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RESEARCH ARTICLE -BANKING MANAGEMENT

The impact of strategic management capabilities on the performance of Iraqi commercial banks

Munsif Bouanan Al-Qizani^{1*}, Rami Abbas Hameed²

¹Arab Open University, Riyadh, Saudi Arabia

²University of Sfax, Sfax, Tunisia

* Corresponding author E-mail: m.guizani@arabou.edu.sa

Article Info.	Abstract
<i>Article history:</i>	The performance of commercial banks has recently attracted increasing attention from economists and academics, given the pivotal role banks play in countries' growth and development. The research aims to study the impact of strategic management capabilities on the performance of Iraqi commercial banks. To test the impact of strategic management capabilities on the performance of commercial banks in Iraq, the research seeks to answer the question: Have senior management in Iraqi private banks leveraged their strategic capabilities to enhance these banks' chances of achieving sustainable competitiveness? The descriptive-analytical approach will be used. This was achieved by preparing and distributing a questionnaire to examine the relationship between the research variables and to prove or disprove the hypotheses. The questionnaire was distributed to a random sample of 102 managers in public administrations at intermediate and advanced cadres across 40 Iraqi commercial banks. The researcher used a set of statistical methods to analyse the respondents' answers. The research yielded several important conclusions: Business organisations cannot survive, achieve sustainable growth, or enhance their value unless they possess strategic capabilities that enable them to identify opportunities and address challenges and risks.
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1. Introduction

The strategic capabilities of senior management have become an indispensable foundation for the success of banking organisations, especially in light of the fiercely competitive environment facing the business sector in general and the banking sector in particular. Commercial banks must work to acquire strategic capabilities as they can no longer rely on their economic resources and infrastructure to achieve their performance enhance the efficiency of their products and services ensure their continued presence in the competitive market and achieve their goals in the short and long term organisational performance is the cornerstone of the focus of contemporary institution because it represents the true measure of their goals and a fundamental pillar for maintaining their continuity and confirming their presence in the competitive market as performance in business organisations especially banks is not only a financial or administrative indicators but rather a comprehensive reflection of the banks efficiency in providing banking services with quality and effectiveness and its ability to satisfy customer desires responding to rapid technological developments facing intense competition and environmental changes this research highlight the importance of analysing the impact of the strategic capabilities possessed by advanced management on improving the organisational performance of Iraqi banks performance is the ultimate goal toward which all administrative and organisational efforts are directed and strategic capabilities are merely tools and means that enable banks to achieve effective and sustainable performance therefore this research is distinguished by its originality because it sheds light on performance demonstrating the relationship between it and strategic capabilities.

Given the importance of this topic, this research examines the vital role strategic capabilities play in enhancing banking performance, clarifying the extent to which they impact quality improvement, increased competitiveness, and customer satisfaction in a dynamic, changing environment. The originality of this research stems from its treatment of a modern and highly significant topic in the Iraqi business environment, addressing the impact of strategic capabilities on the organisational performance of Iraqi commercial banks. This area has not received sufficient attention in the local literature, despite its direct relevance to the future of the banking sector and its growth potential. The originality of the research also stems from its connection between the theoretical aspect, represented by contemporary concepts of strategic management, and the practical aspect, through the study of the reality of Iraqi commercial banks. This gives it added value, evident in the combination of theory and field analysis. The research's value lies in its contribution to both knowledge and practice. From a theoretical perspective, it contributes to enriching the literature on strategic capabilities in the Iraqi banking context. From a practical standpoint, it provides indicators and implications that can guide senior management in commercial banks when developing plans and policies, positively impacting their performance.

To achieve the research objectives, it was divided into four main sections: the first was devoted to presenting the research methodology, the second addressed the theoretical aspect related to the conceptual framework of strategic capabilities and banking performance. In contrast, the third addressed the practical aspect through an analysis of the reality of Iraqi commercial banks. The fourth section presented the most important conclusions of the research. It included a set of recommendations to strengthen senior management's role in improving banking performance by investing in strategic capabilities.

1.1. Research problem

The organisational performance of Iraqi commercial banks constitutes the cornerstone of their ability to continue and achieve their objectives in a banking environment characterised by rapid change and intense competition. However, this performance remains below the required level compared to regional and international standards, which has impacted these banks' ability to provide high-quality services, enhance customer confidence, and increase their market share. This weakness is attributed mainly to limited investment in senior management's strategic capabilities, such as the ability to think strategically, be flexible in facing challenges, and innovate in developing banking services. Thus, the research problem is defined in the main question:

Has senior management in Iraqi private banks leveraged their strategic management capabilities to enhance the performance of the banks studied? This question leads to the following additional questions:

- What is the level of strategic management capabilities in Iraqi private commercial banks?
- Do strategic management capabilities have an impact on the performance of commercial banks?
- What is the level of performance in the Iraqi private commercial banks studied?
- What are the dimensions of strategic capabilities that are most influential in enhancing banking performance?

1.2. The importance of the research

The importance of this research stems from several theoretical and applied aspects, which can be explained as follows:

Theoretical Importance: The research contributes to enriching the literature on strategic management and its impact on organisational performance by examining the relationship between senior management's strategic capabilities and organisational performance in an Iraqi banking environment facing unique challenges. The research represents a significant addition to knowledge as it focuses on organisational performance as a primary dependent variable and reveals the nature of the strategic factors that influence it. This fills a gap in local and Arab studies, which have often addressed performance without directly linking it to strategic capabilities.

Applied Importance: The research provides a practical framework that Iraqi commercial banks can use to diagnose their strategic capabilities and identify their strengths and weaknesses. It provides senior leaders in these banks with useful recommendations for improving performance by investing in strategic capabilities, such as strategic thinking, organisational flexibility, and innovation. The research findings help decision-makers develop more effective policies to achieve high performance levels, thereby enhancing customer confidence and increasing the competitiveness of Iraqi banks in local and regional markets.

1.3. Research Objectives

This research seeks to achieve a set of objectives that are consistent with its title and problem, and can be defined as follows:

- Determine the level of strategic capabilities available to senior management in Iraqi commercial banks.
- Analyse the impact of strategic capabilities on organisational performance in banks.
- Highlight the relationship between strategic capabilities and organisational performance through a field study of a sample of Iraqi commercial banks.
- Provide practical conclusions and recommendations for senior management at Iraqi commercial banks, to invest in strategic capabilities that enhance performance, ensure sustainability, and ensure competitiveness.

1.4. Hypothetical research plan

Fig.1 shows the Research Variable

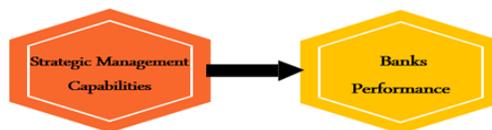


Fig. 1. Research Variables

1.5. Research hypotheses

The research hypotheses were formulated as follows:

The first main hypothesis, H1: strategic management capabilities have a statistically significant positive effect on the performance of commercial banks.

H1-1: The Capability to Envision has a statistically significant positive effect on the performance of commercial banks.

H1-2: The Capability to strategise has a statistically significant positive effect on the performance of commercial banks.

H1-3: The Capability to monitor has a statistically significant positive effect on commercial banks' performance.

H1-4: The Capability to evaluate has a statistically significant positive effect on commercial banks' performance.

1.6. Research community and sample

The research community consists of managers working in private commercial banks operating in Iraq, numbering (40) banks, including 30 banks operating in Baghdad, 6 in Erbil, and 4 in Basra. Only Iraqi commercial banks were selected. A random sample of managers at the middle and upper management levels within these banks was selected, and the sample size amounted to (102) managers representing the community, reflecting the opinions of administrative leaders related to the research topic. The questionnaire forms were distributed, retrieved, and all were valid for measurement.

2. Literature Review

2.1. Defining strategic management capabilities

It is worth noting that there is no single, agreed-upon definition of strategic capabilities among writers and researchers, due to the different perspectives and starting points from which they are defined. Spector defined them as the identification of skills, knowledge, and other characteristics essential and necessary for performing tasks [1]. Desarbo et al. defined them as a set of skills and experiences. The accumulated resources that help organisations coordinate activities to create economic value and maintain their superiority [2]. Spendlove, for his part, defined it as a series of actions that have a substantial impact on achieving desired goals and can effectively direct strategic capabilities in human resource management [3]. Within the framework of the resource-based view, Al-Duri and Saleh defined it as the new logic for evaluating critical options for competition, excellence, and innovation, and justifying strategic alternatives [4]. The real challenge facing organisations lies in building the essential strategic capabilities necessary to ensure strategic flexibility for an ever-changing world and an environment that encourages innovation and learning. This in itself requires redesigning the administrative mentality. They defined it as the organisation's ability to leverage its strengths to invest in opportunities and address threats [5]. It was also known as the limits of strategic knowledge management.

The organisation's success depends on its possessing six basic capabilities: the ability to produce, respond, anticipate, create, learn, sustain, and develop strategic capabilities. It is concerned with creating an appropriate blend of resources. And capabilities to ensure the organisation's sustainable, vital survival [6]. In this context, it is defined as a combination of knowledge, skills, and paths that contribute to improving an individual's performance, which can be evaluated at specific performance levels and enhanced through continuous learning and professional development [7]. In the same vein, it was defined by Syahan. It is an accumulation of knowledge and skills through which the organisation's various operations can be coordinated and its assets evaluated to create economic value and achieve a sustainable competitive advantage in the long term [8]. It was defined by Imbambi as the sufficiency and suitability of resources and competencies for the survival and prosperity of organisations, and it is the set of what the organisation possesses to carry out advanced operations such as logistics, production, and human resources [9]. Samra and Madiha defined it as an organisation's ability to succeed by utilising resources, knowledge, skills, and competencies to achieve its goals and sustain its growth and development in the long term, as well as the ability to achieve sustainable competitive advantages, create value, and outperform competitors in the long term [10]. Strategic management capabilities can be defined as a set of characteristics and capabilities possessed by organisational management to enhance their ability to achieve a sustainable competitive advantage within their business environment, thus limiting competitors' ability to imitate them or acquire a share of their market.

2.2. Dimensions of strategic management capabilities

(Oswago,2018) Present The Dimensions of strategic management capabilities are [11]:

3.2.1. The capability of envision

Oswago explains that the organisational vision is a transcendent ideal that represents shared values and is a system of thought. He goes beyond that to suggest that the vision leads to the internalisation of organisational values and goals, which supports individuals in adopting practices that add value towards achieving the desired performance goals. The vision is considered a vital leadership capability that most organisations have adopted as a management tool to motivate performance. The basic components of performance depend on a clear vision statement and on how management can effectively involve all stakeholders in its implementation. The criteria for strategic innovations also reflect the use of the general investment measure and how it is applied to achieve the expected return on investment. At the same time, organisations may achieve high-quality products only when all stakeholders participate in adopting an organisation's vision statement. Customers or employees do not adequately understand and manage their perception, the organisation's performance indicators, such as profitability, market share, shareholder wealth, and growth, are likely to decline [11].

3.2.2. The Capability to strategise

Strategy development is a fundamental process of strategic management that involves planning, strategic awareness, and functional decisions that enable an organisation to achieve its objectives. This means that strategic management focuses on integrating effective management, marketing, and financial controls and developing information systems that are applicable and easily understood by employees and other stakeholders. The formulation of a strategy is primarily a market-driven activity that involves identifying the competencies and capabilities required to build the Strategy and help achieve a competitive advantage over competing organisations. The strategic management activity consists of four elements: environmental scanning, strategy formulation, strategy implementation, and strategy evaluation and monitoring. Strategy formulation involves developing long-term plans, including mission, objectives, strategies, and policies. Therefore, the organisation must be aware of its environment and must develop a strategy to address any emerging challenges or maximise opportunities to achieve better results. Good strategies require the selection of progressive policies, as review The periodicity and allocation of the necessary available capabilities for individual strategic events has a positive and direct impact on organisational performance, and the organisation that is characterised by the organisation's progressive vision in selecting markets, innovating products, and diagnosing competitors, as well as its commitment to effective social responsibility, which increases The potential to attract the most significant possible number of customers, thus leading to better performance. Conversely, commercial organisations that cannot formulate strategies may experience poor performance, which could lead to their long-term exit from the market [11].

2.3. *The Capability to monitor*

The concept of monitoring in the organisational framework refers to the continuous monitoring of key indicators of the ability to implement plans. It includes monitoring the organisation and verifying the progress or quality of program implementation over time. The goal of this is to ensure that the Strategy being implemented is moving forward. The concept of monitoring in the organisational framework refers to the continuous monitoring of key indicators of the ability to implement plans. It includes monitoring the organisation and verifying the progress or quality of program implementation over time. The goal of this is to ensure that the Strategy being implemented is moving forward. Specifically, it provides management and key stakeholders with indicators of the extent to which goals are achieved and the progress made in continuous improvement. Effective monitoring also directly improves organisational performance [12].

2.4. *The Capability to evaluate*

Evaluation is defined as a systematic determination of the success or failure of what was predicted or what was to be accomplished and how it was accomplished. This evaluation includes whether deadlines were met, whether implementation steps and processes are working correctly, and whether the expected results have been achieved. The evaluation identifies the obstacles to achieving the desired results, as well as the reasons for success. In the case of weakness, the Strategy used can be modified or reshaped, and when success is achieved, the information obtained for this outcome forms part of the reference material for management decisions regarding future performance issues. Evaluation is carried out by identifying the extent of the strategies evaluated, classifying the corrective actions taken, and determining the extent of successful returns on the investments achieved through their implementation. When evaluations are conducted regularly, managers are given opportunities to respond to or intervene in internal and external environmental challenges that may arise during strategy implementation. In addition, it allows management to adapt to the changing business environment, which is fundamental to achieving better performance results [11].

2.5 *Definition of banking financial performance*

Performance is a term derived from the English word "to perform," which means to carry out a task or execute a work. Financial performance is defined as the organisation's pursuit of profit, and profit margins are often used to evaluate that performance. It is also defined as the ability to operate efficiently and profitably, to survive, to grow, and to respond to environmental opportunities and threats [13]. As for performance, Banking finance was defined as a tool used by the bank to measure the extent to which it employs its resources to achieve competitive superiority [14]. It was also defined by [15] as a result of banking operations, and a specific goal must be evaluated to determine whether it was achieved. Miller and Doss defined it as the performance of banks as measured by financial indicators. From the perspective of profitability [16], and from another point of view, banking financial performance refers to the means, various aspects of activity, and efforts required for banks to carry out their activities and achieve the objectives [17]. Some sought to define banking financial performance from several approaches, as follows [18], and [19]: * System Resource Input: Refers to the bank's ability to obtain the unique resources it needs from its environment during a period of intense competition, as well as to hire qualified employees and obtain low-cost loans.

* Stakeholder Input: Reflects the bank's ability to meet the needs and interests of lenders, employees, suppliers, customers, and other parties who interact with the environment and influence and are influenced by it. * Internal Operations Approach: This approach reflects the quantity and quality of the bank's activities. This approach contributes to reducing stress, achieving integration between the bank and its employees, and achieving employee satisfaction.

* Objectives Approach: This approach indicates the bank's ability to achieve its assigned objectives through management's use of objectives. The bank's management success enhances the bank's ability and effectiveness to achieve its objectives. Wheelen stated that banking financial performance is the final stage of a bank's activity, and focusing on the objectives of continuity and growth is a strategic goal for the bank [20].

2.6. *Determinants of banking financial performance or the factors affecting its performance*

Most researchers divide the determinants of banking financial performance into two types: internal and external, which we will discuss separately:

2.6.1. Internal determinants or internal factors

- Capital adequacy: The adequacy of the capital that the bank needs and maintains for financial procedures and what is included within them [21]. It is related to capital, which provides liquidity for the bank because deposits are more vulnerable and subject to the bank's cash flow. Accordingly, the high level of shareholders' equity is a positive indicator sent to the market regarding the bank's solvency. And it has weak credit risks [22]. And the adequacy of capital is judged based on the capital adequacy ratio CAR, which highlights the internal strength of the bank to confront losses, as it is directly proportional to its ability to remain stable in crises that occur, as it directly affects the bank's profits [23].
- The size of the bank: The size of the bank, in terms of the assets it possesses, helps to influence the financial performance. As long as banks have multiple assets, they can expand their operations into areas with less intense competition, and their customer base will increase significantly to serve them, especially as deposit sizes grow [24].

Researchers' opinions on this determinant varied. Some of them went on to confirm that economies of scale have a positive impact on performance, including their ability to obtain capital at low cost and their competitive advantage. At the same time, some pointed to the negative impact of size on performance, arguing that the larger the bank, the more difficult it is to manage. However, studies remain contradictory in their results [22]. 3- Business volume: Business volume is one of the important factors that have a great impact in determining the efficiency and productivity of the bank in its nature, composition and movement, as the volume of resources increases, the total costs decrease and the number of withdrawals from them decreases, this helps in increasing the operational capacity available to the bank as well. There are several measures of the bank's size, including: the number of bank branches, total capital, total assets, total liabilities, and the direction of others [25].

- Innovations and adopted technology: This factor has greatly benefited the banking industry, as it plays a pivotal role in delivering better banking performance and provides banks with the opportunity to improve and diversify their services and offer a wider range of banking services [26].

- **Cost Control:** This factor involves achieving optimal use of financial resources and monitoring them. Financing costs to ensure economic efficiency through the level of costs for technological development, its impact on the bank's performance, the bank's economic resources, and the existence of guiding rules for the bank's work.

2.6.2. External determinants / or external factors

Economic factors: A set of these factors affects the bank's performance, the most important of which is the prevailing structure of interest rates on deposits and loans, the determination of banking service fees, the available capabilities for granting credit, the nature of the banking system's work and its impact on economic development strategies [27].

Legal and political factors: This means the political conditions of the country in which the bank is located, which force it to submit to them, by the legal controls governing its movements or which it must be fully aware of when dealing with customers or competitors, in addition to legal control in terms of instructions, systems and regulations issued by the legal and monetary authorities in the country [28].

Risks of financial crises: Scientific and technological developments that affect the level of services, laws and regulations applied to organisations by the state, market laws, and financial and commercial policies.- **Social and cultural factors:** These are based on the customs, traditions and beliefs that individuals believe in and the degree of awareness and culture that influence their decisions regarding dealing with the characteristics of banking transactions and services provided by banks to the public, including: fixed deposits, savings deposit accounts with and without interest, current account deposits, loans, advances and all banking facilities, etc. [29].

Market share: Many researchers have discussed market share as an external determinant because if banks can enhance market share, they will likely be able to maximise their income and, as a result, achieve increased profits. This is because, in banking, increasing market share requires selling more; for example, if commercial banks are qualified to provide more loans to more customers, they have a greater opportunity to increase interest income and profits [30].

Inflation: Most banking administrations face another factor that is reflected in their level of performance, which is inflation. Some studies have found that high inflation rates lead to higher interest rates on loans. In contrast, others have shown that inflation sometimes positively and sometimes negatively affects banks' performance, depending on inflation expectations in the event of a rate increase. Inflation is often accompanied by higher interest rates, which positively impact banks' financial performance. However, if inflation rates increase unexpectedly, local borrowers will be forced to terminate loan contracts early, resulting in losses [24].

3. Result

3.1. *Descriptive statistical analysis of the dependent variable of Strategic management capabilities*

Using SPSS version 26, the researchers calculated frequencies and percentages, and computed arithmetic means and standard deviations to analyse the items in the Strategic management capabilities dimension based on employees' opinions in the organisation under study. As shown in Table 1. Table 1: Arrangement of dimensions according to importance for the independent.

Table 1. Strategic management capabilities

variable	Code	Average	Standard deviation	Relative importance	Ordinal importance
The Capability to Envision	SMA	3.829	0.732	76.588	second
The Capability to strategise	SDC	3.759	0.712	75.183	Fourth
The Capability to monitor	MC	3.814	0.731	76.282	Third
The Capability to evaluate	EC	3.884	0.745	77.694	First
Strategic capabilities of management	SMC	3.822	0.730	76.437	-
Commercial banks' performance	CBP	3.789	0.721	75.781	-

Table 1. indicates a spectrum of results for a group of 102 respondents, which reflects the presence of awareness of the variable of strategic management capabilities, but it did not reach the required level in the organisation under study, as the arithmetic mean of the variable reached 3.822, which is higher than the hypothetical mean of 3, while its relative importance was 76.437 with a standard deviation of 0.730, which reflects limited variation in the respondents' answers.

3.2. *Analysing the standard framework*

Table 2. shows the four indicators used in analysing the measurement model based on the structural equation modelling approach using the partial least squares method (PLS-SEM).

The results of the measurement model evaluation for the independent variable "strategic capabilities of management" Table 2. indicate that all dimensions meet the required values for the fixed Cronbach's alpha and the average extracted variance (AEV). As for the paragraphs, all paragraphs met the saturation criterion. However, deleting the section did not result in a noticeable improvement in the remaining measurement model criteria. The items that showed consistency with these standards. As for the discriminant validity test, the final step in evaluating the measurement model, the HTMT test was conducted in Smart PLS. The results of this test are shown in Table 3. where the discriminant validity of the independent variable, strategic capabilities of management, was significant, confirming its distinction from other variables in the model.

The results in Table 3. show that all dimensions of the strategic independent variable of management have achieved some advantages across HTMT types, as the values were less than 0.9, consistent with the guidelines provided in [31]. This proves that all dimensions are safe with double validity.

4.3. *Reviewing the measurement*

model for the variable "commercial bank performance." The measurement model for the intermediate variable "commercial bank performance" was constructed using the advanced statistical program Smart PLS for evaluation. Table 4. presents the results obtained.

Table 2. Testing the measurement model for the independent variable: strategic management capabilities

Variable	Coding	saturations	Alpha Crew Nabach	Composite stability	AVE
The Capability to Envision SMA	SMA1	0.730	0.794	0.843	0.602
	SMA2	0.818			
	SMA3	0.757			
	SMA4	0.763			
	SMA5	0.697			
The Capability to strategise SDC	SDC1	0.815	0.827	0.859	0.593
	SDC2	0.725			
	SDC3	0.729			
	SDC4	0.851			
	SDC5	0.819			
The Capability to monitor MC	MC1	0.806	0.828	0.879	0.587
	MC2	0.788			
	MC3	0.717			
	MC4	0.801			
	MC5	0.765			
The Capability to evaluate EC	EC1	0.813	0.778	0.849	0.579
	EC2	0.741			
	EC3	0.792			
	EC4	0.763			
	EC5	0.748			

Table 3. HTMT test for the independent variable: strategic management capabilities

	SMA	SDC	MC	EC
SMA	-			
SDC	0.737	-		
MC	0.783	0.760	-	
EC	0.742	0.692	0.755	-

Table 4. Examination of the measurement model for the dependent variable: the performance of commercial banks

Variable	Coding	saturations	Cronbach's alpha	Composite stability	AVE
Commercial banks' performance	LIN1	0.674	0.769	0.844	0.522
	LIN2	0.809			
	LIN3	0.751			
	LIN4	0.816			
	LIN5	0.773			
Commercial banks' performance	PIN1	0.828	0.861	0.9	0.644
	PIN2	0.732			
	PIN3	0.744			
	PIN4	0.753			
	PIN5	0.745			
Commercial banks' performance	FIN1	0.837	0.866	0.903	0.652
	FIN2	0.788			
	FIN3	0.843			
	FIN4	0.771			
	FIN5	0.842			
Commercial banks' performance	MIN1	0.787	0.882	0.914	0.68
	MIN2	0.758			
	MIN3	0.795			
	MIN4	0.732			
	MIN5	0.785			

The results of the evaluation of the measurement design for the dependent variable "performance of commercial banks" Table 4. indicate that all dimensions meet the required values for Cronbach's alpha, composite reliability, and average variance extracted (AVE). About the paragraphs, they all met the required standard of saturations, except paragraph (LIN1), which did not achieve the optimal limit. However, no significant improvement was observed in the remaining model criteria. The measurement was deleted when this paragraph was retained. As for the discriminant validity test, which represents the final stage in evaluating the measurement model, the Smart PLS program was used to conduct the HTMT test, and the results are presented in Table 4., where the discriminant validity for the mediating variable was significant.

The results presented in Table 5. show that all dimensions of the mediating variable "performance of commercial banks" met the HTMT within the acceptable range, as they were all less than 0.9, according to what was determined by Henseler et al. (2015), which confirms the achievement of discriminant validity among the dimensions of the mediating variable.

3.4. Examining the main hypothesis

The main hypothesis (H1) posits a positive relationship between management's strategic capabilities and the performance of commercial banks. To verify this hypothesis, the structural model shown in Table 6. was prepared.

Table 5. HTMT analysis of the dependent variable: commercial banks' performance

	LIN	PIN	FIN	MIN
LIN	-			
PIN	0.684	-		
FIN	0.667	0.654	-	
MIN	0.646	0.661	0.644	-

Table 6. Outputs of the structural model evaluation to verify the first main hypothesis

Matching quality SRMR	Hypothesis	Track	VIF	Path parameter	T Value	P Value	Result	Furnishing size f2	Challenge factor R2	R2 Average
0.059	H2	SMC→CBP	1	0.855	1.913	0.001	Accept	1.933	0.731	0.712

Table 6. shows the results of the structural model analysis for the main hypothesis (H1), SRMR reached (0.059), which is within the acceptable limits, indicating the suitability of the model. The path coefficient also reached (0.855), while the value of (T) calculated using the SmartPLS program reached (1.913), which is a statistically significant value at a significance level of (0.001), i.e., a confidence level of (99.9%). Given that this level is based on the confidence level adopted in this study (which is 95%), it was accepted. The main hypothesis (H1). To enhance the significance of the results, the calculated value of (T) (1.913) was compared with the table value (1.96). Through this comparison, it became clear that the computed value is close to the table value, supporting the hypothesis that a positive relationship exists between management's strategic capabilities and the performance of commercial banks. Accordingly, it is concluded that management's strategic capabilities have a significant impact on enhancing bank performance. The results also showed that the value of the coefficient of determination (R2) reached (0.731), indicating that the independent variable, represented by the strategic capabilities of management, explains (73.1%) of the variance in the dependent variable, which is the performance of commercial banks. At the same time, the remaining percentage is due to other factors not addressed by the adopted analytical model.

3.5. Examining the sub-hypotheses related to the main hypothesis

The sub-hypotheses derived from the second main hypothesis (H1-1, H1-2, H1-3, H1-3) express the following:

- H1-1: The Capability to Envision has a statistically significant positive effect on the performance of commercial banks.
- H1-2: The Capability to strategise has a statistically significant positive effect on the performance of commercial banks.
- H1-3: The Capability to monitor has a statistically significant positive effect on commercial banks' performance.
- H1-4: The Capability to evaluate has a statistically significant positive effect on commercial banks' performance.

Table 7. Results of the analysis of the structural model for the sub-hypotheses branching from the main hypothesis

Matching quality SRMR	Hypothesis	Track	VIF	Path parameter	t value	p Value	Result	Effect size f2	Determination coefficient R2	R2Average
0.065	H1-1	SMA→CBP	1	0.321	6.176	0.001	Accept	2.317	0.932	0.894
	H1-2	SDC→CBP	1	0.297	5.898	0.001	Accept	2.384		
	H1-3	MC→CBP	1	0.214	6.972	0.001	Accept	2.083		
	H1-4	EC→CBP	1	0.301	6.972	0.001	Accept	3.016		

Table 7 includes the results of the structural model analysis of the sub-hypotheses arising from the second main hypothesis. The results showed that all path coefficients associated with the four hypotheses (H1-H2-H3-H4) were statistically significant, thus meeting the requirements related to the values of (T-Value) and (P-Value). As for the model's explanatory power, the adjusted coefficient of determination (R2) was high, indicating that management's strategic capabilities explain about 93% of the variance in commercial bank performance, with the remaining 7% attributable to other variables not addressed by the current model.

4. Conclusion and Recommendations

The following are the most important conclusions reached by the researcher, both theoretically and practically:

- This research results showed that the strategic capabilities of senior management in Iraqi private commercial banks vary from one bank to another. Some capabilities, such as the ability to envision and evaluate, are prominent at an acceptable level, while the ability to develop strategies and monitor still require further development.
- A significant relationship was found between strategic capabilities and organisational performance in banks, confirming that the availability of these capabilities directly contributes to improving operational efficiency, raising the quality of banking services, and increasing customer satisfaction.
- The study indicated that organisational performance in Iraqi commercial banks remains below the desired level compared to regional and international standards, primarily due to the limited investment in strategic capabilities of some senior leaders.
- The results showed that the most influential dimensions of strategic capabilities in improving performance were: the ability to envision and the ability to evaluate. In contrast, the impact of capabilities related to strategy development and monitoring was relatively lower.
- The results confirm that strengthening the strategic capabilities of senior management is a key approach to raising performance levels and ensuring the sustainability of Iraqi commercial banks in a rapidly changing competitive environment.
- The research demonstrates that investing in developing managers' strategic capabilities, particularly at the middle and senior levels, is a crucial factor in improving banks' overall performance, whether financial, operational, or marketing.
- The components of strategic capabilities, which combine expertise and skills, are the foundations upon which organisations rely to achieve their goals by utilising their capabilities linked to their organisational methods.

- Organisations with strategic capabilities to respond to and confront advanced technologies stand out from others. They become more adaptable to learning processes and actual testing, making them more resilient to threats and uncertainties compared to their peers.
- The performance evaluation process requires a set of criteria to measure the bank's performance and assess the level of each aspect of its activity.
- Performance evaluation in banks assesses their ability to achieve planned objectives by comparing actual results with planned ones, identifying deviations and their causes, and implementing the necessary remedies.
- There is a positive relationship and influence between management's strategic capabilities and commercial banks' performance, and these capabilities have a significant impact on enhancing bank performance.

The research reached the following recommendations:

- Developing the strategic capabilities of senior leaders through specialised training programs and workshops in strategic thinking, innovation, and change management enhances their ability to improve organisational performance.
- Promoting a culture of innovation within banks by encouraging new ideas and adopting modern digital banking technologies, which enhances the quality of services provided and increases customer satisfaction.
- Focusing on building organisational resilience in commercial banks to address environmental challenges and economic changes, through diversifying strategies and adopting alternative plans for various potential scenarios.
- Establishing a system for measuring organisational performance directly linked to strategic capabilities, which assesses the extent to which strategic thinking, innovation, and resilience are reflected in financial, operational, and marketing performance indicators.
- Involving middle management in strategy formulation and implementation processes, as they serve as a key link between senior management and employees, enhances implementation efficiency and raises overall performance.
- Strengthening partnerships and cooperation with regional and international banks to exchange expertise and successful experiences in the field of strategic capabilities and performance improvement, which contributes to raising the competitiveness of Iraqi banks.
- Adopting integrated digital banking systems that support analysis and strategic decision-making processes enabling management to accurately monitor performance and achieve flexibility in responding to changes.
- Organisational management must combine expertise and skills to form the foundation upon which organisations rely to achieve their goals, utilising capabilities aligned with their organisational methods.
- Organisational management must consider risks, act on them, and confront them using advanced technologies that become increasingly compatible with learning and testing processes, thus enabling them to withstand threats.
- For organisational management to objectively assess their performance, they must establish criteria appropriate to the nature of their activities to achieve a clear, purposeful performance assessment.
- To determine banks' ability to achieve their planned objectives, they must compare actual results with planned results, identify deviations, diagnose their causes, and implement appropriate solutions.

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Questioner

Paragraphs	I totally agree	I agree	neutral	I disagree	I totally disagree
Axis 1: Strategic Management Capabilities					
The first dimension: the ability of strategic management to visualise					
.Q1 The bank's senior management sets a clear vision					
Q2 The bank's senior management confirms the clarity of the vision					
Q3 Encourages the bank's senior management to set benchmarks for quality plans					
Q4: The bank's senior management is keen to ensure that the bank's current message is consistent with its objectives					
Q5: The bank's senior management can derive its objectives from its vision and mission					
The second dimension: the ability to develop a strategy					
Q1 The bank's senior management evaluates the effectiveness of current initiatives					
Q2: The bank's senior management works to establish strategic relationship networks with partners					
Q3: The bank's senior management conducts a needs assessment to determine the levels of achievement of objectives					
Q4: The bank's senior management is keen to include long-term plans in the strategy formulation					
Q5: The bank management is working to ensure that innovations in the field of banking services attract the most significant number of customers					
The third dimension: the axis of monitoring ability					
Q1: The bank management can conduct a SWOT analysis.					
Q2 The bank's senior management can analyse the investments available in the environment					
Q3: The bank's management senses and responds to changes in the environment					
Q4 The bank's senior management has the skills to monitor and control environmental events. The bank's senior management has the ability to put in place control measures to avoid negative impacts					
Q5: Bank management encourages creativity and confronts risks in it					
The fourth dimension: the ability to evaluate					
Q1 The bank management has survey tools to evaluate the success of strategies.					

Q2: The bank's senior management is constantly evaluating its performance

Q3: The bank's management realises the importance of evaluating the return on investment and taking corrective actions to achieve the goals

Q4: The bank's management has the skills to evaluate the challenges that affect achieving the desired results

Q5: The bank management is working to take corrective measures as soon as possible

Axis II: Financial Performance

Q1: Bank performance is a measure of the liquidity available to meet its operational obligations

Q2: There is a positive relationship between liquidity rates and bank performance

Q3: An increase in the ratio of cash to deposits indicates the bank's ability to meet its obligations towards other parties

Q4: The increase in the liquidity ratio indicates an increase in the amount of liquidity that enables the company to meet its obligations when due

Q5: The high liquidity rate enables the bank to obtain short-term loans, which have positive effects on expanding its activity and financial performance

Q1: The bank's financial performance depends on the level and sustainability of profits

Q2: The bank's profitability is a function of the market size and the efficiency and effectiveness of the cost reduction strategy

Q3: The success of commercial banks is a measure of the level of profit achieved by the bank and the extent of the sustainability of this profit

Q4: The duration of a bank's operation affects the level of profits

Q5: Offering a wide range of products contributes to achieving more profits

Q1: Financial leverage has a positive and significant impact on the company's return on assets

Q2: High interest rates and increased debt reduce the value of equity and have a negative impact on the bank's performance

Q3: Increasing the ratio of liabilities to assets leads to achieving profit rates that exceed the interest rates due

Q4: Increasing the ratio of total deposits and current accounts to total liabilities leads to attracting depositors, which enables the bank to expand investment and increase its profits

Q5: A decrease in the ratio of total liabilities to total assets leads to an increase in shareholders' equity

Q1: Enhances banks' financial performance through better stakeholder management

Q2: The turnover of key employees in banks affects the bank's performance

Q3: The ownership pattern in the bank (local or foreign) affects the bank's profitability

Q4: Highly experienced operation leads to better performance

Q5: The bank's use of the balanced scorecard, especially its financial perspective, affects the shortcomings and enables the bank to address them, which will have a positive impact on its performance

Sources [11]