts to ensure strategic effectiveness were not only aimed at achieving financial performance targets, but also giving attention to social welfare needs.

Dean and Sharfman (1993b)

Despite the importance of rationality and political behaviour in the DM literature, little is known about the relationship between these dimensions (Dean and Sharfman, 1993b). Dean and Sharfman asked the question: *“Can decisions be made using both rational and political methods, or must managers use one approach or the other?”* (p.1069)

Based on a study of 61 strategic decisions in 24 companies, they offer insights in this connection. The findings from the present study are discussed comparative to their findings. Their response to question suggests that there is need not to

*“speak of decisions as rational or political, as if they must be one or the other.”
Rather, “decisions could be procedurally rational and not at all political, or vice versa, since the two dimensions are uncorrelated.”* (p.1077)

They thus argue that decisions can be both procedurally rational and political, or neither. They argued further that procedural rationality and political behaviour are uncorrelated. A typical example of such is a scenario involving a combination of analysis and influences leading to the *“decision by a product division of a large, diversified corporation to close its European plant, and do all its manufacturing the US”* (p.1077). In such a scenario, political behaviour and procedural rationality could be jointly reflected in a decision process. The present study contrasts with that view, empirically (see Figure 6.2), the Banks gave much attention to procedural rationality. Less political behaviour or intuition based steps were taken because decision makers saw these as risks, with the potential to harm strategic decision effectiveness.

Dean and Sharfman explained their evidence: if decision makers were to be driven by political behaviour, they would aim mainly to satisfy their own interests and preferences, rather than placing the interest of the organization first. For such political behaviour targets, the decision makers would not have need to invest much time trying to analyse the issues relating to the strategic decisions to achieve procedural rationality. The logic suggested here is that decision makers who aim for procedural rationality would suppress their political behaviour.

The nature of company and type of strategic decision (the present study argues) may shape whether, and extent of use of, both procedural rationality and political behaviour.

Explaining their claim that rationality and politics are independent dimensions, Dean and Sharfman flagged four cases of DM in their sample that represent possible combinations of rationality and politics.

The first case (high/low) involved a high level of rationality and a low level of politics. In that case, a lighting control company aimed to establish a subsidiary in England, as a means of increasing sales in Europe. Decision participants collected and used a great deal of information in making this decision, and gave it high ratings for rationality. This evidence of rationality and politics is very similar to the findings in one of our cases: In the Islamic Murabaha SD, there was high procedural rationality but also low political behaviour, suggesting and supporting Dean and Sharfman that both procedural rationality and political behaviour might be used in one decision process, because of the dynamics of the decision. This seems to be the case when several stages are involved in the decision process.

This finding underlines two points: (1) when organizations prioritize rationality, very low political behavior is shown, and (2) this combination is appropriate when it suits the type of company and the nature of their activity, and decision type. Analyzing this evidence in relation to strategic decision effectiveness, and comparative to relevant literature, the present study offers insights that support the conclusion of Dean and Sharfman. In their conclusion they commented:

“to summarize the outcomes of these four decisions, high rationality and low politics resulted in success,..... While this is only four cases, the pattern appears to be that procedural rationality is associated with more successful decisions, and politics with less successful decisions”.

In this present study, high procedural rationality and very minimal (one case) political behavior was captured, evidence that permits the conclusion that high procedural rationality can lead to strategic decision effectiveness.

Dean and Sharfman (1996)

In a study of 52 decisions in 24 companies in 16 industries, Dean and Sharfman (1996) examined whether SDMPs were related to decision effectiveness. Their model concludes thus: (1) Procedural rationality is positively related to decision effectiveness, (2) political behaviour is negatively related to decision effectiveness, (3) environmental

favourability is positively related to strategic decision effectiveness, and (4) implementation quality is positively related to strategic decision effectiveness.

Based on the emergent findings, the present study concludes that strategic decision processes influence SDM effectiveness, adding support to Dean and Sharfman. In the present study, one case of low use of political behaviour was found. On the overall evidence, the present study supports Dean and Sharfman (1996, p.388) that “*managers who collected information and used analytical techniques made decisions that were more effective*”.

An explanation for the results of the present study may be concerned with organizational competitiveness, and chances of survival. To ensure their competitiveness and chance of survival, organizations will try to organise their SDMPs to ensure the effectiveness of their strategic decisions. Critical to this is the need to align efforts to the importance of the decision, and also adapt to the environmental circumstances of the organization.

7.4. Summary

The focus adopted was to address the research questions in section 6.1. The findings were presented as the evidence from each Libyan Commercial Bank. To achieve the aim of the study the findings for each Bank were presented for each theme, and differences between the banks were used to explain how the circumstances of a firm shape its SDMP. In the last section of this chapter (section 6.3), the analytical findings were explained and compared with other related studies. The approach followed in that section identified similarities, and also dissimilarities, with explanations.

The top management teams played a paramount role in the strategic direction and of cooperative DM of the banks. In their (top management team) role in the SDMP, political behaviour and intuition (interests and preferences) based behaviour was sometimes evident, but the emphasis placed on rational approaches was driven by anxiety of the top management teams in terms of the crucial importance of the decision, some policy pressure from the Central Bank of Libya and the relative inexperience of the senior management group, in terms of the strategic decisions taken.

CHAPTER SEVEN: CONCLUSIONS

7.1 Introduction

This chapter presents the final results and explains how these results contribute to knowledge, both theoretically and practically. This chapter is presented as follows:

- 1- Research Approach (Section 7.2);
- 2- Summary of Findings (Section 7.3);
- 3- Contributions of the Research (Section 7.4);
- 4- Limitations of the Research (Section 7.5); and
- 5- Recommendations for Future Research Directions (Section 7.6).
- 6- Personal reflections (Section 7.7).

The aim of this research, as defined in chapter one is:

To explore and critically analyse the nature of the SDMP in Libyan commercial banks and the impact of environmental and contextual aspects on that process.

With this aim, the study has addressed the following research questions:

- Q1. What are the key factors influencing the SDMP in Libyan commercial bank?
- Q2. What is the relative importance of `rationality`, `intuition`, `political behaviour` in SDMP?
- Q3. What is the influence of contextual factors on the process?
- Q4. What is the influence of perceived `decision importance` on the process?
- Q5. What are the key factors influencing SD effectiveness?

The theoretical foundations relevant to the aim of this study were presented in chapter 3, and the framework for this study was presented in chapter 3, and the methodological approach defined in chapter 4. The empirical findings in relation to the research

questions were presented in chapter 6 and discussed in comparison to other relevant studies in chapter 7.

7.2 Research Approach

The context of this study is the Libyan commercial banking sector. This sector operates within a less developed economy, and one that is relatively unexplored. For that reason, an interpretative approach was adopted in this study to address the research questions. The study has employed a qualitative methodology using semi-structured interviews as the main method of data collection. Documentation and observations were also employed to gather other information about the SDMP.

A qualitative approach was suitable for a number of reasons. It is an exploratory study, and a qualitative approach is suitable for exploring managerial roles in SDMP, as this allows for the identification of issues that may not be found by the use of surveys (Yin, 1994; 2003; Styhre et al, 2010).

7.3 Empirical Results

In chapter 6, Figure 6.2 presents an interpretive framework from this study. In this section (7.3) the key findings related to the five research questions themselves are summarized.

Q1. What are the key factors influencing the SDMP in the Libyan commercial bank?

The role of top management was a critical factor in the SDMP. This factor played a major role concerning the extent of use of procedural rationality, political behaviour and intuition in the DMP. Also, it had a major influence on how decision importance, motives and uncertainty of the decision elements of the SDs were approached.

Rationality was a key factor in the SDMP and a high focus was given to gathering and analysing information for the SD. To obtain the information, collective cooperation existed between executive and staff by virtue of friendship and personal relationships. The organizational culture in the banks impacted on the internal work environment of the bank. When there was a need to analyse the collected data for DM, all banks

indicated that they lacked qualified staff, advanced technology and a standard information database, and they used external expertise.

The senior managers group cooperated rather than allowing the formation of political alliances to shape their decision process. As Figure 6.2 shows, the anxiety of the senior management group was influenced by three core factors, namely, (1) crucial importance of the strategic decisions, (2) the policy guides defined by the Central Bank of Libya, and (3) highly inexperienced senior management group. The decisions had to depend on past experience even though this derived from very different circumstances rather than on personal judgement. For example, banks learnt from other banks to see what they have done in the area of Islamic Murabaha and what level of experience they had in Islamic Sharia.

None of the Banks reflected strong political behaviour in their SDMP. Instead, decision makers relied on constructive consultation to make their SDs, which shows the influence of the organizational culture of staff on the SDMP, and a high degree of transparency among the decision makers in the SDMP. Minor degrees of political behaviour were displayed in the Islamic Murabaha SDMP. The use of committees, authorities and legal provisions had a significant influence on the decision processes.

The importance of the SDs was seen as critical to the organizational outcome and future performance of the Banks. When making the SDs opportunities to expand banking activities inside and outside the countries were considered.

Q2. What is the relative importance of `rationality`, `intuition`, `political behaviour` in the SDMP?

It was found that procedural rationality is an important SDMP factor, and that it had no relationship with political behaviour and intuition. The analysis showed that the SDs were made based on facts and information, past experience (where available) or lessons learnt from other banks. There was limited use of personal judgement, influence and power in SDMP.

In some circumstances, however, political behaviour was used along with procedural rationality. For example, in the case of the Islamic Murabaha SD, Power from top level was used for the sake of organizational interest, so that opportunities for banking activities could be expanded inside and outside the country. This decision was made after constructive consultation in order to understand the impact of organizational culture on the staff in the environment of the bank, and maintain transparency among the decision makers in the SDMP.

Essentially, this study shows that the Libyan commercial bank sought to use procedural rationality, and not political behaviour or intuition, because this approach was perceived to help them to be successful, and ensure that the future of their organization was not threatened. A rational approach was adopted, because they were able to invest time, money and effort into their strategic decisions. The Banks seem to have avoided risk and adopted a cautious approach, reflecting some anxiety due to a lack of experienced staff. Overall, the banks adopt rational procedures in response to the driving forces of core importance of the strategic decisions, policies from the Central Bank, and the inexperience of the senior management group in such strategic processes.

The empirical finding of procedural rationality and minimal political behavior and intuition in this study suggests that the environment of an organization, including the availability of financial resources and teamwork between staff and the availability of investment opportunities and stability of environmental competitiveness shape the rational of the SDMP. On the evidence from this study, rationality and intuition were mutually exclusive, while some minor level of political behavior was used along with procedural rationality.

Q3.What is the influence of contextual factors on the process?

This study found that the influence of contextual factors was as expected in terms of the DMP of Libyan commercial banks. Religion and culture were one such factor; for example, in the SDMP of the Libyan banks, the position of the Islamic religion was taken into consideration.

Doing this was important because, the customers valued an adherence to their religious position in the way they lived their lives. Doing the contrary would have placed the

banks at a disadvantage relative to their competitors. In addition, organizational culture influenced the decision-making process through the cooperation and support among groups, which was a part of the customs and traditions of kinship among Libyan people.

The Libyan commercial banks' SDMPs were influenced by policy set by the Central Bank of Libya, which resulted in delays and complexity in administrative procedures within the three banks; banks were also required to comply with Central Bank regulations and policies, or be subject to their sanctions.

Also, from the interview evidence, other contextual factors that influenced the SDMP included munificence and risks connected to each strategic decision. These factors had an influence on shaping top management tendencies concerning the use, or not, of rational, intuitive, or political behaviour. Importantly, there was anxiety on the part of decision makers due to the critical nature of the decisions reference. For this reason, they prioritized the need to avoid steps they perceived as risks. As the strategic decisions were considered critical to the future of the banks, organizational resources were invested, and managers were risk averse in their SDMP.

Q4. What is the influence of perceived 'decision importance' on the process?

Empirically, perceived decision importance had a huge influence on the DMP. Consequently, careful steps were taken to ensure that the strategic decisions were carefully taken, especially as there was a lack of relevant experience.

Since the decisions were considered critical to the well-being of the banks, careful steps were taken in the DMP, through careful gathering and analysing of information to aid appropriate decisions. Rationality was prioritized over intuition in the DMP. For that reason too, political behaviour was reflected (minimally) in only one of the explored cases. Finally, due to the importance attached to the decisions, financial and human resources such as time, money and effort were invested into the strategic decisions, and careful efforts were made to avoid risky outcomes. The importance of the decision may have led to a high degree of co-operative behavior among the top management group.

Q5. What are the key factors influencing strategic decision effectiveness?

Two criteria were used to judge the ‘effectiveness’ of decisions. The first criterion was success in achieving the desired decision outcomes. Putting the interview results together, success in achieving desired outcomes was evidenced through the extent of improvement in customer services, and reduction in operational costs. Comments from interviewees, documentation and observation indicated that there was improvement in the quality of service provided to customers, and this led to reduced costs and time of delivery to customers. Other measures included coping favourably with the level of competition from other banks, drawing closer to customers, offering customers new services, attracting new customers, and improved structural and administrative process. All of these were mentioned by interviewees.

The second criterion for strategic decision ‘effectiveness’ was hindsight: a belief that the right choice was made, key measures indicated the successful embedding of Sharia law, attracting new customers, causing a reduction in the migration of money, gaining new contract offers from several reputable organizations, there was a positive culture change amongst staff, and enhanced banking service developments because the banks were improving internally, and in their relationships with customers.

Empirically, the rational approach adopted by the banks contributed to the perceived effectiveness of the SDs. On the combined evidence of growing competitive pressure, uncertainties and risks to each of the decisions, anxiety due to the importance of the decisions, procedural rationality was followed in DMP, and was seen as contributing to SD effectiveness. The role played by the Libyan Central Bank, as well as culture and religious influences, also contributed to the drive for procedural rationality in the DMP, and hence perceived SD effectiveness.

7.4 The Theoretical Contributions

Theoretically, this thesis offers several contributions. The framework for this study (see Figure 4.1) presented an integrative approach that suggests that internal factors (organizational and decision-specific) are influenced by managerial specific dimensions (rationality, intuition and political behavior), which further influences strategic decision effectiveness. The emergent model (see Figure 6.2) advances theoretical understanding

through a number of insights, and especially of the key role of 'anxiety' in the top management group.

- 1- The contribution from this study relates to the role of senior management in the SDMP. Managers of the banks were found to use constructive consultation and their contribution to aiding the collection and analysis of information were found to be necessary steps that led to the adoption of a rational approach in the strategic decision-making process, rather than adopting political or intuition behaviour. Culture and religion were the internal factors considered to have had the greatest influence on the decision making process.
- 2- The ability of the top managers group to exploit all the resources available to the banks in terms of money and the time needed, (basing their performance judgment on the return on assets, operating profits, and market share), allowed them to follow a rational approach instead of relying on personal judgment; this increased the success of decisions.
- 3- Another theoretical contribution of this study relates to munificent environment, which supported a rational analysis due to the bank environment being safe and without significant threats. This was because Libyan banks in general were found to be governed by clear policies and strategies and plans to improve staff skills. However, the study found an increasing trend of competition between banks, suggesting that the environment will be less munificent in the future.
- 4- In terms of data analysis and the literature, this study offers a model for the development of Libyan commercial bank. The key issue of this model is that the level of anxiety in the senior management group was influenced by the critical importance of the strategic decisions to the commercial bank; pressure driven by the policies imposed by the Central Bank with inadequate regulation and supervision, creating significant difficulties for banking institutions. In addition, the relative inexperience of the senior management group in relation to these decisions led them to rely on the experience of managers in other Arab and foreign countries [see comments from interviewees, appendix (7)].
- 5- Another theoretical contribution of this study relates to the importance of the strategic decisions, and how these decisions were critical to the organizational outcome and future performance of the Banks. This explains why there was

excessive concern among senior management, and why their focused on procedural rationality in their SDMPs.

- 6- The study adds to knowledge about how policies and regulatory roles, religion, and culture influence the SDMP. The model (Figure 7.2) explains that, for procedural rationality that is directed towards achieving strategic decision effectiveness, top management show a tendency to risk-averse behaviour in the SDMP. Theoretically, managers must manage the SD process having regard to the influence of procedural rationality, political behaviour and intuition, keeping in mind decision importance, the decision motives, and also managing the uncertain elements of the decision. In this process of making strategic decisions, the managers of the banks cooperated, rather than using political power or intuitive behaviour to influence the SDMP.
- 7- The ‘independent dimensions’ viewpoint of the SDMP (Dean and Sharfman, 1993a) argues that in ‘normal’ SDMP, either procedural rationality or political behaviour is used, but not both. On the other hand, that same study also found that in special circumstances (e.g., in decision processes where several stages are involved) the use of both was found. From the evidence for the ‘new technology’ and ‘training’ SDs, it was found that SDMPs that emphasized high procedural rationality were subject to less political influence. However, the specific issues involved in a SDMP might allow the use of both factors. For example, the Islamic Murabaha evidence showed that where legal issues and government interests were involved, the use of ‘past experience’ and ‘political influence’ was likely. Evidence for the use of procedural rationality and political behaviour supports the literature that “decision processes can be a mixture of rationality and politics but more of one is equivalent to less of the other” (Dean and Sharfman, 1993, p.1072). There is however a need to emphasize that the level of political behaviour for the ‘Islamic Murabaha’ SD was low. Where political behaviour was minimal, procedural rationality was a key component in the SDMP.
- 8- Explaining the procedural rationality findings from this study, a theoretical contribution relates to the debate about the impact of procedural rationality on SD effectiveness and performance (Dean and Sharfman, 1993a; Elbanna, and Child, 2007a). This study suggests that banks that used procedural rationality in

the decision processes achieved SD effectiveness. When the SD was seen as very critical to the survival of the organization, and where a large financial investment was involved, management was more cautious, and sought to avoid risks. In this case, procedural rationality and not intuition or political behaviour was a preferred SDMP. The 'Islamic Murabaha' SD suggests that if decision makers use political behaviour, but political behaviour does not dominate procedural rationality, then decision effectiveness may be achieved .

- 9- Another theoretical contribution that emerged from this study relates to Central Bank Policy. The banks made every effort to operate within stipulated Central Bank guidelines. To do this, the banks ensured that they followed careful rational steps and avoided risky steps, to achieve decision effectiveness. If these banks had done the contrary, it is likely they would have lost their customers to their competitors, and the loss of market share would have made them subject to sanctions by the Central Bank of Libya.

7.5 Contributions to Practice

For managers involved in SDMPs, and especially for commercial bank in the Libyan context, this study offers insights that may be of potential future use to senior managers. They reported their interest in being informed of the results of this study. In addition, the study could assist managers in their current situation in improving future performance regarding the process of strategic decisions in their banks.

Relative inexperience in senior management groups was crucial to the outcome of the strategic decision process. Sufficient training courses for managers should be offered to those involved in the decision making process. In addition, it is important to select the most appropriate time for these training courses, and the correct content, as well as a timeline which suits the managers. The concerned strategic decisions are important to successfully achieving decision effectiveness.

According to these results, the three banks adopted a rational approach and spent considerable of financial resources and time. However, the top management group could have relied on intuition behaviour, because the three banks depended on the experiences of Arab countries and these countries succeeded in such cases, and

therefore it could have been seen as a way for the three banks to reduce some costs through the use of intuition.

Concerning the uncertainty of decisions, managers should take steps to manage and reduce risks. To do this, managers should use the tools of collecting and analyzing information to enable them to understand the steps they need to take to ensure that uncertainties are minimized. As this study shows, the most important steps for Banks to take in this connection include self-analysis of information concerning the SD or through consultancy firms, and / or taking ideas from the experience of other Arab banks.

Pressure from Libyan Central Bank was identified as a serious problem in five strategic decisions. Consequently, finding suitable and appropriate solutions reduce restrictions imposed on the three banks should be available before starting the actual implementation of any strategic decision. Managers have to make sure that the planning process contains a careful administrative procedures situation within their banks before decision making. Human resources and acceptable financial resources need to be available beforehand in order to make effective strategic decisions.

Also, this study contributes an awareness that the three banks should demand the state and the central bank to improve the laws, state policies and procedures that govern the work of banks, and give the necessary freedom to banks in order to make decisions and implement them in a timely manner without delay, giving banks the freedom to invest in a variety of areas within the limits of applicable laws within the State.

Since SDs are very important to the future of a bank, managers should carefully collect and analyse information to aid DM. The evidence shows that the use of power and influence should be low to ensure that the most suitable decisions are taken in the interest of their organization. When the use of power and influence is present, managers' DM may not follow the most rational approach, but rather reflect individual interest and shared desires to flex political muscles, which could be very costly for the organization. As interview results showed, since all the Banks made major investments into their SDs, rational steps were taken to ensure that these investments were effective. Following this careful approach reduced the risk level of decisions. In addition to the financial

implications, procedural rationality in the DMP was seen increasing as customers' satisfaction, employee welfare and social responsibility targets of the Banks.

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Also, this study suggests that managers must keep in mind how important the SD is to the life of the organization. In that connection, the motives behind the SD should also be pursued through a careful planning and implementation process. The results show that commercial banks had taken those procedures ensure achievement of organizational outcomes. In addition, managers working to a target must ensure that their planning and implementation steps are carefully designed to adapt to environmental uncertainties of their organizations: for example, preparing for future threats, and undertaking structural changes that might be necessary to meet changes in the market.

Finally, another managerial contribution of this study relates to the approach of top management. Evidence from this study show that all participants in the DMP were fully aware of the SDs and the motivations behind them, as well as the importance to the future of the banks, before the SDs were made. This finding in itself shows the importance of getting all participants involved in the entire planning and implementation process. As pinpointed in section 7.3, one key conclusion in this study is that religion and culture influence the SDMP and strategic decision effectiveness. It is important that managers take note of these two factors and the influence they may have on the SDMP. Managers must effectively manage these dual factors, considering their direct influence on strategic decision effectiveness.

7.6 Limitations of the Study

This study has provided a number of insights into the SDMP in the Libyan commercial banking sector. While a number of contributions have emerged through this study, it must be acknowledged that this study has a number of limitations. The first limitation of this study is that it covered only Libyan commercial banks. Developing countries like Libya have been largely ignored in the examination of SDM: most studies have focused on the US and Europe. In addition to organizational culture (George and Jones, 2008; Alavi et al., 2006), national culture (Hofstede et al., 2010) may influence how strategic decisions are made in organizations, and market dynamics also differ from one country to another. For these reasons, there is a need for caution in applying the findings from this study to other national contexts.

In addition to the national context limitation pinpointed above, the fact that this study only explored Libyan commercial banks is also a limitation that must be taken into consideration when applying the findings from this study. Every industry has its main features, and these features may influence the actions and steps that are necessary in the SDMPs. So, the findings from this study may not necessary be applicable to other industries, even in Libya. The factors influencing SDMP in other industries may be different to commercial banking. Thus, caution must be taken when applying its findings to other industrial contexts.

Interviewees were asked questions relating to their past experience of the SDMP. Thus the facts presented in this study are dependent on the ability of the interviewees to remember the facts of interest to the study. There is a possibility of errors in their reports due to a failure to accurately report the facts. Or it is possible that the interviewees did not reveal all true information, as a step to protect themselves or their organizations. This possibility is another limitation of this study. As the sample involved three banks and sixteen interviews, findings may not be representation of strategic process. However, there was a considerable degree of agreement from the sixteen staff.

As well as the above mentioned issues, sometimes interviewees may have been giving post-rationalized process information, as and sometimes they may have been trying to impress; this is a possibility that should also be taken into consideration when interpreting or applying the findings from this study.

Given the academic requirement for completing this PhD research within a specified time, it was not possible to extend further the data collection duration. In addition, the focus was only on collecting data from senior and middle managers within the three banks. However, better insight into the DMP could have been obtained if other levels within those banks had been involved in this research. Moreover, more cases and /or the inclusion of more banks could have been helpful to increase the validity and the robustness of the results of this research. Thus, this must be taken into consideration when applying the findings from this thesis.

Another limitation of this study relates to the selection of the sample. All selected decisions had very important consequences. Selecting less important decisions would most likely have produced different results. This possibility limits the applicability of the results from this study. It must also be noted that three banks were used as case studies for this research. These may not be very representative of the banking industry, and this also limits the extent to which the findings from this study can be interpreted to represent evidence of the Libyan banking industry's SDMP.

The questions used to explore the SDMP were adapted from Elbanna (2003), which was a quantitative survey. This methodological approach of adopting these questions may not have been the best possible approach, and may have influenced the results from this study. Qualitative methods were used to collect data in the present study. Chapter five argued that these methods were the most appropriate for this kind of study because the interviews were same-structured in order to uncover emergent aspects of the DMP.

Finally, the recent war in Libya, the change of government, and the political situation of the state may have an impact on the strategies of the commercial banks and give greater freedom to banks in terms of investment DM. So, future decisions will be conducted in the light of new policies, which is likely to affect the results of the study, and which should be taken into consideration when applying the findings from this study.

7.7 Future Research Directions

This study suggests a number of future research directions in an attempt to further improve knowledge in the area of SDMP.

First, there is a lack of knowledge about SDMP in the developing country context. More research in other industries in Libya is therefore necessary to understand which factors of SDMP are involved. Future research should aim to explore the SDMP in different industries, so that more comparative knowledge about the SDMP context can be made available.

Also, since national culture seems to influence SDMP, it is necessary to conduct SDMP studies in various countries with different cultures. Such studies will be challenging and resource intensive from the data collection point of view. In this connection, future research could compare two developing countries and also developed vs developing countries. This will help flag clearly the culture related features of the SDMP, and more importantly, how this might shape decision effectiveness. The role that religion plays can also be explained in such studies.

This study has contributed to the understanding of the role of procedural rationality, intuition and political behaviour in the SDMP. Can decision makers in the SDMP use procedural rationality and at the same time use intuition and also show political behaviour? If yes, what conditions would call for such actions, and why? This study has shown that Libyan commercial bank use procedural rationality but not intuition or political behaviour. In answering the above questions, future studies should also explain the extent to which such decision actions would influence both organizational performance and decision effectiveness.

This study identifies that the riskiness of a decision, and the extent to which decision makers feel that much has been invested into the SD, influence the steps organizations take in ensuring that the SD is well managed. It is also important for future studies to explore the conditions that may determine the nature and extent of the steps decision makers take to ensure the success of their SDs.

7.8 Personal Reflections

The study has taken four years to accomplish. The beginning of my research journey and personal reflections contributed to an increased skill and knowledge of English Language which was a great challenge for me, because my mother tongue is Arabic. Language study increased my skills and abilities to overcome other difficulties. As

English was not part of the curriculum in Libya because Libyan government policy does not allow it. Thus, I did not have the choice other than studying the language from the beginning, and that for lasted one year. Then, I moved on to the main academic project (PhD).

I have been vigorous and passionate in all stages of the research journey and was inspired to examine the subject in depth through a qualitative approach. I conducted interviews with senior managers of the Libyan commercial bank. Getting information was not an easy task, particularly when the collecting of information could be seen as an intimidation by some respondents. The use of individual interviewing to gather data was well managed. This methodology allowed me to elucidate and request supplementary questions at a level that improved the research outcomes with the respondents.

In the process, I, as the researcher have been on a journey that has had enormous implications for me and my future. Coming to the UK and conducting this research has changed me. I never would have predicted this when I started out on my research journey to explore SDMP in Libyan commercial bank. Comparing who I was, with now, the journey has provided me with many experiences which I have obtained from various sources. I learned how to present my opinions constructively, how to discuss problems in detail, how there is no right or wrong answer in social research or a best method or methodological approach and how there is no limit to knowledge and information.

Besides that, I have attended many student discussions of scientific research in various subjects. Seminars and scientific conferences were also held within the University, which provided the opportunity for students to exchange and discuss their views and express their opinions. This allowed me to expand my scientific and personal skills. In addition, I increased my scientific awareness and experience in conducting research through meetings and discussions with my academic supervisors across four years, which has enabled me to develop my subject and recognize that it was worthy of consideration and study, at a sufficiently high level of scientific enquiry.

Other influences which have increased my skills and experience was part-time work in Britain, my contact with people allowed me to learn a lot on the culture and daily

transactions in one of the best developed countries in the world, This allowed me to benefit from many useful things in accordance with my beliefs and religion.

Finally, the war in Libya was a great dilemma for me and during that time I was in the realm of study and work while my people were dying back at home. This had a negative impact on my life and at the same time I was learning to be patient and to stand the challenge of life. In addition, the situation taught me that life does not stop whatever the difficulties I was facing.

I trust during this journey, I have been transformed with a new knowledge and understanding in my chosen field. I have developed into a more positive, strong and confident person. I am enthused to serve in the Libyan commercial bank as the knowledge gained through this research study has given me opportunity to serve, upkeep and improve the efficiency of strategic decisions in the future in the Libyan commercial banking sector.

The research journey entailed both suffering and joy; however, in the end the researcher was able to make a contribution to management literature, especially in the Arabic area, and in Libya in particular. This enabled me to achieve my goal despite the difficulties, and to increase scientific knowledge. My aim was to obtain a degree in Business Administration in order to go back to my homeland and contribute to the service of my country.

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Appendix (1) Letter of support from the Libyan Embassy for the collection of data from Libyan Commercial Banks

إدارة العلاقات العامة والاعلام بوزارة الخارجية



الجمهورية العربية الليبية الشعبية الاشتراكية والعلمانية
المكتب الشعبي - لندن
الشمس الثقافية

التاريخ: 08/07/2010

الأخوة، مدراء الشؤون الادارية
بالمصارف التجارية الليبية
بعد التحية

الموضوع: تعريف لطالب موفد على حساب المجتمع

يشهد القسم الثقافي بالمكتب الشعبي لندن بأن الطالب/ه نجاح عبدالعزيز مصطفى فطيسر هي احد الطلبة الموفدين للدراسة على حساب المجتمع بهذه الساحة لتلبل درجة الدكتوراه في مجال الادارة وذلك اعتبارا من 2006/10/01 لغاية 2010 /10/30.

أعطى لها هذا التعريف بناء على طلبها وذلك لاستعماله فيما يخوله القانون ويعتبر رسمي بعد التوقيع والختم.

والسلام عليكم ورحمة الله وبركاته ،،،

د. سعد عبدالعزيز مناع
الخبر التعليمي
المكتب الشعبي - لندن



- صورة للملف الدوري العام.
- صورة للملف الطالب.
- أي مخطط أو تغيير في هذا التعريف يعتبر ملغى.

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Appendix (2)

Interview Questionnaire

Case No:

Interview No:

Date:

Interview's start time:

Finish time:

University of Gloucestershire
Business School

PhD Research Title:

**The process of strategic decisions making in Libyan Commercial
Banks**

Dear Sir Manager

The researcher is undertaking a study which handles the process of strategic decision-making (SDMP). The benefit she will gain from knowing your point views with regards to the stages and process that go into decision-making inside Libyan banks, will impact the long-term future and the performance of banks in general. Your beneficial points of view and contributions will help the Researcher`s study, also the facts and accurate details that you provides about the decision will have a significant impact on the quality and accuracy of the research.

However, all the information in this questionnaire will be treated in confidence, and honestly for the purposes of scientific research only, which will help me for my PhD study in Business administration at Gloucestershire University in the United Kingdom. You can also get a summary of the final result of the research if you write your address at the end of the survey, which I also believe can serve, support and increase the efficiency of making better strategic decisions in the future.

- Please note the survey with deal only with regards to Resolution No ()
- For any queries you can contact me on ()

Please have all my thanks and appreciation in advance for your kind cooperation, and ask God for your success.

The Researcher

General question

1-Please identify one recent strategic decision which has been taken in your organization and you has a great of personal knowledge.

Section1.The degree of rationality

1. Did senior managers gather relevant information to make this decision? How.
2. Did senior managers analyse relevant information to make this decision? How.
3. There are some techniques which may be used by senior managers to get more information to make a decision (e.g. attending training courses, conducting feasibility studies and using consultants). Did the senior managers use such techniques in making this decision? How.
4. How effective were the managers at focusing their attention on crucial information while making this decision?

Section2. Intuition

1. Did senior managers use personal judgement? How.
3. Did previous experience of senior managers play a key role in making this decision? How.

Section3. Political behaviour

- 1-Were the decision-makers open with each other about their interests and preferences in this decision? Why and how.
- 2-Did decision-makers use their power in order to protect their interests and preferences? Why and how.
- 3-Was the decision affected by negotiation among decision-makers? How.
- 4-Did decision-makers form alliances with each other in order to influence the decision? How.
- 5- Did participants in this decision tend to hide or/and distort information to defend their points of view? How.

Section4. Decision importance

- 1- Was this decision important to the organization? Why.
- 2- Did you anticipate that the decision would act as a basis for subsequent decisions? How.
- 3-How serious would the consequences have been of delaying this decision?

Section5. Decision uncertainty

- 1- Was the kind of information needed to make this decision clear? If yes or no/ how.
- 2- Were senior managers uncertain about the actions that should be taken in order to make this decision? If yes or no/ how.
- 3- Was it very difficult to predict the outcome of this decision? Why.
- 4-Was there variation in participants` points of view between formal meetings and informal discussions? How.
- 5-In general, was the process of making this decision mostly intuitive or mostly analytical?

Section6. Decision motive

- 1- Did you have adequate freedom in addressing this decision? How.
- 2- Was this decision related to an opportunity which could be exploited or a crisis which had to be dealt with? How.
- 3-was the motivation for the organization in making this decision to avoid expected negative effects on the organization or to improve an already secure situation? How.
- 4-How confident were the decision-makers that they were making the right choice? How.
- 5- Were the goals of this decision clear to the participants? How.

Section7. Environmental hostility

1. How would you describe the external environment situation of the organization during the making of this decision? e.g.:
 - a. Was very safe; little threat to survival and well-being of the company. How?
 - b. Was very risky; a false step can mean company's undoing. How?

- c. Was the decision rich in investment and marketing opportunities; not at all stressful. How?
- d. Was very stressful, exacting, hostile; Very hard to keep afloat. How?
- e. was an environment that your company can control and manipulate to its own advantage, (e, g, a dominant company in an industry with little competition and few hindrances. How?
- f. A dominating environment, in which your company's initiatives count for very little against the tremendous forces of your business or political environment. How?

Section 8. Environmental uncertainty

1. Did you think the environment variables (production, economy, competition and government policy) easy or difficult to predict during the making of this decision? If easy or difficult to predict why do you think so?

2- was there many constraints in addressing this decision. How?

Section 9. Performance

1- how you can compare your organization with other similar organizations in size and scope over the period of making this decision?

Section 10. Decision effectiveness

1- What were the objectives that the organization planned to accomplish with this decision?

No.	objectives

2- With respect to each of the objectives you have mentioned in the previous question, has the company been successful in attaining them?

3- Were there any major negative or unexpected outcomes of this decision? How.

4- In retrospect, was this decision the right choice? How.

5- Did you expect the decision to change things in your company? How

6- How far ahead in the future did you initially expect the decision to significantly influence the organization ? How.

Section 11.

1. Organization name

2. Position

3. Number of employees

Additional information:

1-If you wish to receive a copy of the final results of this, please determine your correspondence address

2-Is there any additional comment you would like to add?

Thank you very much for your cooperation

Appendix (3)

Interview Questionnaire (Arabic version)

استمارة جمع المعلومات

حالة رقم :

مقابلة رقم

التاريخ

وقت البدء في المقابلة

وقت إنهاء المقابلة

قسم الادارة : جامعة جلوسترشير (Questionnaire) في بريطانيا

جامعة جلوسترشاير كلية إدارة الأعمال دكتوراه

عنوان البحث: عملية اتخاذ القرارات الاستراتيجية في المصارف التجارية الليبية

سيادة المدير الفاضل

الباحثة تقوم باجراء دراسة حول كيفية عملية صنع القرارات الاستراتيجية والعوامل المؤثرة على نجاحها. الفائدة التي سوف تجنيها الباحثة من وجهة نظرك فيما يتعلق بمراحل عملية صنع القرارات الاستراتيجية داخل المصارف الليبية، وسوف تؤثر في المستقبل على المدى الطويل على أداء البنوك بشكل عام. والنقاط المفيدة والمساهمات التي تدلى بها سوف تساعد الباحثة في هذه الدراسة. أن الوقائع والتفاصيل الدقيقة التي تقدم بشأن القرار سيكون له تأثير كبير على جودة ودقة البحث. كما أن، سيتم معاملة جميع المعلومات الواردة في هذا الاستبيان في سرية تامة ، ولأغراض البحث العلمي فقط، والتي سوف تساعد الباحثة لدراسة الدكتوراه في إدارة الأعمال في جامعة جلوسترشاير في المملكة المتحدة.

كما يمكنك أيضا الحصول على ملخص للنتائج هذه الدراسة إذا كنت ترغب في ذلك , أكتب عنوانك في نهاية هذه المقابلة ، سيتضمن هذا الملخص بعض الاقتراحات التي من الممكن أن تخدم وتدعم كفاءة اتخاذ القرارات الاستراتيجية على نحو أفضل في المستقبل.

• من فضلك لاحظ أن المقابلة تخص قرار استراتيجي واحد تم اتخاذه في مصرفكم في اخر سنتين

• للحصول على أي استفسارات يمكنك الاتصال بي على (0913974880)

شكرا جزيلاً مقدماً على حسن تعاونكم، ونسأل الله لنجاحكم.

الباحثة

السؤال العام

1 – ار جوا تحديد قرارا واحدا استراتيجيا اتخذته منظمتم خلال سنوات سابقة بحيث يكون لديكم معرفة الشخصية حول هذا القرار.

الجزء الاول (1) : درجة من العقلانية

1. هل تم جمع المعلومات ذات الصلة من قبل صناع القرار لاتخاذ هذا القرار؟ كيف .
2. هل قام صناع القرار بتحليل المعلومات ذات الصلة لاتخاذ هذا القرار؟ كيف .
3. هناك بعض التقنيات التي يمكن استخدامها من قبل صناع القرار للحصول على مزيد من المعلومات لاتخاذ قرار (مثل حضور الدورات التدريبية ، وإجراء دراسات جدوى واستخدام الخبراء الاستشاريين). هل اعتمد صناع القرار على مثل هذه التقنيات في صنع هذا القرار؟
4. كيف كانت فعالية صناع القرار في تركيز على المعلومات الحاسمة في اتخاذ هذا القرار؟ كيف .

الجزء الثاني . حدس

1. هل اعتمد صناع القرار بصورة اساسية علي الحكم والتقدير الشخصي في عملية صنع هذا القرار ؟ كيف .
3. هل لعبت الخبرة السابقة للمديرين دورا رئيسيا في صنع هذا القرار ؟ كيف .

الجزء الثالث. السلوك السياسي

- 1 هل كان هناك وضوح وشفافية بين صناع القرار بخصوص مصالحهم والأفضليات المرتبطة بالقرار؟ لماذا وكيف.
- 2- هل تأثر هذا القرار بعمليات المساومه بين صانع القرار ؟ لماذا وكيف.
- 3 - هل شكل صناع القرار التحالفات مع بعضها البعض من أجل فرض وجهات نظرهم ؟ لماذا وكيف.
- 4- هل استخدم صناع القرار قواتهم ونفوذهم من أجل حماية مصالحهم وتفضيلاتهم ؟ كيف.
- 5- هل كان المشاركون في هذا القرار يميلون إلى إخفاء أو / وتشويه المعلومات للدفاع عن وجهات نظرهم ؟ كيف.

الجزء الرابع. أهمية القرار

- 1 - هل كان هذا القرار مهم للمنظمتكم؟ لماذا.
- 2 - هل كنت أتوقع أن هذا القرار سوف يكون بمثابة أساس لاتخاذ قرارات لاحقة؟ كيف.
- 3- هل هناك أي خطورة في النتائج اذا حدث أي تأخير هذا القرار؟

الجزء الخامس. قرار عدم اليقين

- 1 -- لم يكن من الواضح على الإطلاق نوع المعلومات التي يجب جمعها لاتخاذ هذا القرار؟ اذا نعم / او لا كيف.
- 2 – صناع القرار كانوا غير متأكدين من الإجراءات التي ينبغي اتخاذها من أجل صنع هذا القرار؟ اذا نعم أو لا / كيف.
- 3 – هل كان من الصعب جدا التنبؤ بنتيجة هذا القرار؟ اذا نعم أو لا / كيف .
- 4 - هل كان هناك تباين او اختلاف في وجهات نظر المشاركين في صنع هذا القرار في الاجتماعات الرسمية والمناقشات غير الرسمية؟ إذا نعم ، كيف ؟
- 5 - بصفة عامة ، هل كانت عملية صنع هذا القرار معتمدة علي الدراسة والتحليل أم معتمدة علي الحكم الشخصي ؟ كيف .

الجزء السادس : حوافز القرار

- هل 1 – هل كان لديكم الحرية الكافية في تناول ودراسة هذا القرار؟ / كيف ؟
- 2- هل كان هذا القرار فرصة ينبغي استغلالها أو أزمة التي كان لا بد من التعامل معها؟ كيف؟
- 3- هل كان الدافع من صنع هذا القرار لتفادي الآثار السلبية المتوقعة على المنظمة أو لتحسين وضع المنظمة؟ كيف؟
- 4- هل كان صناع القرار واثقين من صحة هذا القرار؟ كيف .
- 5- هل كانت أهداف هذا القرار واضحة للمشاركين في عملية صنعه؟ كيف.

الجزء السابع . البيئة المعادية

1. كيف تصفون الوضع البيئية الخارجية للمنظمة خلال اتخاذ هذا القرار؟ على سبيل المثال :
 - أ. كانت بيئة آمنة جدا ؛ تهديد محدود للبقاء المنظمة , والمنظمة تتمتع بوضع قوي. إذا كان الجواب نعم / كيف.
 - ب. كانت بيئة خطيرة جدا أو التحرك الخاطى قد يؤدي الي الخروج من السوق . كيف.
 - ج. وفره في فرص الاستثمار والتسويق. لاتوجد أي ضغوط إذا كان الجواب نعم / كيف.
 - د. أو ضغوط شديد , بيئة عدئية ،صعوبة في الاستمرار في العمل . كيف.
 - هـ. يمكن للمنظمة ان تتحكم في الظروف البيئية المحيطة طبقاً لمصالحها الخاصة (مثل : منظمة مسيطرة علي الصناعة , تواجه منافسة ضعيفة وعوائق محدوده). كيف.

و. البيئة مسيطرة , حيث أن قدرة الشركة علي السيطرة والمبادرة محدوده جدا مقارنة بالدور الهام الذي تلعبه كل من بيئة الاعمال والظروف السياسية. كيف.

الجزء الثامن : عدم التيقن البيئي

1. هل تعتقد أن متغيرات البيئة (الإنتاج ، والاقتصاد ، والمنافسة وسياسة الحكومة) من السهل أو الصعب التنبؤ بها أثناء صنع هذا القرار؟ إذا كان من السهل أو الصعب التنبؤ كيف.
- 2 - هل كان هناك الكثير من القيود في تناول ودراسة هذا القرار. كيف .

الجزء التاسع: أداء المنظمات

- 1 كيف يمكنك مقارنة منظماتكم مع منظمات أخرى مماثلة في الحجم والنطاق خلال فترة صنع هذا القرار؟

الجزء العاشر. فعالية القرار

- 1- ما هي الأهداف التي خططت المنظمة ان تحققها مع هذا القرار؟

الأهداف	العدد

- 2 - في ما يتعلق بكل من الأهداف التي ذكرتها في السؤال السابق ، هل نجحت المنظمة في تحقيق كل هدف؟ كيف .
- 3- هل كان هناك أي نتائج سلبية كبيرة غير متوقعة من هذا القرار ؟ كيف.
- 4 -- طبقا لوجهة نظرك الآن ، هل كان هذا القرار يمثل الاختيار الصحيح ؟ كيف.
- 5- هل كنت تتوقع أن يغير هذا القرار من الاوضاع في منظماتكم؟ كيف.
- 6 – الي اي مدي في المستقبل تتوقع أن يؤثر هذا القرار بصورة اساسية علي المنظمة ككل؟ سنة او سنتين الخ / كيف؟

الجزء الحادي عشر. حجم المنظمة

1. اسم المنظمة

2. الموقع.....

3. عدد الموظفين.....

الجزء الثاني عشر : معلومات شخصية

العمر : المؤهل العلمي

المنصب الاداري الذي تشغلونه حالياً.....

عدد السنوات التي شغلت فيها منصب مدير ادارة

عدد السنوات التي أمضيتها في العمل بمنظمتكم

مزيد من المعلومات :

1- اذا كنت ترغب في الحصول على نسخة من النتائج النهائية لهذه الدراسة, من فضلك حدد العنوان الذي ترغب في ارسال النتائج عليه.....

2- هل هناك اي تعليق ترغب في اضافته.....

شكراً جزيلاً لحسن لتعاونكم

Appendix (4):

Transcription of translated (English) interview

Interview Guide No (1) at the Bank A and which was concerning the decision for new technology system.

Case No 1 Interview No. 1 Date 12/6/2010,

Name of Organization Bank A

Position: Tripoli

Number of employees: 58000

The start time of an interview (1): 10 . Finish time: 11:30

The decision for new technology system

At the start we asked the participant about a strategic decision recently taken by the bank, which they had knowledge off. With regards to this P1 tried to explain the decision and expressed the following:

According to the P1 new technology system decision is the most important strategic decisions, which had taken in the bank. Regarding this matter P1 said

“... the bank had prepared a thorough plan to study the programme on 4th September 2004 with the help of The Central Bank of Libya and the Commercial Banks and consultation companies..... Our bank and these banks formed a committee from all participating banks their aim was to study all aspects of the programme and methods needed to work it.”

According to P1 stated that the scheme is made up of the following sections

1. the immediate general settlement system, which aims to balance bank accounts between the commercial banks and central bank of Libya by an instant and immediate method.
2. The second system is called electronic clearing. This has the task of clearing transaction and transfers, payments and commitments that happen between the banks and participating sectors of the system.

3. The third factor is electronic clearing of cheques. If this is implemented it is predicted to solve many problems and delays caused by geographic and postal reasons linked with cheque clearing
4. The fourth section is regarding establishing cash machines (ATMs). The banks will work together to set up ATMs in shops and public places.
5. The fifth section is a communications network. This section has been given a protection programme, because it deals with money. This has been agreed by the world's important companies specialising in this field.

The first part: The degree of rationality

In the first part of the questions, it focuses on obtaining views on the extent to which the method of rational strategic decision-making, by relying on the collection of the necessary information and analysing it, and reliance on some methods to get more precise information, the extent of success in focusing on critical information that contribute to making this decision.

In this regard, P1 agreed that the actual compilation of data and information was extensively about this decision. And all aspects of the problem were examined. The main problem occurs Inefficient banking core systems, the bank was depend on programmed locally systems and limited efficiency and non-threaded, prepared technology is relatively sophisticated, which contributed to the limited operations which provide, unhappy that for a long time, the weak capacity of control and control of these operations. This problem resulted as follows: when both the people and the bank has to spend long period of time to conduct withdrawal and deposit. Besides, people do not easily get access to their bank details, for example, the account balance or the account movement. It is also difficult to open a current account with a commercial bank, where more time or inside contact is needed. The non-friendly environment and unpleasant attitudes of staffs has discouraged customers to request the service.

Due to this matter, they believe that it is extremely important to improve the standard of banking services, imposing the circumstances of the stage and economic development, the decision was made in order to overcome these problems.

As a result, participant agreed that the collected information relies on all the possible sources internally or externally. They have been composition of internal committees to study what are the capabilities available in the bank, and to prepare a preliminary report for the project which includes the estimated costs and the duration of time required in its implementation, also, to prepare comprehensive study of Communications and Information Technology (Computer). Moreover, in collecting the data and identifying the needs of the project they then visited the General Post and Telecommunications Company (GPTC) and other related bodies.

Hence, the bank was suffering from very poor efficiency technology for example; the computers have no appropriate system in processing information and modern communication means. Even though the bank has qualified personnel in computer technology, however they did not exploits this competencies.

Besides, P1 agreed that they are depending on the external sources to gather the information's. This can be achieved by having frequent visit to the Arab States (Alardan, Egypt), as to identify the better methods implemented as they are using the same technology. In addition, as they are relying on consulting firms and foreign specialists, a contract was made with the company 'McKinsey for six months. The company then conducted a study to investigate the current problems which the bank is suffering; this includes all level of organisation in the bank. Then, appropriate solutions to the problems were proposed, which also cost a large amount of money. There was a training course organised for the selected Executives and team members on operating the system so that they can be relied upon in the future. And he said that *"I think that the most important information we have collected was about any of the companies that have strong system technologies and they are difficult to introduce"*.

P1 stated that the bank have assigned 40 staffs from various departments who were selected based on certain criteria and standard (working experiences, academic qualifications, and age) to go for training. This is for them to have better knowledge and skills in using the technology system; also they get to know the pros and cons of the system and will be introduced to the project manager afterwards.

P1 agreed that the most important problem is that, lack of information and insufficient time to collect the data and information. The reasons to these problems are probably due

to lack of staffs with competencies in information circulation, staffs are lack of training, dispersion of required data in many administration. Hence, both participants argued that, in order to overcome the problem, necessary training for employees to run the system and also to develop their competency in work. As discussed earlier, it will however cost the bank a lot of money.

Another difficulty stated by P1 is the weakness of the communications network, which is said as one of the most important thing in the decision making. They then found the solution to this particular problem as they get contact with the (GPTC) to support the infrastructure of their communications network.

P1 also stated that delay in the decision making is another problem that the top management is facing. The postponement speed of decision-making, this is because the bank is under the Central Bank of Libya's control and so, any decision cannot be made without referring to the Central Bank of Libya, and this will somehow give negative impacts on the performance of the bank.

Particularly, P1 assured that they had been relying on the analysis of information. However, when asked about how to analyse the data the answers given by him was not that satisfying. P1 argued that, all data is gathered, sometimes through working, as a result of communication and report writings and for some other reasons, either we know, or we do not know all the procedures and operations. The problem relies on the fact that we do not have the systems to analyze all these data or to convert it into information that can be used later

Moreover, he then added that, the presence of the consulting firm in the formal meetings held between the Chairman of Board Directors, members of Management Committee and Executive Director of the project is to discuss the reports and information gathered which was introduced by the Committee of the project. They then have the opportunity to expose the problems, discuss it, and find out the appropriate solution to the problems. Thus, with assistance from the Central Bank of Libya and based they successfully collected and analysed the information. The company (Mackenzie) is believed to be the optimal alternative and the most suitable company for the Implementation of the project. The features of the global advantage of the company are distinguished, for example the power of technology in the protection system which seems difficult to

penetrate. Additionally, this company certified as the most important international firms who specialized in this area.

In spite of the lack of database information for processing information by computers and modern means of communication, in the meantime the bank has the financial and human resource which if it is exploited it would be able to dispense by using the external foreign expertise of . In this vein, P1 then stated that they have skilful members, still they did not rely on them too much in collecting information and analysing it, this can be said due to the lack of information database, which has caused us to depend on external expertise, this however cost us a lot of money and more time required. In this context, P1 stated that *“For my bank, it was important that we analyse relevant information. To be able to do that, we used the Engineering Consulting Bureau”*

In addition P1 stated that they managed to access crucial information which succeed them in making this decision, despite of the problems and difficulties they faced in making this decision. In this vein P1 stated that

“we did a test on the technology system in order to make sure about the results of the decision made. It was a 100 percent success in this test which helped us to ensure the results of the decisions and the speed in making this decision and its application”

The second part: Intuition

Intuition refers to the type of knowledge which uses not logic and competence. Intuition is a form of knowledge is not necessary to explain in words, often comes lightning and sudden manner.

In the first part of the questions, it focuses on obtaining views on the extent to which use the intuition in making of the strategic decision by relying on the personal judgement, previous experience of managers.

In this regard, when we asked question about intuition, the participant did not understand the meaning of intuition and what is it, I explained to him the meaning of intuition and give to him some examples to let the participant to understanding the meaning of intuition.

P1 disagreed that, the using of intuition in strategic decision-making within the Bank. P1 stated that the decision new technology system was based mainly on scientific method to gather information and necessary data and analysis. By relying on consultants that were using in collected the information and study this decision. In this vein P1 stated that

“... this decision concerns particularly the banking sector and generally the State, therefore the process of intuition is excluded in this decision, and any mistake in making this decision will bring a significant risk, thus the influence on the Bank's performance will be negative”. (P1-A)

Also P1 agreed that they faced the problem of lack of some information, for example no exclusively, identifying the project are needs within the bank organizationally, who is responsible for operating the technical systems, this is a big responsibility, Also, the culture and people's awareness and understanding of the importance of this technology. All these problems cannot solve by relying on intuition, because they need accurate information and members have the technicians and skills to overcome on these difficulties.

P1 agreed that previous experience of the top manager has had an important role in making this decision; also, he reported that the personal experience of top manager involved in making this decision, addition to external expertise contracted which was effective contribution in increasing the ability to put ideas and new proposals. Also previous experience grant top manager the ability of Knowledge for all various positions, and suggesting the appropriate solutions of special problems occurred of a new system technology, and the optimise customization human recourses and financial to project finance.

In this vein p1 stated that, *“...Of course, experience is an important element in any decision’, Thus, all members of the Board of Directors had long experiences and qualifications in the field of banking, this experience permits all members to manage one of the biggest consultation centres. But they lacked experience in making this decision” (P1-A)*

Besides, he reported that they had selected the executive and teams member mainly based on their past experience and qualifications, as well as subjecting them to get

internal courses training and external to increase their efficiency and productive at work. Also he reported that the bank administration did not care before by national qualifications, or the seeking to raise their efficiency ,and this led to negative effect on morale staff and less productivity at work.

The third part: Political behaviour

The political approach depends on the system being made up of a number of directions that do not always have the same aims. Each associate wishes to improve their ideas in developing the organisation. This approach poses the economical theory which considers an organisation being one economical unit, therefore there would only be one person representing the organisation as a whole. As well as that, this approach considers decision making as the merging and combining of different groups within the organisation towards a union, even if it means temporary between the decision makers. This is all for the interest of making a generally fair decision.

The first part of the question focuses on gathering points of views about the affect political behaviour on the process of strategic decision-making. This takes into consideration the transparency and clarity of decision makers their preferences and interests with respect to this decision. It also accounts for how the decision makers use their power to defend their interests and preferences, bargaining between decision makers, making alliances between decision-makers, their interest for their own personal aims and hiding or distorting any information among decision makers.

P1 said that there is transparency amongst decision makers for the interest and preferences of the bank. They highlighted that when making this decision they had to relate to the core on the basis of ethics, values and highest moral transparency. The philosophy adapted by the bank is to abide to those ethics. In addition to this all the meetings and discussions held between the General Manager and Management Committee members all had the same aims and had the interest of the republic bank and all other Libyan banks at the highest level. They aim to develop better services for its costumers, reduce cost and improve performance for the bank. With regards to this issue P1 said

"there is no transparency amongst managers concerning their interests and preferences. And when we make this decision we had to relate to the core of ethics, values and highest moral transparency....in my opinion, in all the meetings and discussions, there were cooperation between us and we had the same aims and had the interest of the bank at heart".

In the same context, I asked the participant if there are any bargaining processes between the decision-makers in making this decision. In this regard, P1 agree that there was no any bargaining between the decision-makers in any form of political satisfaction because this decision was a higher decision, which aims towards the general interest of the bank. This has no place for equality.

In addition, P1 agree that the decision-makers used their power and influence to protect the interest of the bank. This goes back to the fact that this decision was political from the state's upper management and participating in the project was compulsory according to the organisations that have accounts with the central bank of Libya especially commercial banks.

Therefore the General Manager and Management Committee members used its power and interest to adopt the project. The bank will face consequences if it does not develop their main banking systems. This means that, the General Manager and Management Committee members had to be strict in its decisions regarding banks so it can achieve the highest aims for the projects during a certain time line. However, enforcing these powers and influences have more positives than negatives, hence this decision has many advantages that is reflected on the bank.

They also added that there is controversy and differences in the points of views amongst the decision makers regarding the complicated routine of management plus large number of approvals and the difficulty of its procedures that have been imposed by central bank of Libya. This means it's important to refer back to commercial banks in any procedure taken by the bank whilst taking this decision. This had a negative effect on how quick a decision was made and providing a service to customers. There were also costly expenses that the bank spent when dealing with the McKenzie Company, which was not necessary since there were qualified individuals that could have been reliable. However, they did not have to be trained to gain more experience. He also added that there had been a disagreement in points of views between the banks

management and members of the management committee in relation to the financial gain to team members in the form of bonuses. Also, the hours of work for overtime, where we can find some are aiming towards their personal interest to make good use of this decision.

The fourth section: Decision importance

The participant agreed that this decision was very important for the bank. Therefore, introducing this advanced technology will result in a noticeable difference in the ways and methods of the bank's activities and build an organised structure. This change has reflected the flexibility of the bank, not only in facing circumstances and demands of the national money market but also in expanding the international activities.

Also he added that *“the staffs of this bank know the importance of using this technology and the overall strategic decision. We all know that the decision is for the general interest of the bank, so there is no point to show political behaviour in bargaining.”*

The participant added that due to the importance of this decision, enough supplies and experienced personnel have been assigned to make the decision. They took enough time for research and discussions to study all aspects of the project, taking into account all the positives and negatives that may occur from this decision so there was no pressure in making the decision.

“The staffs of this bank know the importance of using this technology and the overall strategic decision. We all know that the decision is for the general interest of the bank, so there is no point to show political behaviour in bargaining.”

In addition, P1 added that the problem that faced them, which caused a shortage of time, was postponing and delaying administrative procedures because they had to be passed through different paths within the bank. The second reason is that some organisational procedures forced us to return and gain acceptance from commercial banks.

Due to the importance of this decision, P1 agreed that there are other decisions to follow this one with same importance. They are also considered to complement this decision and will contribute in developing the services of the bank, about this P1 said *“The Bank*

invested much time and resources to this decision to make it work. Training courses were introduced and a new department created.”

P1 agreed that risks can occur if mistakes happen, but he do not think this will happen as long as the decision is built on strong, technical and practical theories. This is because it was given plenty of time and interest and also given qualified individuals that were able to collect information and analyse and rate the problems. In addition to this P1 added that the greatest risk that the decision can face is that new and quality information about working environment and ability cannot be provided, where information is considered a basic boost for decision making. As long as information is provided we predict that there are no dangers for the decision’s results. The only danger that the bank may face, which has a negative impact on the results, is not enough correct and affective training is given to employees of the project.

The fifth section: the uncertainty of the decision

If the possibilities of alternative results are unknown or unpredictable, the managers would have to take a decision if the circumstances are unconfirmed or uncertain. One of the main reasons of uncertainty is unavailability to information and also, unclear or incredible information. Even if it was available it is not enough to produce a certain situation.

P1 confirmed that the required information collected was clear about this decision. The good information they collected can help them make early predictions on future results to the decision.

He added that they had enough required information and clear information to make this decision. For example, they had full knowledge of cost, time; ability needed and required human power for the project. Also, full information about the markets’ environment and similar or rival associations was collected. They also had knowledge of laws and regulations that the state worked by and which ruled the banks. In addition, the political environment of the country was safe for the bank.

“In our formal meeting we identified the required information to be gathered concerning this decision....We had full knowledge of cost, time; ability needed and

required human power for the project, and the implementation Company for the national payments decision” (P1-A)

He also confirmed that managers were fully aware of the procedures to take to make the decision. P1 said that at the beginning information about the procedures to make this decision was really unclear but some meetings and negotiations with associated companies' things were clearer, we followed the risks on by one.

“... We did not find it difficult to predict the results of the decision. We made some tests in some branches and implemented them using the bank card system and the results were positive. We found we provided quick service to customers and got rid of the queues that used to be in banks, which encouraged us to continue in making the decision.” in addition”.. (P1-A)

P1 confirmed that it was easy to predict results for this decision. This is relying on the success of other countries that have practically reached it. He also added that positive results will have a big impact towards the performance of the bank. It will give the opportunity to gain large profits by providing updated services to workers and the required speed for it. Also, results show a reduction in workers costs, what is more important is developing and introducing competition to the banks.

“... We did not find it difficult to predict the results of the decision. We made some tests in some branches and implemented them using the bank card system and the results were positive. We found we provided quick service to customers and got rid of the queues that used to be in banks, which encouraged us to continue in making the decision.”(P1-A)

The sixth section: Decision motive

P1 said that the decision was an opportunity not to be missed, but at the same time it solved problems the bank had in all fields. This decision was an opportunity considering it uses new technology adopted by the bank. It also solved many problems faced by the bank, e.g. there are no full systems for information to guide the decision making process and the lack of implementing developed method in solving problems

like researching procedures. Also, delaying in costumer services, settling payments between banks and settling accounts between public sectors.

"... I believe that this is to solve the administrative problems such as increase the number of staff, due to reliance on older systems which are incompatible with the developments in the banking sector." (P1-A)

P1 confirmed that the top purpose was to develop and improve the bank's situation. They consider making this decision was a large leap towards using computers because it speeded services provided and reduced burocrotic loads. It also provided more time for customers and employees of the bank and the ability of customers having access to good service at any branch in any city of the country without the need of customers contacting the branch they opened the account with. The customer can also know their balance, total, details and dates of any transaction. They would be able to obtain cash instantly.

P1 confirmed that the decision was correct. This is because the problem was that the local banks do not use computers to manage their work, with the exception of a few. There is no doubt that this has a negative effect on forming the main structure for the national payments system and the addition of new products and services. This supported the quick development of computer systems in banks and the introduction on information technology. This will lead to the major developments in the bank's performance, risk management and credit inspection, which will help banks in providing a developed banking service. The participant added on this basis we can say the main aim of this decision is to develop the Libyan banking industry, improve the quality of its services and to enter a new phase to face globalisation.

"... We were certain that we made the right choice because we contracted McKinsey, one of the largest technology companies in the world and which were of better quality with a strong system of protection, and with more financial facilities".(P1-A)

The seventh section: Environment al hostility-munificence

P1 agree that the banks environment was very safe and still stable adapting a recently new strategy in the form of developing the bank and is considered to have no threats. In

the Libyan banking sector the process of collecting, merging and owning has began to expand the size of its work and profits. It is also to achieve abundance in size and variety, reduce cost and enter new fields of work. He added that *“It is stressful understanding the new operating method. The method is still new to us.”*

In this vein P1 stated that there are no any indications of any threats towards the bank. First of all there are a limited number of Libyan banks. There are clear limits and policies in the Central Bank of Libya that insures to a certain extent the stiabability of the banking sector in Libya, so no sudden downfalls occur. There might be limited problems but not a complete downfall for the bank.

“... The activities environment in Libyan banking is still non-expanding, and governed by the law and public policy; therefore we cannot control the market because of our limited ability to control the environment.” (P1-A)

P1 agree that there is an opportunity for investment but not for a wide expansion. This is because investment is controlled by the countries politics and the rules and regulations published from the Central Bank of Libya. On this P1 said “it is still the beginning for the bank’s investments. The involvement of private and foreign banks gave us the investment opportunity. However, we are still at the beginning because we do not have the experience and are still preparing ourselves and qualified individuals we have for investment to a certain extent in many fields, but not a wide expansion.

The eighth section: the environmental uncertainty

P1 answered that these changes can easily be predicted whilst making this decision, but from the products perspective this decision is considered as a new technology entering the Libyan technology and a new product to the consumer, so therefore we hope to improve our services to clients through this technology.

With regards to competition, the banking environment is considered safe and has limited competition. Even though recent changes to Libyan banks have started to emerge competition between our banks and others, we can still predict the opposition’s policies considering current circumstances. This is because the Libyan banks follow laws published by the Central Bank of Libya and cannot ignore these rules, as for the government’s policies, such as the financial ones, are clear and stable.

“... The competition in Libyan commercial banking has no effect on the Libyan market, because the market is oligopolistic and characterized by the dominance of public sector control. Despite the entry of foreign partners to the Libyan market, the situation remains as before.” (P1-A)

The governmental policies cannot be predicted and are published as a law that has to be implemented. However, it cannot overlook these laws for government policies, for example the central bank of Libya and therefore government policies cannot be predicted when a decision is introduced and carried out.

“...some Government policies, for example, monetary policies issued by the Central Bank of Libya, we can appreciate and predict, due to them being clear and fixed policies. On the other hand, I can say that other government policies cannot be predicted, because the government may issue any decision at could any time, and this could affect the bank.” (P1-A)

P1 agreed that the only restriction the bank faced in this decision is the extent of how acceptant individuals were to this technology. This is because of the education of individuals and their acceptance to the technology.

The ninth section: Performance

P1 agreed that financial performance is considered among the important indicators in the assessment processes between organizations. They added that they could measure the results of decision through decreasing transaction costs, or they could measure the profits resulting after a decision and compare it with previous years. He added that the use of technology greatly assists the bank in the expansion and diversification of the services provided to customers, which in turn affects portfolio profits and contributes to raising the efficiency of financial intermediation.

“The Financial position of the Bank was good, we were able to fulfil all our obligations with companies that we had contracts with, and we covered all expenses related to this decision: for example, travel to other countries to get acquainted with this technology. (P1-A)

P1 agreed that organisational effectiveness is an important indicator in the assessment processes between organizations. He added that they could measure the results of this decision through the, improvement in services provided to customers, the speed of transactions between banks, and the efficiency level of banking management.

He identified that the operational efficiency of the bank to make this decision was good in terms of the exploitation of the resources available in the bank, enabling them to control costs and performance and the quality of their employees at different administrative levels.

"I think we worked with all our energy in order to exploit the available resources to reach the output." (P1-A)

The tenth section: decision effectiveness

P1 said that the banks have a number of goals it's aiming to achieve. One of which is providing improved customer services such as easy balance transfers of Libyans living abroad to their friends and families in Libya. It also contributes in expanding the foundation of the bank accounts, plus reduces operational costs and reducing risks. These will lead to implementing the immediate settlement system and would publish final immediate briefs continuously throughout the day. This would reduce the risks faced by credits and funds that exist between the bank and its costumers when settling different transaction procedures.

P2 added that this decision will introduce new tasks and services of value to customers. This means that the bank will be able to compete in the products and services it can provide to customers.

P1 agreed that they achieved most of their aims they set. They did not accept any negative results to this decision. However, they did accept very positive results they hoped would happen from the first year, For example, providing a quick service to customers by using electronic bank cards.

"... Customers were encountering difficulty in opening bank accounts, due to the lack of using a new technology and difficulty administrative procedures." (p1-A)

P1 informed that they began to provide improved services to customers, such as making balance transfers easier. Customers started using bank cards which made matters easier, one of which is reducing quest in banks. They also speeded up transactions between commercial banks, the central bank of Libya and foreign banks abroad, In addition the speed of communication between the banks by using the internet, reducing cost, time

and effort. They also began providing new services such as Islamic products that abide to the Sharea laws.

“... The level of profitability decreased from year to year before making this decision, due to increasingly low volume of deposits and the number of customers of the bank. The current situation of the Bank has led to a continuing increase in total deposits as a result of the quality of banking services provided to customers, thus this decision had contributed to increasing before tax bank profits”. (P1-A)

P1 agreed that this decision was the right choice for the bank. This is because Libya began to activate full economical rights. In the same vein, P1 argues that

“the foreign investment in Libya from 95% of the volume of investment expenditures, which is about 5, 6 billion Libyan dinars. In 2006, Libya announced a series of procedures which are related to attract foreign capital.”

He said that the Libyan commercial banks have place in the nation economy, they are as intermediation between savers and investors. So, this is the first step to develop bank. In the same direction, PI is constant with this decision, because this will change many of the conditions inside the bank. Due to that, the bank will start a new stage of private investment according to the new banking Law, thus start a significant improvement in the bank's performance and risk management and provide new banking services. Thus, the bank should able to work network of branches in order to reduce the cost of bank on one hand, to insure the level of service of the bank throughout the State. This allows him to able to introduce new services quick and continue. Thus, the bank will be able to reach with citizens who have bank accounts. In order to achieve all the requirements of citizens of their operations easily and also will be able to implement consistent standards for credit control, risk management.

Appendix (5) Themes and Sub-themes Definitions

Themes	Definitions	Measurements	Interpretation	Sub-themes	Definitions of Sub-themes (Operationalisations in italics) and Interpretation
1- Rationality	Procedural rationality, defined as the extent to which the decision process involves the collection of information relevant to the decision and the reliance upon analysis of this information in making the choice (Dean and Sharfman, 1993).	High	Where decision-makers follow a systematic process in collecting and analyzing information, in order to reach crucial information, to achieve goals of decision.	Identification of information required	<i>The extent to which decision-makers identify the information required when making a decision.</i> The researcher made a judgement of the amount of information and its importance. The responses divided between high (h) and low (l) rationality.
				Decide methods of information gathering	<i>The extent to which decision-makers rely on multiple methods to gather information.</i> Based on the number of adequate methods which they used, the responses were divided between high (h) and low (l) rationality.
				Obstacles to gathering information	The extent to which decision-makers faced several obstacles in gathering information. Based on the number of obstacles and their importance, the responses were divided between high (h) and low (l) rationality.
		Low	A bank lacked the required resources (e. g. financial; physical; human; and time resources) to search collect and analyse the relevant information.	Analyse relevant information	<i>The extent to which the decision-makers analysed relevant information when making a decision.</i> Based on number of adequate methods of analysing information, the responses were divided between high (h) and low (l) rationality.
				Crucial information	<i>The extent to which the decision-makers focused their attention on crucial information during the making of a decision.</i> Based on the number of points which contributed to reaching a decision. The responses were divided between high (h) and low (l) rationality.
2. Intuition	At any given moment, one is conscious of only a small section of what one knows. Intuition allows one to draw on that vast storehouse of unconscious knowledge that	High	Where decision-makers follow personal judgement in making decision with having a strong feeling of knowing what is going to occur, which they have accumulated via much	Personal judgement	<i>The extent to which decision-makers rely on personal judgement when making a decision.</i> Based on the ability of decision-makers to predict of decision successful, the responses were divided between high (h) and low (l) intuitiveness.

	includes not only everything that one has experienced or learned either consciously or subliminally, but also the infinite reservoir of the collective or universal unconscious, in which individual separateness and ego boundaries are transcended' (Vaughan, 1979: 30). Intuition does not come easily, but it requires many years of experience and a complete understanding of the business (Isenberg, 1984; Seebo, 1993).		experience in dealing with problems.		
		Low	Decision-makers did not use personal judgement and past experiences to make the decision.	Past experience	<i>The extent to which past experience has an important role in making a decision.</i> Based on The sum of respondent's ratings depended on the extent to which top managers had high education and previous professional experience, the responses were divided between high (h) and low (l) intuitiveness.
3. Political behaviour	The political model is an organization including differentiated groups of people with different motivations for getting involved in decisions (Butler, 2002).	High	Decision-makers use all the political tactics to influence decisions which affect their positions and interests in bank.	Openness with each other about interests and preferences	<i>The extent to which decision-makers were open with each other about their interests and preferences related to the decision.</i> Based on the sum of respondent's ratings of the diversity of interests' among decision-makers. But the responses were divided between high (h) and low (l) political influence.
		Low	Decision-makers use all the political tactics to protect bank interest.	Power to defend preferences	<i>The extent to which the decision-makers used their power in order to defend their interests and preferences.</i> Based on imposing their opinions and the power of their administration positions to defend their interests. The responses were divided between high (h) and low (l).
				Bargaining among decision makers	<i>To extent to which the decision affected by bargaining among decision makers.</i> Based on differences among managers when making decisions. The responses were divided between high (h) and low (l) political influence.

4. Decision important	The importance of decision is represented by the costs of decision and benefits of decision, thus managers considered these when anticipating more benefits from the decision, thus rational processes in making decision are more costly in terms of search and analysis. Therefore, the success of organization s depends on mangers will be expected to be more rational when making crucial decisions (Carter, 1971; Hickson et al., 1986; Stein, 1980).	High	If decision-makers bay more attention to study the great importance of decision e. g. time and resources required and its benefits e. g. the effect on bank performance.	Decision importance	<i>The extent to which a decision was important.</i> When top managers spent much time and money to make the decision, the responses were divided between high (h) and low (l) importance.
				Subsequent decision	<i>The extent to which a decision to act was used as a base for subsequent decisions.</i> Based on the number of subsequent decisions which were made or under procedure, the responses were divided between high (h) and low (l) importance.
		Low	If decision-makers do not adequately study the importance of decision e. g. time and resources required and its benefits.	Delaying this decision	<i>How far the DMP was seen as protracted.</i> Based on the number of reasons for a delay by which a decision could have been quicker, the responses were divided between high (h) and low (l) importance.
5. Uncertainty of the decision	‘The degree of choice will therefore be limited not only by action determinism and the constraints of the intra-organizational political process; it will also be inhibited by limited and/or ambiguous information’ (Child, 2002: 113).	High	Decision-makers have clear information and necessary procedures for making a decision, as they can predict the outcome of a decision.	Clarity of kind of information to be collected	<i>The extent to which there was clarity of the kind of Information to be collected for making a decision.</i> The responses were divided between high (h) and low (l) uncertainty.
		Low	Decision-makers did not have clear information and necessary procedures for making a decision, as they can predict the outcome of a decision.	Uncertainties about the Actions to be taken	<i>How far there were uncertainties about the actions to be taken in order to make a decision.</i> Based on knowledge of all the procedures which had to be taken, the responses were divided between high (h) and low (l) uncertainty.

				Difficulty of predicting the outcomes	<i>How far it was difficult to predict the outcomes of a decision.</i> Based on the resources available when making the decision, the responses were divided between high (h) and low (l) uncertainty.
6. Decision motive	Decision motive refers to how the CEO perceives a strategic issue either as a threat or as an opportunity, and comprehensiveness refers to the extent to which organizations attempt to be exhaustive or inclusive in making and integrating strategic decisions (Fredrickson and Mitchell, 1984, Ashmos et al., 1998).	High	When the decision-makers categorise and label a DM as an opportunity to enter the loop and modify organization activities, or as a crisis, and they also have confidence that making the decision was the right choice.	Motivation for making the decision	<i>The extent to which decision-makers were motivated by the needs of their bank when making a decision.</i> Based on the number of advantages which a bank gained, the responses were divided between high (h) and low (l) motivation.
		Low	In the case of decision-makers, they did not have a motive of DM, as they were not confident of the DM.	Confidence in making the choice	<i>How confident the decision-makers were that they were making the right choice.</i> Based on the number of and quality procedures taken, the responses were divided between high (h) and low (l).
7. Environmental hostility-munificence	Munificence refers to the ability of the environment to support the sustained growth of an organization (; Dess & Beard, 1984). The environment is seen as a pool of resources and the degree of resource abundance is called environmental munificence (Castrogiovanni, 1991).	High	The bank's environment is very safe and stable, and all resources are available.	Threat to survival	<i>The extent to which a bank faced threat to its survival.</i> Based on the number of threats (risks) which banks faced, the responses were divided between high (h) and low (l) hostility.
				Stressfulness	<i>The extent to which a bank face stressfulness.</i> Based on the number of stresses which faced a bank, the responses were divided between high (h) and low (l) hostility.
		Low	The bank's environment is not safe and stable, and the banking environment is poor in terms of availability of resources.	Dominance of the company	<i>The extent to which bank can control and dominate the banking industry.</i> Based on the factors The bank cannot control for a number of reasons, the responses were divided between high (h) and low (l) hostility.

8. Environmental uncertainty	Managers' perceptions of environmental uncertainty represent an important input for SDMPs (Calori et al., 1994). Uncertainty may be related to factors which cannot be known, such as the rates of interest and inflation over the coming years (Daft & Lengel, 1986).	High	Factors which can be known and predicted	Product of new services	<i>The extent to which decision-makers were able to product of new services.</i> Depending on the degree of predictability concerning product demand and the preferences of clients, the responses were divided between high (h) and low (l) certainly.
		Low	Factors which cannot be known and predicted	Competition	<i>The extent to which the decision-makers were able to product competition.</i> Depending on the degree of predictability concerning changes in the markets and changes in competitors' strategies the entry of new companies into the market; the responses were divided between high (h) and low (l) certainly
				Governmental policies	<i>The extent to which decision-makers were able to predict governmental Policies.</i> Depending on the degree of predictability concerning monetary policy and legal regulations, the responses were divided between high (h) and low (l) certainty.
				Economy	<i>The extent to which the decision-makers were able to predict economic.</i> Depend on the degree of predictability concerning the processes of economic reform; the responses were divided between high (h) and low (l) certainty.
9. Performance	The way an organization performs visa-visa other similar organization s in its industry, not only on traditional financial indicators of performance, but on important non-financial indicators as well' (Khatri and Ng, 2000: 68).	High	When all the objectives of a decision are achieved by top managers at the time.	Financial and business performance	<i>The extent to which the financial performance of the most important indicators.</i> The number of indicators by respondents for example, the return on assets, operating profits and market share, the responses divided between high (h) and low (l).
		Low	When all of the objectives of a decision are not achieved by top managers at the time.	Organizational effectiveness	<i>The extent to which the organizational effectiveness of the most important indicators.</i> The number of indicators by respondents for example, employee satisfaction and social responsibilities and the reason for that, the responses divided between high (h) and low (l).

10. Decision effectiveness	"Strategic decision effectiveness, defined as the extent to which a decision achieves the objectives established by management at the time it is made" (Sharfman and Dean, 1996, P 372).	High	When all the objectives of a decision are achieved by top managers at the time.	Success in Achieving Decision Objectives	<i>The extent to which a decision is achieves the objectives established by management at the time it is made.</i> Based on the number of the objectives which were achieved by a decision, the responses were divided between high (h) and low (l) effectiveness.
		Low	When all of the objectives of a decision are not achieved by top managers at the time.	Hindsight that the right choice was made	<i>To extent which hindsight suggests that the right choice was made.</i> Based on the number of changes in a bank, the responses were divided between high (h) and low (l) effectiveness.

Appendix (6): Evidence from interviews which support interpretation of a high level of co-operative behaviour among senior bank staff.

“...definitely, yes, we collected information about this decision. The executive has internal committees and their staff collected the required data and prepared periodic reports internally. Usually, the executive specified what information is needed to be collected for each employee. I was a member of the Committee, we cooperated with each other to get information, and we acquired the assistance from other departments. Whereas, in some cases, the executive of the project independently collects the necessary information, and presents the report in the meeting which is held between the President of the Board Directors and managers of departments.” (P3-A).

“...As we have acquired the information through our personal relationship with other managers in different departments in the bank, and by virtue of the friendship between staff and colleagues which we create between us. This way it was easier for us to get the information.” (P2-A).

“Our committee worked together, and the spirit of cooperation and collective construction of common ideas helped to create friendships among them. This helped to determine needs and the nature of information concerning contracts, and how to ensure compliance with Islamic laws, etc.” (P9-Bank B).

“...We met with the President of Board of the bank and we talked and decided to form an internal committee consisting of a number of the staff headed by the Director of training and management. We asked this committee to collect the information by the help of other departments and sections, and to prepare a report explaining the required level that should have been reached by the employee and the type of needed training. The managers cooperated among themselves to collect the information and data. They had known each other a long time in the field of their work.” (P11-B)

“...I think the information they collected was sufficient for DM. We did not need any additional information. We received assistance by staff in different departments, and from other managers in other banks.” (P13-Bank C)

“In Amman’s bank, the training director is friend of mine and class mate since we were studying together. I contacted him and I got the information from him and he helped me too much regarding to the example... Which methods used to do staff training and did they benefit from the training programs and so on. Note that the Amman’s bank had the high-quality service to the customers.” (P15-Bank C)

“I have got cooperation and the information from one of my relative’s works who works in one of the Arab Islamic banks (no need to mention to the names as you know) and he tells us a lot of information we needed”. ”. (P6-A)

“... I believe all administrations cooperated with the Committee on gathering the necessary information by virtue of personal relationships and the interest of the bank about the problem from which the bank was suffering. In addition, there was a kinship between members of the committee, which it facilitated the work, including where there was an atmosphere of understanding of views between members of the committee”. (P5-A)

Appendix (7): Evidence from interviews which support interpretation of a high level of anxiety of senior managers.

“Because this decision is very important, the Bank took careful steps. I believe, so far, every step concerning the decision has been well planned and followed. I cannot think of any consequences.” (P2-A)

“... We did not have the technology need and trained personnel for this strategic step the Bank tried to take.” (P2-A)

“It was very important for us to be very careful in what we are doing.....We were at the point of making a decision that concerns a completely new way of doing things, and this involved so much money being invested. Because we wanted to make sure that the decision succeeded, we relied more on past experience than on personal judgement.” (P3-A)

“The regulatory and administrative constraints imposed by the law and the central bank of Libya let us we do not have enough freedom in take necessary procedure to make this decision also it is contributed to the delay in making.” (P2-A)

“...We can say that all financial and human capacities are available at the bank. The problem is that the bank is controlled with policies and regulations. This makes the bank decide on some procedures because the bank should go back to the Libyan Central Bank to have its agreement on any procedures that relate to this decision.” (P6-A)

“...The Islamic Murabaha decision is a kind of radical change of the bank, and therefore we were worried that we would not achieve the goals that we sought. Because it is part of the current reform process in the banking industry and Libyan economy in general, it is an economic reform that makes opportunities for bank investment available. It also offers new services for the Libyan community.” (P4-A)

“It is good for the Central bank to regulate and coordinate the industry, but the banks also need to be allowed some freedom to allow for competition, which is good for the market development. My hope is that this will be the case when foreign banks start joining the Libyan banking industry.” (P5- B)

“This decision was necessary because Libyans have wanted to have the Islamic Murabaha. They therefore received it well when it was introduced, as it was based on Islamic law..... Currently, we are in the process of identifying further strategic decisions to make. To help in that plan, we have set up marketing and accounting committees to work separately and analyse our performance so far, and also come up a plan concerning strategies to better our services and response to the customers and general public.” (P9-B)

“.....the managers lacked experience in making this decision and the decision requires a greater knowledge of Islamic law. Thus this decision required experience in other aspects, such as Islamic Sharia, therefore we used the experience of some auditors who had extensive experience in Islamic Sharia. However, this was not enough, because we also needed to have staff familiar with Islamic law.” (P7-B)

“Of course experience played a very effective role in making this decision. The members participating in making this decision were found to be sound in previous experience in the field of banking, having not less than 20 years and holding scientific qualifications..... but we still wanted people who had more experience related to this decision in terms of identifying training needs. We still felt we had inadequate experience and this made us concerned about taking the correct decision; therefore, we used the aid of a few experienced individuals in the field of banking business from other banks, especially those who had a very good history in this field.” (P12-B)

“This decision is important to us, and again it is a step required by regulation. Although we had few staffs with educational and professional knowledge, we did not want to experiment too much, so we used expert knowledge from Arabic Banks in countries like Lebanon and Jordan.” (P12-B)

“..... I believe that due to the importance of training in Bank, the top managers take enough time to study and analyse all aspects of the decision, in order to achieve the objective of training..... And maybe there are other objectives that can be achieved from this decision.” (P11-B)

“Certainly, it was an important decision. For a long time there was the need for the bank to introduce training courses in all fields. We have organized, among the training plan for the year 2008, very interesting training programs, which included: training courses, seminars, forums in the field of banking business and assisting programs in English language and computer. The number of participants in these training courses was 1018 trainees.” (P10-B)

“I think that although we have attained a certain percentage of our goals, we are still suffering from the administrative complexities of the Central Bank of Libya that governs us.” (P10-B)

“...We, in the bank consider the training decision as a complementary decision to the economical reforming process pursued by the state at the present time by investment in human resources. Therefor this decision was very important.” (P11-B)

“...I think the bank started to develop a strong position after introducing one of the Arabic banks as a partner with a 17% share; the diversification of its activities and introducing new products helped to attract more customers.” (P12-B)

“Of course, we faced some obstacles in gathering information, due to many reasons. For example, as a big bank we had many branches and therefore so many administrative bottlenecks. There was also the problem of regulatory control and complexity of administrative procedures from outside (such as Libyan Central Bank).” (P16-C)

“We have made many mistakes in the past. For example, not taking the steps to train our staff in the past and bring them up to modern service levels. We cannot afford to make mistakes in this decision, because it is very important to our future. Competition is very likely in the future, and it is important that we should be careful in all our step DM” (P15-C)

"...We were already very late making this decision, we were suffering from problems with the customers, for example, mistreatment of customers by employees and poor service provided to them ... In addition we were slower than other banks in keeping pace with technological developments in the training of personnel and I think that the delay during making this decision was due to the complexity of the regulations and laws governing banks in general, set down by the Libyan government and Central Bank of Libya ." (P13-C)

"...in spite of some economic openings and some investment opportunities, we are still under pressure and at the mercy of these laws and policies governing the operations of investment by the Central Bank of Libya." (P14-C)

"...We depended on the analysis of information in the reports, cost analysis and information gathered which was based on the study of Engineering Consulting Bureau." (P2-A)

"... We had difficulties in making this decision thus we depended on consulting firms from abroad, for example, Jordan. "(P2-A)

"... I think we did not use intuition, because the decision to introduce the new technology was based mainly on scientific methods to gather information and the necessary data and analysis besides, experts from foreign consulting firms". (P2-A)

"... We have hosted one of the economic experts in Islamic banking from our brothers in Qatar to give three days lectures about the pattern of Islamic profit system and the basis of converting to it. This can be done perfectly by combining all the aspects of Islamic law, credit, marketing, accountancy and administration. This program was directed to all the staff in the main bank quarters and the branches." (P5-A)

"...We made a contract with Dr. Elsadek Abd Elraman Algharyani and Dr. Usama Alsolabi. Both are specialized experts in financial dealings from the legitimate side. They also have experience and write works that discuss the financial deals from the legitimate point of view in Islam." (P5-A)

"...Some information was collected based on external sources. Formal visits were organized to Arab banks implementing the same system, such as Jordanian Islamic Bank and Quatrain Islamic bank." (P8-B)

"To make sure that our training decision had any chance to succeed, we first analysed our internal environment to find out who needed what and where and how. Then we consulted people and banks with similar training experience. Then we applied the knowledge we gained to our situation and monitored things regularly too, to see if and when things needed to be changed." (P12-B)

"...We also depend in collecting the information on the organized official visits to the Arabic banks to have an idea about the latest methods and techniques used in training programs for the staff, and the possibility to apply them in our bank. We sent a group of employees accompanied by the director of training to the Arabic bank of Jordan for 15

days. Again, the staffs were selected from those who are close to them, only those with whom they have a personal relationship or kinship.” (P10-B)

“...We held several visits to the Arab Bank of Qatar and the Bank of Jordan and Egypt before the start of making that resolution. We sent about 3 committees headed by the department to managers of these banks, the duration of the mission took about 10 days to identify the developed methods of training needs or the developed styles that we will rely upon in the training of staff which area should the employee be subject to training.... We asked officials to provide detailed reports about that.” (P14-C)