



# The Impact of Strategic Management on the Effectiveness of the Strategic Decision-Making Process in Jordanian Commercial Banks

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## ABSTRACT

This study investigates the critical role of strategic management in enhancing the effectiveness of the strategic decision-making process within Jordanian commercial banks. Operating in a dynamic and often turbulent economic landscape, these banks require robust strategic frameworks to ensure sustained competitiveness and organizational resilience. The study employed a quantitative descriptive-analytical approach, surveying a population of 350 executive managers, assistant managers, and department heads across various administrative levels in Jordanian commercial banks. A randomly selected sample of 210 participants provided data through a validated 30-item questionnaire. Statistical analysis, including multiple regression analysis, was performed using SPSS. The findings indicate a statistically significant positive impact ( $\alpha \leq 0.05$ ) of strategic management, particularly its dimensions of flexibility, speed, and organizational capabilities, on the effectiveness of the strategic decision-making process. This effectiveness was assessed across three key dimensions: Problem identification, situation evaluation, and alternative development. The results underscore those banks with higher strategic management capabilities exhibit more effective decision-making, contributing to enhanced overall performance. Based on these insights, the study recommends that Jordanian commercial banks strategically reallocate resources to foster adaptability to unforeseen changes, prioritize inter-departmental coordination, and invest in advanced technological tools and continuous training to elevate strategic decision-making competencies. This research contributes to understanding strategic management's practical implications in a crucial emerging market banking sector.

**Keywords:** Strategic Management, Strategic Decision-Making Effectiveness, Organizational Agility, Jordanian Commercial Banks, Flexibility, Speed, Organizational Capabilities

**JEL Classifications:** G21, M10, M19

## 1. INTRODUCTION

In the contemporary global economy, business organizations operate within an environment characterized by pervasive and continuous change. This dynamism, driven by the inherent instability of internal and external factors, necessitates robust adaptive capabilities for organizational survival, continuity, and success. Modern enterprises face multifaceted challenges stemming from rapid technological advancements, evolving political landscapes, shifting societal norms, and cultural transformations. These complex and often volatile business

environments underscore the imperative for new paradigms in strategic management (Al-Taii et al., 2020).

Strategic management has emerged as a crucial framework for navigating unexpected changes and mitigating risks in dynamic conditions. It encapsulates an organization's capacity to sustain and grow within competitive and complex environments through swift market responsiveness and continuous innovation aligned with customer demands. This concept extends to the efficient adaptation of operational processes and proactive engagement with intricate, constantly evolving market dynamics. Organizations

demonstrating high levels of agility possess the requisite skills to adapt across diverse business functions, highlighting the increasing importance of advanced strategic and organizational agility (Bakir and Moh'd, 2022).

Organizational agility, a modern concept in business administration, denotes an organization's ability to adapt quickly and effectively to changes in both its external and internal environments. Key characteristics of agility include flexibility, rapid response, innovation, and a commitment to continuous learning. Achieving this requires cultivating an organizational culture that fosters collaboration, open communication, and an embrace of change. Furthermore, flat and flexible organizational structures are instrumental in facilitating swift strategic decision-making and efficient resource allocation towards priority activities. The application of agile management techniques, such as flexible development and continuous improvement, empowers organizations to maintain competitiveness in rapidly evolving markets (Abuanzeh et al., 2022).

A critical component of organizational agility is the ability to continuously monitor the surrounding environment and accurately analyze future trends. This enables proactive decision-making rather than reactive responses. Strategic management further necessitates multidisciplinary teams capable of independent work and close collaboration, adapting quickly to new challenges, and devising innovative solutions. Modern technologies, including big data analytics and artificial intelligence, are indispensable tools for supporting organizational agility by providing deep insights and precise data, thereby facilitating informed and rapid decision-making (Athamneh and Jais, 2023). Crucially, an effective agility strategy requires leadership capable of guiding the organization through uncertainty, fostering a culture of innovation, and promoting continuous learning, where failure is viewed as an opportunity for improvement.

### 1.1. Advantages of Strategic Management and Organizational Agility

Strategic management, underpinned by organizational agility, offers significant benefits vital for sustained success in today's volatile markets (Al-Qadi, 2023):

- **Rapid response to changes:** Agile organizations swiftly adapt to market fluctuations (e.g., technological shifts, consumer preferences, competitor actions), enabling them to capitalize on emerging opportunities ahead of rivals.
- **Continuous innovation:** An agile framework fosters an environment for innovation and experimentation, encouraging new ideas and diverse solutions, leading to product and service development that meets evolving customer needs.
- **Improved performance and efficiency:** Adopting flexible and streamlined processes, such as Lean and Agile methodologies, significantly enhances overall performance by reducing waste and boosting operational efficiency, delivering greater customer value.
- **Increased customer satisfaction:** Rapid adaptation to changing customer needs allows agile organizations to elevate customer experience and satisfaction through customized products and services.

- **Enhanced workforce flexibility:** Organizational agility promotes versatile skill development among employees, increasing their adaptability to various roles and tasks, thereby strengthening the organization's capacity to efficiently reallocate resources.
- **Resilience in crisis:** During economic or health crises (e.g., COVID-19), agile organizations quickly recalibrate strategies and modify business models to confront emerging challenges, enhancing survival and resilience (Kettunen, 2016).
- **Sustainable growth:** Organizations embracing agility are better positioned for long-term sustainable growth, leveraging innovation and adaptation to penetrate new markets and exploit growth opportunities.

### 1.2. The Strategic Decision-Making Process

The strategic decision-making process is foundational for organizational direction, involving a definitive judgment to select the most appropriate alternative after comprehensive problem identification, evaluation, and alternative development (Al-Majali, 2022). This process is central to strategic, tactical, and operational decisions within institutions and banks, crucial for charting effective courses of action and achieving organizational objectives. Key elements include rigorous data analysis, thorough evaluation of options, accurate outcome estimation, optimal alternative selection, and effective implementation (Afacan Fındıklı et al., 2015).

The process is influenced by organizational policies, decision-making team expertise, and the external environment. Analyzing probabilities and assessing potential risks prior to critical decisions is imperative for achieving desired goals and averting negative consequences. Continuous understanding and refinement of this process are vital for long-term success and competitiveness in dynamic business landscapes (Bruch and Feinberg, 2017).

Beyond technical aspects, decision-making in financial institutions incorporates administrative, social, and cultural dimensions. Leaders must manage stress and make informed decisions under unstable conditions. Cultural and social contexts significantly shape the process, as values and principles vary. Transparency, integrity, and accountability are paramount, requiring clear articulation of decision rationales to all stakeholders (Stankevich, 2017). Organizational agility and strategic decision-making are intrinsically linked, crucial for adapting to transformations and making effective decisions in changing circumstances (Ic et al., 2021).

### 1.3. The Strategic Decision-Making Process in Organizations

Effective strategic decision-making hinges on the ability to collect and analyze data accurately, estimate outcomes, and select optimal alternatives. Organizational agility enhances this process by simplifying structures, improving internal communications, and fostering collaboration, which facilitates rapid information flow and decision execution. Agility also boosts organizational flexibility and adaptability, enabling adjustments to external variables and new circumstances. For instance, agile structures permit quick responses to market shifts or legislative changes,

ensuring timely and appropriate decisions (Kock and Georg Gemünden, 2016).

Nafei (2016) highlighted several aspects of the relationship between organizational agility and strategic decision-making:

- **Technology utilization:** Employing smart tools facilitates effective data collection and analysis, enabling faster, data-driven decisions.
- **Improved communication:** Enhanced internal communication fosters collaboration between teams and departments, streamlining information flow critical for strategic decisions.
- **Experimentation and learning:** Agility encourages small-scale experiments and continuous learning, allowing for innovative decision-making and solution testing with reduced risk of failure.
- **Flexible resource allocation:** Efficient resource allocation enables adaptation to changing conditions and effective direction of resources to priority areas.

Ultimately, organizational agility and strategic decision-making are closely integrated, enhancing an organization's capacity to adapt to rapid external shifts and achieve goals efficiently. This study focuses on Jordanian commercial banks due to their pivotal role in economic development and financing, which imparts unique significance to their decision-making processes compared to other Jordanian organizations. Given the preceding discussion, this research aims to empirically test the impact of strategic management on the effectiveness of the decision-making process in Strategic Management on the effectiveness of the decision-making process in Jordanian commercial banks.

## 1.4. Problem Statement, Questions, and Objectives

### 1.4.1. Statement of the study problem

Decision-making is a fundamental human behavior critical for shaping an organization's future strategies and goals, ultimately contributing to a competitive market position and maximizing resource utilization (financial, material, human, intellectual, and technological). Strategic management is essential for guiding and directing an organization by analyzing its internal and external environments, leveraging past experiences to maximize profitability, ensure continuity, and enhance effectiveness (Al-Mousawi and Radi, 2019).

Jordanian commercial banks are vital to the Kingdom's economic fabric and face increasing challenges in a rapidly changing business environment. This necessitates continuous adaptation and evolution to remain competitive. While strategic management offers an approach to enhance their adaptability and overall performance, the specific impact of adopting strategic management on the effectiveness of the strategic decision-making process within the Jordanian context remains underexplored. This study addresses this gap by analyzing how strategic management, particularly through agile strategies, influences decision-making effectiveness and speed in light of current economic and competitive challenges. This research also responds to calls from previous studies (e.g., Aldaabit, 2022) for further investigation into this domain.

### 1.4.2. Study questions

The study aims to answer the following main question:

- Is there an impact of strategic management, in its dimensions (flexibility, speed, and organizational capabilities), on the effectiveness of the strategic decision-making process, in its dimensions (identifying the problem, evaluating the problem, developing alternatives), at Jordanian commercial banks?

### 1.4.3. Study objectives

This study aims to reveal the impact of strategic management (flexibility, speed, organizational capabilities) on the effectiveness of the strategic decision-making process (identifying the problem, evaluating the problem, developing alternatives) at Jordanian commercial banks. This overarching goal is broken down into the following sub-objectives:

- To explain the impact of strategic management dimensions on identifying the problem at Jordanian commercial banks
- To explain the impact of strategic management dimensions on evaluating the problem at Jordanian commercial banks
- To explain the impact of strategic management dimensions on the development of alternatives at Jordanian commercial banks.

### 1.4.4. Study hypotheses

Based on the study problem and questions, the following hypotheses were formulated:

#### 1.4.4.1. Main hypothesis

- $H_{01}$ : There is no statistically significant effect (at  $\alpha \leq 0.05$ ) of Strategic Management, in its dimensions (flexibility, speed, organizational capabilities), on the effectiveness of the strategic decision-making process, in its dimensions (identifying the problem, evaluating the problem, developing alternatives), at Jordanian commercial banks.

#### 1.4.4.2. Sub-hypotheses (derived from $H_{01}$ )

- $H_{01.1}$ : There is no statistically significant effect (at  $\alpha \leq 0.05$ ) of strategic management, in its dimensions (flexibility, speed, and organizational capabilities), on identifying the problem at Jordanian commercial banks.
- $H_{01.2}$ : There is no statistically significant effect (at  $\alpha \leq 0.05$ ) of strategic management, in its dimensions (flexibility, speed, and organizational capabilities), on evaluating the problem at Jordanian commercial banks.
- $H_{01.3}$ : There is no statistically significant effect (at  $\alpha \leq 0.05$ ) of strategic management, in its dimensions (flexibility, speed, and organizational capabilities), on developing alternatives at Jordanian commercial banks.

## 2. CONCEPTUAL FRAMEWORK AND OPERATIONAL DEFINITIONS

### 2.1. Study Model

To achieve the study's objectives and identify the impact of the independent variable on the dependent variable, the following conceptual model (Figure 1) was developed.

**Figure 1:** Conceptual study model

Independent Variable (Strategic Management):  
 Flexibility  
 Speed  
 Organizational Capabilities  
 Dependent Variable (Strategic Decision-Making Effectiveness):  
 Identifying the Problem  
 Evaluating the Problem  
 Developing Alternatives

Which should illustrate Strategic Management (Flexibility, Speed, Organizational Capabilities) as independent variables influencing Strategic Decision-Making Process Effectiveness (Identifying the Problem, Evaluating the Problem, Developing Alternatives) as dependent variables.)

## 2.2. The Concept of Strategic Management: Definitions and Dimensions

Strategic management has become a pivotal concept in the contemporary business world, representing an organization's capacity for rapid and effective adaptation to market challenges and opportunities (Park, 2018). It relies on flexible management approaches that can respond to sudden changes in the competitive environment, including technological shifts, government policies, or evolving customer preferences. Its importance lies in enabling companies to remain competitive, achieve excellence, discover new opportunities, and effectively manage challenges, thereby contributing to long-term growth and sustainability.

King (2015) describes strategic management as an open, dynamic system characterized by strategic flexibility and linked to effective time management. Organizations adopting this concept achieve significant operational flexibility, enabling them to develop higher-value products, achieve profitability, and reduce waste by adapting to complex and changing work environments. Various definitions highlight strategic management as the ability to finance and renew an organization without losing strength, tracking services and products effectively, and responding actively to market changes (speed, flexibility, customers, competitors, suppliers, and infrastructure) (Bessant, 2018). Omar (2017) defines it as the capacity to support and lead sudden change to capitalize on opportunities in unstable, complex business environments.

The study adopts the following dimensions for strategic management:

1. **Flexibility:** Defined as the ability of business organizations to detect changes in the external environment and rapidly mobilize resources with new aspirations to respond to these changes (Bessant, 2018).
  - Procedural definition: The capacity of Jordanian commercial banks to respond to the surrounding environment, fostering service development and inter-organizational competition, measured by questionnaire responses.
2. **Speed:** Refers to the ability to execute business operations in the shortest possible time, encompassing organizational process speed, service provision speed, and timely attention to perfect business completion (Negation and Zarei, 2013).
  - Procedural definition: The swiftness with which Jordanian commercial banks conduct their operations and deliver services, measured by questionnaire responses.

3. **Organizational capabilities:** Encompasses the vision of business organizations to efficiently and effectively confront all difficulties in the external environment (Aba Bakr et al., 2020).
  - Procedural definition: Jordanian commercial banks' efforts to devise plans to confront external environmental challenges with determination and stability, measured by questionnaire responses.

## 2.3. The Concept of the Strategic Decision-Making Process: Definitions and Dimensions

Decision-making in Jordanian commercial banks is a crucial topic within economics and business, given banks' role as the backbone of the financial system and their contribution to economic growth and stability. Strategic decision-making in this context demands a deep understanding of local and global economic and financial factors, alongside adherence to banking legislation and regulations (Kock and Georg Gemünden, 2016). This process involves decisions related to loan granting, risk management, interest rate determination, and developing banking services, requiring careful analysis of financial and economic data, market estimates, and evaluation of policies (Al-Habari, 2016).

The strategic decision-making process is the final determination made after thoroughly examining available options (Al-Himouni, 2021; Al-Habari, 2016). External factors such as political and economic developments, monetary policy changes, and technological advancements also influence the strategic decision-making process in Jordanian commercial banks (Nafei, 2016). Achieving sustainability and growth necessitates innovative procedures, enhanced transparency, robust corporate governance, sophisticated risk management, and advanced financial technology. Decision-making is vital for distinguishing between complex operational decisions requiring critical thinking and innovation, especially in problem-solving situations (Grieser, 2017).

The strategic decision-making process is the final determination made after thoroughly examining available options (Al-Himouni, 2021). It involves identifying and choosing alternatives based on the beliefs, facts, and values of decision-makers and their assistants (Al-Habari, 2016). For this study, the strategic decision-making process is defined as an in-depth thinking and analysis process by individuals or institutions to select the appropriate alternative from available options to achieve goals or solve problems. It includes problem identification, information gathering, data analysis, alternative evaluation, and optimal choice based on criteria and knowledge (Al-Himouni, 2021). This process is influenced by environmental, cultural, personal, institutional, and cognitive conditions, playing a crucial role in success and development (Akinyomi, 2019). It is the culmination of problem identification and evaluation, followed by searching for and developing alternatives, and then selecting the most suitable one (Hemuni, 2021).

The study adopts the following dimensions for the strategic decision-making process:

1. **Identifying the problem:** The process of revising a question to initiate or continue problem-solving, encompassing

problem finding, identification, and resolution (Jannah and Nafie, 2022).

- Procedural definition: The process at Jordanian commercial banks of identifying and clarifying the need for a decision (to solve a problem or exploit an opportunity), directing efforts to understand the situation, and determining appropriate steps, measured by questionnaire responses.
2. Evaluating the problem: The process of assessing solutions and alternatives to identify the most appropriate one for specific problems (Al-Salabi, 2017).
    - Procedural definition: Jordanian commercial banks' search for appropriate solutions to various problems, measured by questionnaire responses.
  3. Developing alternatives: The process of generating proposed and possible solutions to address causes or solve a problem and benefit from the available opportunity (Mustafa et al., 2022).
    - Procedural definition: The process through which a set of thoughtful and applicable solutions are generated, stemming from analyzing a specific situation faced by Jordanian commercial banks, measured by questionnaire responses.

### 3. METHODOLOGY

#### 3.1. Research Design

This study adopted a quantitative, descriptive, and analytical research design, which is suitable for examining the impact of strategic management on decision-making effectiveness.

#### 3.2. Population and Sample

The study population comprised all employees working at Jordanian commercial banks. According to reports from the Jordanian Banks Association, there are 13 local Jordanian commercial banks with a total of 16,516 employees. A simple random sample of 350 male and female employees was initially selected. Questionnaires were distributed electronically through the human resources departments of these banks. A total of 210 valid responses were received and used for analysis. A total of 210 valid responses were received and used for analysis. The demographic characteristics of the study participants are presented in Table 1.

#### 3.3. Instrumentation

Two primary instruments were utilized for data collection: One for strategic management and another for decision making. These instruments were developed based on an extensive review of theoretical literature and previous studies. The strategic management questionnaire comprised items categorized under its dimensions: Flexibility, speed, and organizational capabilities. The decision-making instrument covered three dimensions: identifying the problem, evaluating the problem, and developing alternatives.

#### 3.4. Statistical Analysis

The Statistical Package for Social Sciences (SPSS V.26) was employed for data processing and analysis. The following statistical procedures were utilized:

- Descriptive statistics: To characterize sample members and describe their responses (e.g., arithmetic means, standard deviations).
- Arithmetic mean: To measure the average response to questionnaire items.
- Standard deviation: To assess the dispersion of responses around the mean.
- Pearson correlation coefficient: To verify the absence of perfect multicollinearity between study variables.
- Cronbach's alpha: To determine the reliability and internal consistency of the study measures.
- Kolmogorov-Smirnov test: To assess the normality of the distribution of study variables.
- Variance inflation factor (VIF) and Tolerance: To check the level of linear overlap (multicollinearity) among the dimensions of the independent variable.
- Multiple regression analysis: To test the hypotheses regarding the impact of the independent variable's dimensions on the dependent variable.

**Table 1: Demographic characteristics of study participants (n=210)**

Variables	Categories	Frequency	Percentage
Gender	Male	120	57.1
	Female	90	42.9
	Total	210	100.0
Age	<30	18	8.6
	30-<40	108	51.4
	40-<50	70	33.3
	50 and more	14	6.7
	Total	210	100.0
Academic achievement	Diploma	10	4.8
	Bachelor's	148	70.5
	Postgraduate	52	24.8
Job title	Total	210	100.0
	Manager	18	8.6
	Deputy director	23	11.0
	Assistant director	19	9.0
	Head of Department	150	71.4
Experience	Total	210	100.0
	<5 years	20	9.5
	5-10 years	83	39.5
	10-15 years	74	35.2
	More than 15 years	33	15.7
Total	210	100.0	

**Table 2: Arithmetic means and standard deviations for strategic management dimensions**

No.	Dimension	Mean	STD	Level	Rank
1	Flexibility	3.69	0.610	High	2
2	Speed	3.64	0.729	Moderate	3
3	Organizational capabilities	3.87	0.625	High	1
Total	Strategic management	3.74	0.504	High	

**Table 3: Arithmetic means and standard deviations for strategic decision-making process effectiveness dimensions**

No.	Dimension	Mean	STD	Level	Rank
1	Identifying the problem	3.88	0.510	High	2
2	Evaluating the problem	3.91	0.570	High	1
3	Developing alternatives	3.70	0.510	High	3
Total	Decision making	3.90	0.473	High	

## 4. RESULTS

### 4.1. Descriptive Statistics of Study Variables

Table 2 indicates that the overall mean for strategic management was high (3.74, STD = 0.504). “Organizational Capabilities” ranked first (Mean = 3.87), followed by “Flexibility” (Mean = 3.69), both at a high level. “Speed” had a moderate level (Mean = 3.64).

Table 3 shows that the overall mean for the strategic decision-making process effectiveness was high (3.90, STD = 0.473). “Evaluating the problem” ranked highest (Mean = 3.91), followed by “Identifying the problem” (Mean = 3.88), and “Developing alternatives” (Mean = 3.70), all indicating high levels.

### 4.2. Hypothesis Testing

Testing the main hypothesis (Ho<sub>1</sub>) The main null hypothesis (Ho<sub>1</sub>) states that there is no statistically significant effect of Strategic Management (flexibility, speed, organizational capabilities) on the effectiveness of the strategic decision-making process (identifying the problem, evaluating the problem, developing alternatives) at

Jordanian commercial banks. Multiple regression analysis was used to test this hypothesis.

Table 4 reveals that the main null hypothesis (Ho<sub>1</sub>) is rejected. The alternative hypothesis, stating a statistically significant effect (at  $\alpha \leq 0.05$ ) of Strategic Management (flexibility, speed, organizational capabilities) on the effectiveness of the strategic decision-making process (identifying the problem, evaluating the problem, developing alternatives) at Jordanian commercial banks, is accepted. The R = 0.761 indicates a strong positive correlation, and the R<sup>2</sup> of 0.579 signifies that 57.9% of the variance in strategic decision-making effectiveness can be explained by the dimensions of strategic management. The F-statistic (94.507) with a significance of 0.000 further confirms the model’s statistical significance. All three dimensions of strategic management (flexibility, speed, and organizational capabilities) show a statistically significant positive impact on decision-making effectiveness.

**Table 4: Multiple regression analysis of strategic management’s impact on strategic decision-making effectiveness (continued)**

Dependent variable:	Dimensions of strategic management	Coefficients (B)	Standard error	Beta	t-value	Significance
Decision making	Flexibility	0.183	0.039	0.261	4.712	0.000
	Speed	0.072	0.031	0.124	2.312	0.022
	Organizational capabilities	0.367	0.035	0.537	10.422	0.000
(R)		0.761a				
(R <sup>2</sup> )		0.579				
(Adj R <sup>2</sup> )		0.573				
(F) sig		0.000b				
(F)		94.507				

Significant at ( $\alpha=0.05$ )

**Table 5: Multiple regression analysis of strategic management dimensions’ effect on identifying the problem**

Dependent variable:	Dimensions of strategic management	Coefficients (B)	Standard error	Beta	t-value	Significance
Identifying the problem	Flexibility	0.240	0.058	0.240	4.167	0.000
	Speed	0.166	0.047	0.199	3.568	0.000
	Organizational capabilities	0.462	0.052	0.474	8.837	0.000
(R)		0.737a				
(R <sup>2</sup> )		0.543				
(Adj R <sup>2</sup> )		0.537				
(F) sig		0.000b				
(F)		81.690				

Significant at ( $\alpha=0.05$ )

**Table 6: Multiple regression analysis of strategic management dimensions’ effect on evaluating the problem**

Dependent variable:	Dimensions of strategic management	Coefficients (B)	Standard error	Beta	t-value	Significance
Evaluating the problem	Flexibility	0.225	0.067	0.238	3.366	0.001
	Speed	0.232	0.054	0.292	4.280	0.000
	Organizational capabilities	0.156	0.061	0.169	2.563	0.011
(R)		0.560a				
(R <sup>2</sup> )		0.314				
(Adj R <sup>2</sup> )		0.304				
(F) sig		0.000b				
(F)		31.399				

Significant at ( $\alpha=0.05$ )

**Table 7: Multiple regression analysis of strategic management dimensions' impact on developing alternatives**

Dependent variable: Developing alternatives	Strategic management dimensions	Coefficients (B)	Standard error	Beta	t-value	Significance
	Flexibility	0.079	0.059	0.094	1.335	0.183
	Speed	-0.018	0.048	-0.026	-0.374	0.709
	Organizational capabilities	0.427	0.054	0.523	7.949	0.000
(R)	0.561a					
(R <sup>2</sup> )	0.314					
(Adj R <sup>2</sup> )	0.304					
(F) sig	0.000b					
(F)	31.466					

Significant at ( $\alpha=0.05$ )

#### 4.2.1. Testing the sub-hypotheses

Ho<sub>1,1</sub>: Strategic management's impact on identifying the problem multiple linear regression analysis was used to test the first sub-hypothesis.

Table 5 indicates that the first null sub-hypothesis (Ho<sub>1,1</sub>) is rejected. There is a statistically significant effect (at  $\alpha \leq 0.05$ ) of Strategic Management (flexibility, speed, organizational capabilities) on identifying the problem at Jordanian commercial banks. This is supported by an R<sup>2</sup> of 0.543, meaning 54.3% of the variance in problem identification is explained by strategic management dimensions. All three dimensions significantly contribute.

Ho<sub>1,2</sub>: Strategic management's impact on evaluating the problem multiple linear regression analysis was used to test the second sub-hypothesis.

Table 6 indicates that the second null sub-hypothesis (Ho<sub>1,2</sub>) is rejected. There is a statistically significant effect (at  $\alpha \leq 0.05$ ) of strategic management (flexibility, speed, organizational capabilities) on evaluating the problem at Jordanian commercial banks. The R<sup>2</sup> of 0.314 suggests that 31.4% of the variance in problem evaluation is explained by strategic management dimensions. All three dimensions again show a significant positive impact.

Ho<sub>1,3</sub>: Strategic management's impact on developing alternatives multiple linear regression analysis was used to test the third sub-hypothesis.

Table 7 shows a mixed outcome for the third sub-hypothesis (Ho<sub>1,3</sub>). The null hypothesis is rejected in part. There is a statistically significant effect (at  $\alpha \leq 0.05$ ) of Strategic Management's organizational capabilities dimension on developing alternatives. However, the dimensions of flexibility (Sig. = 0.183) and speed (Sig. = 0.709) do not show a statistically significant impact on developing alternatives in this model. The overall R<sup>2</sup> of 0.314 indicates that 31.4% of the variance in developing alternatives is explained by the strategic management dimensions, predominantly driven by organizational capabilities.

## 5. DISCUSSION

The study's findings provide compelling evidence for a strong positive relationship between strategic management and the

effectiveness of the strategic decision-making process in Jordanian commercial banks. This aligns with the broader literature emphasizing the role of strategic capabilities in navigating complex business environments (Al-Taii et al., 2020; Park, 2018). Banks demonstrating a higher capacity for strategic management, particularly through enhanced organizational agility, are better equipped to make effective strategic decisions, which positively correlates with their overall performance.

The descriptive statistics revealed that Jordanian commercial banks exhibit a high overall level of strategic management (Mean = 3.74). This suggests a strong awareness among bank management regarding the importance of strategic approaches. Specifically, "Organizational Capabilities" received the highest mean score (3.87), indicating that banks effectively leverage clear policies and structures across administrative levels to confront external challenges. "Flexibility" also showed a high mean (3.69), reflecting management's understanding of its importance and their ability to transform threats into opportunities. However, "Speed" was rated at a moderate level (Mean = 3.64). While still indicating awareness, this suggests that there might be room for improvement in the swiftness of organizational operations and responsiveness to environmental data, an area critical for true organizational agility (Negation and Zarei, 2013).

Regarding the strategic decision-making process, the overall mean was also high (3.90), underscoring those Jordanian commercial banks recognize the importance and effectiveness of this process. "Evaluating the problem" had the highest mean (3.91), indicating strong capabilities in identifying potential opportunities and overcoming challenges related to decision-making. "Identifying the problem" (Mean = 3.88) also scored high, suggesting a keen focus on accurately determining the causes of problems. The high mean for "Developing Alternatives" (3.70) reflects management's commitment to generating innovative solutions to improve the strategic decision-making process.

The multiple regression analysis provided robust support for the main hypothesis, confirming a statistically significant impact of strategic management (flexibility, speed, and organizational capabilities) on the overall effectiveness of the strategic decision-making process. This comprehensive impact underscores that an integrated strategic management approach is crucial for enhancing decision outcomes in the banking sector.

Further analysis of the sub-hypotheses provided nuanced insights:

- Impact on identifying the problem: All three dimensions of

strategic management (flexibility, speed, and organizational capabilities) significantly influenced problem identification. This highlights those banks with agile strategic frameworks are better at recognizing and defining issues accurately, an essential first step in effective decision-making (Jannah and Nafie, 2022).

- Impact on evaluating the problem: Similarly, flexibility, speed, and organizational capabilities all significantly impacted problem evaluation. This suggests that a strong strategic management foundation enables banks to thoroughly assess situations, weigh potential outcomes, and understand the implications of various problems before committing to a course of action.
- Impact on developing alternatives: Interestingly, only organizational capabilities demonstrated a statistically significant impact on developing alternatives. Flexibility and speed, while important for other aspects of decision-making, did not show a direct significant effect on the generation of alternatives in this study. This might imply that while flexibility and speed facilitate response and adaptation, the actual generation of diverse and innovative alternatives is more strongly tied to the underlying structural and systemic capabilities of the organization, such as established processes for innovation, knowledge management, and resource allocation (Mustafa et al., 2022). This finding warrants further exploration, as it suggests that simply being flexible or fast may not automatically translate into creative solution generation without robust organizational capabilities to support it.

## 6. CONCLUSION AND RECOMMENDATIONS

### 6.1. Conclusion

This study successfully demonstrated the pivotal role of strategic management in enhancing the effectiveness of the strategic decision-making process within Jordanian commercial banks. The research confirmed a statistically significant positive impact of strategic management, particularly through its dimensions of flexibility, speed, and organizational capabilities, on decision-making effectiveness, which encompasses problem identification, situation evaluation, and alternative development. While all three dimensions of strategic management significantly influenced problem identification and evaluation, organizational capabilities emerged as the primary driver for developing alternatives. This highlights that a bank's inherent structural and systemic strengths are crucial for generating innovative solutions, even more so than mere flexibility or speed in this specific aspect. The findings underscore those Jordanian commercial banks generally exhibit high levels of strategic management and decision-making effectiveness, yet areas for targeted improvement, particularly in optimizing "speed" and leveraging "organizational capabilities" for creative alternative generation, remain.

### 6.2. Recommendations

Based on the study's findings, the following recommendations are proposed for Jordanian commercial banks to further enhance

their strategic management practices and decision-making effectiveness:

1. Strategic resource reallocation for adaptability: Management should continuously review and strategically reallocate resources to proactively adapt to emerging changes and unforeseen circumstances in the market. This involves building dynamic resource pools that can be quickly deployed.
2. Prioritize inter-departmental coordination: Foster stronger and more effective coordination mechanisms between different departments and branches. This will improve information flow, streamline decision-making processes, and enhance collective responsiveness.
3. Optimize speed in operations and responsiveness: While banks show awareness of speed, there is room for improvement. Implement measures to enhance the swiftness of organizational operations and market responsiveness, ensuring quicker adjustments to meet current requirements and capitalize on fleeting opportunities.
4. Establish efficient time management systems: Develop and integrate robust time management systems across all levels to boost operational efficiency and support faster decision cycles.
5. Standardized evaluation of proposed alternatives: Implement clear, established standards and criteria for evaluating proposed alternatives. This ensures objectivity, reduces bias, and leads to more robust decision outcomes, especially given the significant role of organizational capabilities in alternative development.
6. Continuous training for strategic decision-making: Develop and execute comprehensive training plans designed to improve and refine the strategic decision-making skills of managers and employees at all relevant levels. Focus on analytical skills, critical thinking, and innovative problem-solving.
7. Leverage advanced technological tools: Invest in and effectively utilize advanced technological tools, such as AI-driven analytics and simulation software, to aid in data analysis, problem identification, situation evaluation, and the development of more sophisticated alternatives.
8. Further research: Encourage and support further studies to explore additional dimensions of strategic management and decision-making effectiveness, potentially examining mediating or moderating variables, or conducting comparative studies with other sectors or regions.

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