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**The Influence of Adherence to Islamic Financial Values and Entrepreneurial
Orientation on Strategic Decision-Making Effectiveness: The Case of Saudi
Arabian Companies**

By

Anas Osama M Hakeem

**Submitted in Fulfilment of the Requirements of
The Degree of Doctor of Philosophy**

**Adam Smith Business School
College of Social Science
University of Glasgow**

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In the Name of Allah- Most Gracious and Merciful



“My Lord! Increase me in knowledge” (Quran 20:114)

Abstract

Aim and background: This thesis aims to explore and understand the interesting practices that are found within organisations, in their adherence to Islamic financial values and entrepreneurial orientation. These are both viewed as intangible resources for organisations, which could positively influence an organisation's strategic decision-making effectiveness. In addition, this thesis seeks to explore how these resources could affect the behavioural approach, which is captured by the politicisation within an organisation, and then, apply the results of such impact on strategic decision-making effectiveness. Finally, this study investigates the influential role that strategic decision-specific factors play as moderators between politicisation in strategic decision-making and strategic decision-making effectiveness.

Method: The context for the research project are a number of companies located in Saudi Arabia, as identified in the Saudi Arabian Monetary Authority and Saudi Arabia Ministry of Commerce and Investment. These include all companies that come under the umbrella of Saudi Arabia's financial sector; namely, banks, finance companies, insurance companies, investments companies, real estate development companies and Awqaf (endowments) companies. Within these companies, this study focused on members at the top management teams, who are closely involved in making strategic decisions. As for the collection of data, an electronic survey was chosen as the appropriate data collection method. 1500 questionnaires were distributed to 375 companies. 379 questionnaires were collected from 177 companies. At least two response questionnaires were collected from each company to significantly ensure the validity of the research results. From the data that was received, 364 questionnaires were used from 162 companies. The data analysis was based on these 364 responses. This study used a Structural Equation Modelling technique to analyse the data. Due to this, the study relied on testing causal relationships hypothesised in the research framework of multiple independent and intervening variables. The data analysis was conducted using SPSS (Statistical Package for the Social Sciences) (Version 24), and the SmartPLS 3.0 (Partial Least Squares Path Modelling) software package.

Findings and conclusion: The findings of this study provide support for the proposed model. The study findings and their related discussions on adherence to Islamic financial values and an entrepreneurial orientation in organisations, highlight the importance of their role in the process of strategic decision-making. This study therefore makes the case for the introduction of adherence to Islamic financial values and an entrepreneurial orientation as a primary influence in strategic decision-making effectiveness. Furthermore, the study findings argue

that adherence to Islamic financial values and entrepreneurial orientation reduce the role of politicisation in strategic decision-making. However, this study did not find any positive impact on the low level of politicisation on strategic decision-making effectiveness. Likewise, this study did not find any influence of strategic decision-specific factors (i.e. decision importance, decision motive and decision uncertainty) on the relationship between politicisation and strategic decision-making effectiveness.

Implications: The role of organisations in making effective strategic decisions requires them to pay more attention to their intangible resources such as adherence to Islamic financial values and an entrepreneurial orientation when they embark on this process. Thus, organisations have to educate their decision-makers and raise awareness with regards to the benefits and advantages of using innovation, proactiveness, risk-taking, as well as an adherence to Islamic financial values during the process of making strategic decisions. This could be achieved by conducting workshops or informal meetings with senior decision-makers who have vast experience in making strategic decisions - either in their organisations or outside their organisations.

The research on adhering to Islamic financial values and entrepreneurial orientation and strategic decision-making provides a good starting point in this field of study; however, thinking about the next step is important and necessary. Thus, strategic decision-makers need to adopt new styles to implementing entrepreneurial orientation wisely, as well as the need to find creative styles to observe Islamic financial values when making strategic decisions. This in turn, will enable organisations to obtain a sustainable competitive advantage and thus, overcome continuous challenges in the markets and achieve superior performance for their organisations.

Moreover, the role of organisations in making effective strategic decisions requires them to pay more attention to their behavioural approach within their strategic decision-making such as politicisation in strategic decision-making. Hence, organisations have to educate their decision-makers about a negative effect uses of politicisation in strategic decision-making and how these can lead to management making strategic decisions that are distorted and incorrect, which in turn, results in ineffective strategic decisions. Therefore, studying this resource-based perspective and the behavioural approaches in this study enrich and complement one another.

Keywords: adherence to Islamic financial values, entrepreneurial orientation, innovativeness, proactiveness, risk-taking, strategic decision-making, politicisation in strategic decision-making, strategic decision-making effectiveness, strategic decision-specific factors, decision importance, decision motive, decision uncertainty, top management team.

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Author's Declaration

This thesis is submitted in fulfilment of the requirements for the degree of Doctor of Philosophy at the University of Glasgow, United Kingdom. I declare that this thesis is based on my original work except for quotations and citations which have been appropriately acknowledged.

Printed Name: Anas Osama M Hakeem

Signature:

Main Definitions of This Study

This study maintains the following definitions for its core concepts. These definitions are from the existing literature.

Adherence to Islamic Financial Values

Islamic financial values as the values that are a way to put Islamic principles regarding the economy into practice, that are encouraging fairness and efficiency in resource utilization, and also bans interest (*riba*), products with excessive uncertainty (*gharar*), gambling (*maysir*), short sales and the financing of prohibited activities that are considered harmful to society. Also, Islamic financial values require the parties engaged in a contract(s) to honour the principles of fair treatment and the sanctity of contracts. Transactions must also be underpinned by real economic activities, and there must also be a sharing of risks within economic transactions to balance and harmonize society and the economy. (This definition is my own, they are derived, from the previous concepts' pertaining to Islamic financial values such as (Haniffa and Hudaib, 2007, Kammer et al., 2015, Hassan and Aliyu, 2018)).

Entrepreneurial Orientation

An entrepreneurial orientation defines as, “*representing the underlying mindset of top managers that guide the development of the overall firm strategy and reflected the extent to which the firm’s management was willing to take business-related risks, to be innovative, and to be proactive in competing with other firms*” (Davis et al., 2011, p. 192).

Strategic Decision-Making

Strategic decision making describes as, “*the infrequent decisions made by the top leaders of an organization that can affect its performance or even its survival*” (Janczak, 2005, p. 64).

Politicisation in Strategic Decision-Making

Politicisation in strategic decision-making defines as “*action(s) taken by decision makers in order to serve their own interests or those of the organisation*” (Child et al., 2010, p. 123).

Strategic Decision-Making Effectiveness

Strategic decision-making effectiveness defines as “*the extent to which a decision achieves the objectives established by management at the time it is made*” (Dean and Sharfman, 1996, p. 372).

Strategic Decision-Specific Factors

This study refers strategic decision-specific factors to decision importance, decision uncertainty and decision motive (Elbanna and Child, 2007b, Elbanna and Child, 2007a, Elbanna et al., 2014).

Abbreviations

ISV:	Adherence to Islamic Financial Values
EO:	Entrepreneurial Orientation
P:	Politicisation in Strategic Decision-Making
SDME:	Strategic Decision-Making Effectiveness
SDSFs:	Strategic Decision-Specific Factors
DI:	Decision Importance
DU:	Decision Uncertainty
DM:	Decision Motive
Co Size:	Company Size
Co Age:	Company Age
Co Sector:	Company Sector
EFA:	Exploratory Factor Analysis
CFA:	Confirmatory Factor Analysis
PCA:	Principal Component Analysis
KMO:	Kaiser-Meyer-Olkin
CR:	Composite Reliability
AVE:	Average Variance Extracted
GoF:	Goodness of Fit
SRMR:	Standardized Root Means Square Residual

Chapter One: Introduction

Chapter One: Introduction

This thesis explores the relationships between the resource-based view, which is captured by entrepreneurial orientation and an adherence to Islamic financial values, and the behavioural approach, which is captured by the politicisation and strategic decision-making effectiveness in organisations. Chapter One begins by presenting an introduction to the thesis, including the rationale, context, and research questions pertaining to this study. Following this, the chapter expounds upon the theoretical framework and research design, as well as the research contribution. Finally, it concludes by presenting an outline of the structure of the thesis.

1.1. The Rationale for the Thesis

This thesis explores the interesting practices that relate to the adherence to Islamic financial values and an entrepreneurial orientation in organisations, which are seen as intangible resources that could positively influence an organisation's strategic decision-making effectiveness. In addition, the thesis seeks to explore how these resources can affect the behavioural approach that is captured by politicisation. It then seeks to determine how these two resources and a behavioural approach can affect strategic decision-making effectiveness.

Using the resource-based theory, Barney (1991) suggests that entrepreneurial orientation and an adherence to Islamic financial values within organisations is considered to be an intangible resource that can help them create a competitive advantage. This in turn, will lead to effective strategic decision-making within the organisation by the strategic decision-makers. Moreover, using the behavioural approach for organisations (Child et al., 2010), politicisation was treated in this study as an undesired behaviour by the decision-makers of organisations, which usually has a negative effect on the overall strategic decision-making process. It should therefore be noted, that studying and addressing both the resource-based perspective and the behavioural approaches will be vital for this study, as they enrich and complement each other.

As a result of this, the thesis explores different sets of relationships amongst constructs from different research domains. These domains are:

- (1) Intangible resources for organisations, which are captured by an adherence to Islamic financial values and an entrepreneurial orientation.
- (2) A behavioural approach, which is captured by politicisation.
- (3) Strategic decision-making outcome, which is captured by strategic decision-making effectiveness.
- (4) Strategic decision-specific factors, which are captured by decision importance, decision uncertainty and decision motive.

By addressing such relationships, this academic study is rooted in the identification of the gaps within the literature, as well as the researcher's own personal experiences in the study's context of Saudi Arabia.

Several studies that have been conducted regarding the process of strategic decision-making are "*concerned with how effective strategies are shaped within the firm and then validated and implemented efficiently*" (Chakravarthy and Doz, 1992, p. 5). These studies are interested in providing realistic and practical views, with regards to the processes of making strategic decisions more effective (Mintzberg, 1994); that is, the processes of making decisions, whereby organisations take into account the ability of strategic decisions that decision-makers consider, in order to achieve their organisations' objectives (Dean and Sharfman, 1996). In light of this, this thesis seeks to examine whether or not organisational values, and more specifically, an adherence to Islamic financial values (as an intangible resource for organisations) within the firm-level (since Saudi Arabia is the context for this study), can also influence strategic decision-making effectiveness, and to what extent this may occur. Thus, this thesis focuses on organisational values, due to these being an important element in a firm's success, as these are no less important than entrepreneurial orientation in any organisation. Collins and Porras (1996) explained that "*organisation values are a small set of general and guiding principles that are not to be confused with the specific cultural or operating practices, nor to be compromised for financial gain or short-term expediency*". Consequently, these values drive all behaviour on a firm-level or on an individual-level, and can be described as ideals or principles.

It should be noted that the existing literature has researched organisational values, and affirmed that these values can indeed influence firms' strategic decision-making choices and outcomes, as well as help organisations to develop their overall strategies and performance (Mullane, 2002, Tihanyi et al., 2005, Evans, 2005, Schein, 2010, Dimitratos et al., 2011, Manohar and Pandit, 2014, Dabic et al., 2015, Schein and Schein, 2017). In addition, the

literature has also highlighted the importance of Islamic values for organisations, whereby several studies have shown how these play a major role in the achievement of successful strategies and performance (Helmy et al., 2014, Shafique et al., 2015, Forster and Fenwick, 2015, Abdul Cader, 2017). However, and more importantly, they also point out that the influence of specific Islamic values on strategic decision-making outcomes, such as Islamic financial values, remains unclear. Therefore, this thesis investigates the influence of the adherence to Islamic financial values on a firm-level in promoting the effectiveness of strategic decision-making in Saudi Arabian companies.

In addition, the thesis also seeks to examine whether or not entrepreneurial orientation, as an intangible resource for organisations, can influence strategic decision-making effectiveness, and to what extent this may occur. Entrepreneurial orientation refers to “*how entrepreneurially an existing firm is managed*” (Miller, 1983), and is something that has been widely studied concerning its influence on firm-level outcomes within the previous literature. However, Wales (2016) has suggested that further research is required within this domain that focuses on other outcomes on a firm-level. These can include financial outcomes (Covin and Slevin, 1991) or non-financial outcomes, such as the quality and effectiveness of the decisions at the firm-level (Elbanna and Child, 2007a, Edmond and Wiklund, 2010, Wiklund and Shepherd, 2011, Wales, 2016). This is necessary, because the existing literature has demonstrated that prior studies have paid little attention specifically to the effectiveness of decisions (Fredrickson, 1985, Dean and Sharfman, 1996, Elbanna and Child, 2007a). Consequently, this thesis investigates the influence of entrepreneurial orientation on the effectiveness of strategic decision-making among Saudi Arabian companies.

The thesis further aims to investigate how these two intangible resources (adherence to Islamic financial values and entrepreneurial orientation) affect the behavioural approach that is captured by politicisation. It then seeks to determine how these two resources, along with a behavioural approach, can affect strategic decision-making effectiveness. Therefore, the thesis will explore the influences of politicisation in strategic decision-making as a mediator between the effectiveness of strategic decision-making and the adherence to Islamic financial values, and also entrepreneurial orientation. The reason for this is related to a number of studies within the literature, which point out that the relationships between entrepreneurial orientation and organisations outcomes, as well as between organisational values and organisational outcomes, may be complex and could depend on a number of factors, such as politicisation (Bianchi et al., 2017, Monteiro et al., 2017, Imran et al., 2017). That said, there is a variation in the results of previous studies which, in turn, means that no clear picture has yet emerged (Frishammar

and Andersson, 2009, Felzensztein et al., 2015). In support of this argument, several studies argue that politicisation may have a direct and indirect effect on the variables (Lumpkin and Dess, 1996, Fiet et al., 2005, Martin and Javalgi, 2016, Thanos et al., 2017, Nakos et al., 2018).

Politicisation in strategic decision-making is often related to issues associated with power, influence and politics (Bhatnagar, 1992, Elbanna, 2016). This includes decision-makers in the top management teams using their power to misuse and manipulate information, as well as adapting their conditions to suit their chosen strategies and for the purpose of self-interest. In doing so, this subsequently hinders the ability to make effective decisions that would help to achieve their organisational aims (Wilson, 2003).

Several researchers (Kacmar et al., 1999, Randall et al., 1999, Valle and Perrewe, 2000, Witt et al., 2000, Hochwarter et al., 2010) have largely focused on the negative aspects of organisational politics (politicisation), which led to the assumption that it impacts on their organisational outcomes. However, some studies conclude that politicisation within organisations may be positive. They argue that the perception of politicisation is not only deemed a challenge for organisations that must be dealt with, but that it is also as an opportunity for organisations to realise their aims (Kapoutsis and Thanos, 2016, Cheng et al., 2017). Moreover, other studies have indicated and illustrated that one of the key benefits of having a positive view of politicisation within organisations is achieved by helping the decision-makers to think innovatively and devise creative solutions, which in turn helps to solve problematic situations (Fredrickson and Losada, 2005, Gross et al., 2011, Hochwarter, 2012, Eldor and Harpaz, 2016). Moreover, they indicated that, in some cases, without power or politicisation, organisations will find it difficult to retain their core values (Guest and King, 2004). Thus, based on the above discussion, this thesis believes that politicisation in strategic decision-making will play a mediating role between entrepreneurial orientation and strategic decision-making effectiveness, as well as regarding the adherence to Islamic financial values within organisations and the effectiveness of strategic decision-making in Saudi Arabian companies.

Finally, this thesis examines the role of strategic decision-specific factors on the relationships between politicisation in strategic decision-making and the effectiveness of strategic decision-making. This thesis takes into account previous studies' suggestions concerning the influence of different decision factors on strategic decision-making characteristics, whereby they indicate that the performance implications remain unexplored, and suggests a need for a closer examination of the interrelationships between decision-specific factors and strategic decision-

making characteristics (Rajagopalan et al., 1993, Elbanna and Child, 2007a, Elbanna et al., 2014). Thus, this thesis seeks to examine the role of strategic decision-specific factors on the relationships between politicisation in strategic decision-making and strategic decision-making's effectiveness in Saudi Arabian companies.

Based on the academic rationale outlined above, this thesis contributes towards our understanding of both the resource-based view and the behavioural approach, and then looks at how both of them can affect strategic decision-making effectiveness. Thus, this study contributes towards our understanding of the following:

1. The influence of adhering to Islamic financial values, as an intangible resource for organisations, on the effectiveness of strategic decision-making.
2. The influence of entrepreneurial orientation, as an intangible resource for organisations, on the effectiveness of strategic decision-making.
3. The role of politicisation in strategic decision-making as a mediator between the adherence to Islamic financial values and the effectiveness of strategic decision-making.
4. The role of politicisation in strategic decision-making as a mediator between entrepreneurial orientation and the effectiveness of strategic decision-making.
5. The role of strategic decision-specific factors as a moderator of the relationship between politicisation in strategic decision-making and the effectiveness of strategic decision-making.

In addition to the academic rationale outlined above, there are also personal motivations for conducting this study, which are based on the researcher's own educational background in the spheres of management and finance. This also includes the researcher's practical experience in the academic domain and the administrative field, particularly within the field of financial management and strategic management for more than ten years. Based on the researcher's experience, an array of questions has stimulated this interest, and also contributed to the interest in writing this thesis. These questions included:

How can strategic decisions actually become effective? To what extent does an adherence to Islamic financial values and an entrepreneurial orientation in organisations help to make an organisation's strategies more effective? Can an adherence to Islamic financial values and entrepreneurial orientation within organisations help to reduce politicisation in the process of strategic decision-making? Can a low level of politicisation, in the process of strategic decision-making, help to make more effective strategic decisions? Can strategic decision-specific factors (i.e. decision importance, decision motive and decision uncertainty) affect the

relationship between politicisation and the effectiveness of strategic decision-making, either negatively or positively?

These questions ultimately led to the research questions for this thesis, which are:

1. “What effects do intangible resources for organisations, which are captured in this study by an adherence to Islamic financial values and by entrepreneurial orientation, have on the effectiveness of strategic decision-making?”
2. “How do these resources (an adherence to Islamic financial values and entrepreneurial orientation) affect the behavioural approach, which is captured by the politicisation?”
3. “What effects does the behavioural approach as mediators between the intangible resources for organisations in this study (an adherence to Islamic financial values and entrepreneurial orientation) have on strategic decision-making effectiveness?”
4. “Do strategic decision-specific factors enhance the effects of politicisation on the effectiveness of strategic decision-making?”

These questions address a gap in the literature that relates to Islamic financial values, entrepreneurial orientation and strategic decision-making, as well as understanding how strategic decisions-making takes place within business organisations, and also exploring why these strategies within business organisations either fail or do not succeed in the long term. Additionally, this thesis investigates the business-level strategy of banks, finance companies, insurance companies, investments companies, real estate development companies and Awqaf (endowments) companies in Saudi Arabia, by exploring how their decision-makers introduce effective strategies through entrepreneurial orientation, while adhering to their organisation's values, such as Islamic financial values. Moreover, this study explores the impact of an adherence to Islamic financial values and entrepreneurial orientation as ways of reducing the level of politicisation in the process of strategic decision-making. It then explores the impact of a low level of politicisation on the process of strategic decision-making, specifically in relation to the effectiveness of strategic decision-making. Furthermore, it explores the impact of strategic decision-specific factors as moderators between the relationship between politicisation in strategic decision-making and strategic decision-making's effectiveness.

As stated earlier, the researcher gathered a number of personal experiences that inspired this investigation of this particular area of study. One of the most significant experiences that gave the researcher a great deal of insight into this, whilst also raising a number of questions, was time spent at the Institute for Consulting, Research, and Studies at Umm Al-Qura University in Saudi Arabia. During this time, a certain milestone that triggered an interest in understanding

the dynamics of strategy processes was when the planning and strategy consultant was replaced at the institute. This was amid an extensive plan that was agreed to be implemented, which resulted in the suspension of the strategic plan by the new consultant. When the researcher questioned why this five-year plan had been halted and changed after only 12 months, the new consultant replied that he had a different view regarding the old plan. This specific incident then prompted an interest in the strategic management field and, more specifically, in the process of strategic decision-making and strategising activities by the decision-makers in the top management team.

Moreover, the researcher's experience as a lecturer at the College of Economic Science and Islamic Finance at Umm Al-Qura University also sparked an interest in the field of Islamic finance. This was because the college specialised in economic science and Islamic finance, with its four main departments dedicated to this field of study: Islamic Economics, Islamic Banking, Islamic Finance, and Islamic Insurance. Working in this college, therefore, provided the researcher with an opportunity to learn more about the new important research issues related to Islamic finance. This certainly was the case, as a number of scientific discussions regarding Islamic finance between the researchers and faculty members in the college subsequently raised the question of whether an adherence to Islamic financial values within business organisations could help the decision-makers at the top management level improve and make better, more effective strategic decisions. This was even more relevant, especially in light of the previous experience of a change in strategic planning at the institute, as mentioned earlier.

Another personal factor that contributed to pursuing this area of study was the researcher's experience as an organiser of the First International Conference on Islamic Economics and Banking, which was hosted by the College of Economic Science and Islamic Finance at Umm Al-Qura University in 2016. This also provided a unique opportunity to discuss this field with researchers, specialists and professors, and one of the topics that raised the researcher's interest was the positive role of an entrepreneurial orientation within Islamic financial institutions.

As highlighted, these incidents raised a lot of insights and questions for the research, which finally led to considering and investigating an array of issues, such as the impact of adhering to Islamic financial values and an entrepreneurial orientation within organisations on the strategic decision-making outcomes, whether the process of strategic decision-making as a phenomenon within organisations is about control or participation, and, if so, who ought to participate and when. Moreover, it led to researching whether the process of strategic decision-making is a

power-laden phenomenon and all that follows in strategising is merely an extension of this power struggle. This thesis hopes to offer some answers to the above conundrums.

1.2. Context of the Study

This thesis is set in the context of the Kingdom of Saudi Arabia. This is because it takes into account previous studies' recommendations within the literature on entrepreneurial orientation and strategic decision-making. That is, the majority of the empirical studies in the existing literature have been well-established in the context of Western developed economies (Rauch et al., 2009, Martens et al., 2016), whereas Martens et al. (2016) asserted that emerging countries have received insufficient attention from scholars in this field. Thus, they recommend that further research is required in the context of developing economies, in order to identify and establish the differences between the patterns of entrepreneurial behaviour of firms in developing and developed economies, respectively. Moreover, Thanos et al. (2017) recommend that the geographic focus should be broadened, by collecting data from other cultural groups, such as those in Arab countries. Based on the academic rationale outlined above, one of unique contributions of this thesis is that the research setting of this study is the context of Saudi Arabian companies.

The Kingdom of Saudi Arabia is located in the Middle East, between the Arab Gulf and the Red Sea, as shown in Figure 1.1 below. It occupies approximately four-fifths of the Arab Peninsula, with a total area of around 2,000,000 square kilometres. Riyadh is the capital of the Kingdom of Saudi Arabia, which is located in the central-eastern part of the country, and has a population of nearly seven million (General Authority for Statistics-Kingdom of Saudi Arabia, 2019). Currently, the Kingdom of Saudi Arabia is ruled by His Majesty, King Salman Bin Abdulaziz Al Saud. In terms of language and religion, the dominant language across the whole country is Arabic, although English is widely-spoken, and the major religion is Islam. The Kingdom of Saudi Arabia is a rich country, with abundant oil, natural gas, many minerals and natural wealth. The country borders a number of other countries, such as Jordan and Iraq to the north, Kuwait to the northeast, the State of Qatar, Kingdom of Bahrain and the United Arab Emirates to the east, the Sultanate of Oman to the southeast, and, to the south, the Republic of Yemen (Saudi Arabian General Commission for Survey, 2019).



Figure 1.1: The Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia's population is currently estimated at 33,413,660 million, with approximately 33% of the inhabitants aged under 15 years old, and is characterised by a rapid growth rate of 3.4% annually (General Authority for Statistics-Kingdom of Saudi Arabia, 2019). In terms of its legal system, this is based on Islamic law (Shariah), which is adopted as a framework for common law and for rulings that impact upon all aspects of Saudi life (including institutions and business practices) (Ministry of Justice - Kingdom of Saudi Arabia, 2019). Islamic law (Shariah) is derived from the Holy Quran (the scripture that Muslims believe to be the direct word of God, revealed to the Prophet Muhammad in the 7th century CE) and the Sunnah (the practical teachings and sayings of the Prophet Mohammed) (Branine and Pollard, 2010, Alfalih, 2016). Accordingly, the selection of Saudi Arabian companies as the research setting is appropriate and compatible with the objectives of this study, as one of the aspects of this thesis is a focus on the adherence to organisational values - in this case, Islamic financial values - within organisations.

Moreover, Saudi Arabia is one of the countries that plays a vital role in the global sustainability dialogue, not only because it is one of the main oil-producing nations, but also because its

economy is ranked ahead that of many advanced countries (Bank, 2011, Business, 2017). In addition, as of 2018, more than 120,000 companies are currently licensed by the Ministry of Commerce and Investment, of which there exists diversity regarding the type of companies and their services offered. This is valuable for the current study, as it will allow significant comparisons to be drawn between the different types of organisations. Furthermore, Saudi Arabia encourages entrepreneurship, wherein there is currently a huge number of new breed entrepreneurs who are gradually shaping the country's economic landscape. With the help of their strong initiative, skill, drive and spirit of innovation, they have brought about significant changes to the process of economic growth (Hassan et al., 2013, Yusuf and Albanawi, 2016). Accordingly, the selection of Saudi Arabia companies as the research setting is appropriate and compatible with the objectives of this study, one aspect of which is to focus on entrepreneurial orientation and strategic decision-making.

1.3. Research Objectives

The purpose of this thesis is to explore new factors that could affect and improve the outcomes of strategic decision-making for organisations. This in turn, would better complement our understanding of the processes involved in strategic decision-making within organisations. These new factors are: an adherence to Islamic financial values and entrepreneurial orientation within organisations. Both of these are regarded as intangible resources for organisations, and therefore, the objective of this thesis is to investigate their influence for organisations. It also seeks to investigate the mediating role of the behavioural approach, which is captured by the politicisation between these resources (adherence to Islamic financial values and entrepreneurial orientation) and strategic decision-making effectiveness. Moreover, it further seeks to investigate the influence of the moderating role of strategic decision-specific factors between politicisation in the strategic decision-making process and strategic decision-making effectiveness. These factors are captured by decision importance, decision uncertainty and decision motive.

1.4. Theoretical Framework and Research Design

Figure 1.2 depicts the contributions of this thesis and the theoretical framework of the relationships amongst the study variables. One may note the different hypotheses that are illustrated within the figure and how these may be tested. What follows is a brief overview of what each hypothesis is.

The test of the first hypothesis is related to the relationship between the adherence to Islamic financial values and the effectiveness of strategic decision-making, while the test of the second hypothesis is concerned with the relationship between entrepreneurial orientation and the effectiveness of strategic decision-making. The test of the third hypothesis concerns the relationship between the adherence to Islamic financial values and politicisation in strategic decision-making, while the test of the fourth hypothesis is related to the relationship between politicisation in strategic decision-making and the effectiveness of strategic decision-making. The test of the fifth hypothesis is on the mediating role of politicisation in strategic decision-making, specifically between the adherence to Islamic financial values and the effectiveness of strategic decision-making, while the test of the sixth hypothesis is about the relationship between entrepreneurial orientation and politicisation in strategic decision-making. The test of the seventh hypothesis is related to the mediating role of politicisation in strategic decision-making between entrepreneurial orientation and the effectiveness of strategic decision-making, and, lastly, the tests for the eighth, ninth and tenth hypotheses are related to the moderating role of strategic decision specific factors; namely, decision importance, decision motive and decision uncertainty between politicisation in strategic decision-making and the effectiveness of strategic decision-making.

In addition to the aforementioned hypotheses, this study also tests the impacts of several control variables; namely, sectors, company size and company age on entrepreneurial orientation, adherence to Islamic financial values and on the politicisation in strategic decision-making. In terms of the research methodology, this thesis adopts a quantitative approach to answer the research questions. A sample of 379 questionnaires was collected from 177 Saudi Arabian companies, and Structural Equation Modelling (SEM) was used for the hypothesis testing.

First, this thesis takes into account previous studies, which recommend investigating the specific Islamic values of an organisation, such as Islamic financial values which is seen as the hidden mechanism behind the achievement of sustainable competitive advantage and greater outcomes for organisations (Zin and Adnan, 2016, Zin et al., 2017), in order to develop a new model that can explain the effect of these on the effectiveness of strategic decision-making among Saudi Arabian companies (Beekun, 2006, Branine and Pollard, 2010, Gümüşay, 2015, Ishak and Osman, 2016). It should be noted that Saudi Arabia has been identified specifically, as it is one of the Arab Muslim-majority countries where Islamic values are often more influential than formal regulations (Souissi and Boudhiaf, 2014).

Second, this thesis takes into account other previous studies' recommendations (Elbanna and Child, 2007a, Rauch et al., 2009, Edmond and Wiklund, 2010, Wiklund and Shepherd, 2011, Wales, 2016, Lohrke et al., 2018) that future studies examining the effects of entrepreneurial orientation on organisational outcomes need to focus further on outcomes other than performance at a firm-level, such as addressing strategic decision-making effectiveness at a firm-level. This is because performance at a firm-level has been widely studied, but strategic decision-making effectiveness has received relatively little attention (Fredrickson, 1985, Dean and Sharfman, 1996, Elbanna and Child, 2007a).

Therefore, the investigation on the relationships between both entrepreneurial orientation and an adherence to Islamic financial values, with regards to strategic decision-making effectiveness, will help us to understand that, any level of these intangible resources for organisations can improve the strategic decision-making outcomes. This is especially the case for these particular resources, since they are both seen as the hidden mechanism behind the achievement of having a sustainable competitive advantage and greater outcome for organisations, as these better outcomes are dependent upon the degree to which the organisations are willing to adopt an entrepreneurial orientation and an adherence to these Islamic values.

Third, this thesis takes into account previous studies' recommendations that future studies might wish to explore the role of the behavioural approach that is captured by the politicisation in strategic decision-making as a mediator (Lumpkin and Dess, 1996, Fiet et al., 2005, Martin and Javalgi, 2016, Thanos et al., 2017, Nakos et al., 2018). In the case of the current study, as previously highlighted, this will be between the intangible resources for organisations (entrepreneurial orientation and an adherence to Islamic financial values) and the effectiveness of strategic decision-making, since companies are constantly seeking ways to improve their

ability to make appropriate decisions. In particular, the increasing complexity of the competitive environment - with the need to maintain values and innovate rapidly and constantly in order to survive - entails the frequent and without having to abandon political behaviour, in order to make effective, successful decisions.

Fourth, this thesis takes into account previous studies' recommendations (Rajagopalan et al., 1993, Elbanna and Child, 2007a, Elbanna et al., 2014) that future studies might examine the role of strategic decision-specific factors, such as decision importance, decision motive and decision uncertainty, on the relationships between politicisation and the effectiveness of strategic decision-making. This is important, since there is no clear picture in the literature concerning the role of strategic decision-specific factors as moderators between these variables.

Fifth, this thesis takes into account previous studies' recommendations to conduct future research in non-American or non-European country settings (Papadakis et al., 1998, Whittington et al., 2002, Elbanna and Child, 2007a, Nakos et al., 2018), since the existing literature has been well-established in the context of Western, developed economies (Rauch et al., 2009, Martens et al., 2016). Thus, previous studies recommend broadening the geographic focus by collecting data from other cultural groups, such as Arab countries (Thanos et al., 2017). Consequently, the research for this thesis is conducted in Saudi Arabia.

Sixth, as this research uses a questionnaire for the data collection, this research takes into account previous studies' (Elbanna and Child, 2007a) recommendations to use multiple respondents from each company, in order to minimise the effects of systematic response bias. Finally, this research takes into account previous studies' recommendations (Miller, 2011, Wales et al., 2015, Wales, 2016) to investigate new business investment decisions (e.g. new entry, such as the launch of subsidiaries, acquisitions, mergers, joint ventures, company establishment).

1.6. Thesis Structure

Each chapter of the thesis starts with a brief introductory section, which outlines what the researcher is expecting to accomplish in the chapter, and to also show the reader how the contents of the chapter relate to the research topic. At the end of each chapter, there is a short summary of the chapter, with a linkage to the next chapter. The thesis is structured into seven chapters, which are introduced below:

- Chapter One: Introduction

This chapter reveals the motivation for the research and the research topic. It presents the context for the study, the research objectives, the research question and its basic assumptions. Following this, it expounds upon the research contribution and highlights the theoretical framework and research design. Finally, this chapter concludes by presenting an outline of the structure of the thesis.

- Chapter Two: Literature Review

This chapter provides an in-depth discussion of the relevant literature on the key elements of this study; namely, entrepreneurial orientation, Islamic financial values and strategic decision-making. This is to establish a theoretical framework that could guide the research as, without a thorough analysis of the current theories, any claims to make a ‘contribution to knowledge’ cannot be sustained (Hart, 2018). Moreover, this chapter presents a review of the key concepts and terminology related to this study, which are adherence to Islamic financial values, entrepreneurial orientation and its dimensions (innovativeness, proactiveness and risk-taking), strategic decision-making, politicisation in strategic decision-making and strategic decision-making effectiveness. Finally, the chapter illustrates the research gap that this study seeks to fill and the research questions.

- Chapter Three: Research Theory and Model

This chapter begins with a presentation of the research conceptual model, along with the research hypotheses. Following that, this chapter provides a detailed discussion with regards to the theories underlying the research conceptual model. Then, this chapter provides an explanation of the role of entrepreneurial orientation and adherence to Islamic financial values in strategic decision-making effectiveness. Next, this chapter explains the assumed mediating role that politicisation in strategic decision-making plays between the adherence to Islamic financial values and the strategic decision-making effectiveness, as well as between the entrepreneurial orientation and strategic decision-making effectiveness. It will then review the theoretical and empirical studies related to strategic decision-specific factors, and explain their presumed moderating role between politicisation in strategic decision-making, and also with regards to strategic decision-making effectiveness. After this, the chapter provides a summary of the research hypotheses. Finally, this chapter provides a summary of all of the sections in this chapter.

- Chapter Four: Research Methodology and Design

This chapter concentrates on describing and justifying the methodological choices of the study. Moreover, it presents the rationale for the adoption of a quantitative approach for this investigation. In doing so, the chapter argues that the survey questionnaire approach is an appropriate methodology for this research topic. Furthermore, the chapter explains the research design by providing detailed information on the data collection processes and research method. Moreover, this chapter presents a research sample profile that provides a description of the sample's demographic data analysis from the participants. Also, this chapter provides a measures section that shows the study's measures, and defines and defends them. Finally, this chapter provides a brief description of the procedures of the data analysis of this study, and also provides ethical considerations for this study.

- Chapters Five: Data Analyses and Research findings

This chapter introduces the findings of this study, along with the set of propositions stemming from them. Using the proposed statistical software (SPSS and SmartPLS), those findings are explained. The data screening and preliminary analysis, Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and hypothesis testing of the thesis are provided.

- Chapter Six: Discussion

This chapter proposes to discuss the study findings in relation to the extant literature and in light of the research questions, highlighting the similarities and differences regarding the relevant prior studies. This chapter is divided into three main sections: The first section provides a summary of the study findings related to the hypothesis testing, which helps us to discuss the findings of the study. The second section is the main discussion and implications of the study findings; in this section, this study discusses the findings regarding the relationships between adherence to Islamic financial values/entrepreneurial orientation and strategic decision-making effectiveness, and the important implications drawn from these findings. Moreover, it discusses the findings regarding the relationships between adherence to Islamic financial values/entrepreneurial orientation, politicisation in strategic decision-making and strategic decision-making effectiveness, and then presents the important implications drawn from these findings. In addition, this section discusses the findings of the relationships between politicisation in strategic decision-making, strategic decision-specific factors (decision importance, decision motive and decision uncertainty) and strategic decision-making effectiveness, and then presents the important implications drawn from these findings.

- Chapter Seven: Conclusion

The aim of this chapter is to introduce a conclusion to this study. This chapter is divided into six main sections. The first section provides a recap of this study, while the second section provides a summary of the findings. The third section provides a summary of the contribution of this study, while the fourth section considers the limitations of this study. Lastly, the fifth section contains recommendations for future research.

Chapter Two: Literature Review

Chapter Two: Literature Review

2.1. Introduction

The aim of this chapter is to review the theoretical and empirical studies related to Islamic financial values, entrepreneurial orientation, and strategic decision-making, in order to establish a theoretical framework that can guide the research. The first section of this chapter relates to the adherence to Islamic financial values within organisations. This section provides a brief overview of Islamic law (shariah) and, by extension, an overview of the Islamic financial values, which are a focal point of this study. Following this, a discussion is presented regarding how adherence to Islamic financial values may help strategic decision-makers to make better decisions for their organisation. This section explains the relationship between adhering to Islamic financial values and strategic decision-making from the existing literature. The second section of this chapter is related to entrepreneurial orientation. It seeks to provide a definition of entrepreneurial orientation and reviews its characteristics, before exploring the relationship between entrepreneurial orientation and strategic decision-making in light of the existing literature. The third section of this chapter relates to strategic decision-making and strategic decision-making effectiveness, which is also a focal point of this study. This section provides a detailed insight into strategic decision-making and strategic decision-making effectiveness based on the existing studies and literature. Also, this section provides a discussion about how firms with a strong entrepreneurial orientation can foster their strategic decision-making to become more effective. The fourth section of this chapter is about politicisation within strategic decision-making, which is also a focal point of this study. This section provides an overview and a discussion about politicisation within strategic decision-making. The following section of this chapter will aim to provide the research gaps that this study seeks to fill and answer the research questions. This chapter finally provides a general summary of all the chapter's various sections.

2.2. Adherence to Islamic Financial Values

Another fundamental element that this study focuses on is organisations' values. The definition of values varies, based on the particular area of social science, including business and management studies. However, the most common explanation of values, particularly in business studies, is concerned with an organisation's core convictions by which a company abides (Schein and Schein, 2017). These core convictions (values) explain what is good or bad, and desirable or undesirable, for each organisation. Thus, these values drive all behaviour and can be described as ideals or principles. Upon analysing the literature in this context, a number of definitions of both values and organisational values are specified. For instance, Sullivan et al. (2001) defined values as "*the principles by which both individuals and organisations live*" (p. 248), while Raynor (1998) defined the core values of an organisation as "*the principles to which the company should align all actions and are essential and enduring tenets*". Furthermore, Collins and Porras (1996) explained that "*organisation values are a small set of general and guiding principles that are not to be confused with the specific cultural or operating practices, nor to be compromised for financial gain or short-term expediency*".

This study focuses particularly on the Islamic financial values that are adhered to by Islamic firms, because these values may have a significant bearing on the strategic decision-making. According to Sminia et al. (2019), the strategic decision-making takes place based on the institutional logic for the organisations. The institutional logic combines the shared norms, assumptions, values, beliefs, and rules within the organisations, which enables and constrains the activity that takes place in them (Thornton and Ocasio, 2008, Sminia et al., 2019). Furthermore, according to Arslan (2009), religious values can create a distinctive perception that influences the interpretation of information which, in turn, will lead to the making of distinctive decisions and the taking of appropriate action. Moreover, according to Mintzberg et al. (2005), strategic decision-making is, "*a cognitive process that takes place in the mind of the strategist*" (p. 170), which verifies the importance of understanding the cognitive process in the mind of the strategist, who plays a significant role in determining the strategic direction of organisations. In other words, in the strategic decision-making process, the same information is likely to be processed differently by different decision-makers, depending on their values, perception and interpretation of the information. This, in turn, affects the outcomes of strategic decision-making (Arslan, 2009). Supporting this argument, many previous studies have detected a relationship between cognition and action, and how they can determine the outcome for an organisation. For example, Simon (1977) states, "*much of the iceberg is,*

indeed, below the surface and inaccessible to verbalization, but its concealed bulk is made of the ice as the part we can see...”

Crossan et al. (2004) argued that management preferences must be taken into consideration during strategy analysis, as the strategic preferences of the decision-making teams can determine the strategic direction of organisations, which subsequently determines the outcomes of strategic decisions for organisations. Accordingly, two different organisations that are in the same environment may show discrepancies between their strategic orientations. Due to the fact that strategic decisions are made depending on the perception and interpretation of the strategic decision-makers within the top management team of organisations, the strategic decision-making processes are considered subjective (Schneider, 1997). In this regard, if strategic decisions are made based on the cognition of the strategic decision-makers in the top management, the values and beliefs embedded in their cognition will add a new dimension that needs exploration in the process of strategic decision-making. Therefore, it is crucial to analyse the effect of an adherence to Islamic financial values on strategic decision-making effectiveness.

Moreover, the focuses on Islamic financial values as this study takes into account other previous studies (Beekun, 2006, Branine and Pollard, 2010, Edmond and Wiklund, 2010, Gümüşay, 2015, Ishak and Osman, 2016), which recommend investigating the specific Islamic values of an organisation, such as the Islamic financial values, in order to develop a new model that can explain the effect of these on the strategic decision-making's outcomes. Furthermore, the focuses on Islamic financial values, as this study takes into account previous studies' recommendations to broaden the geographic focus by collecting data from other cultural groups, such as Arab countries (Thanos et al., 2017). Thus, this study collected data using Saudi Arabian companies as the research setting. In the case of Saudi Arabia, the legal system that impacts upon the institutions and business practices is Islamic law (Shariah) (Alfalih, 2016). We take this into account, and apply it to the organisational values pertaining to the businesses within this region.

In the following sections, a brief discussion pertaining to Islamic law (shariah) is presented, followed by an overview of Islamic financial values; this is because shariah is the key aspect upon which the current study focuses. After that, this study shall explain how an adherence to Islamic financial values can help strategic decision-makers to make better decisions for their organisation.

2.2.1. Islamic Laws (Shariah)

Islamic law (shariah) is “*the body of Islamic rules and teachings that governs Muslims’ relationships with their families, society, and nation*” (Yussef, 2016, p. 2). Mohamed (2018) defined Islamic law as “*the set of divine laws that when followed will maximize the utility of mankind on Earth whilst also maximizing rewards for them in the Hereafter*” (p. 21). In terms of its primary sources, sharia law is derived from both the Holy Quran (the religious scripture of the Islamic faith, which Muslims believe to be the direct word of God) and the Sunnah (the recorded words and actions of the Prophet Muhammad (may the peace and blessings of God be upon him - out of respect and reverence for the Prophet, it is customary for Muslims to ask God to send his peace and blessings upon the Prophet whenever his name is mentioned, whether in speech or written form), which illustrates and explains the Quran) (Branine and Pollard, 2010). There are other widely-accepted sources that constitute the shariah, which are the consensus of scholars (Ijma) and analogy (Qiyas); both of these are derived from the primary sources (the Quran and Sunnah), but these secondary sources are essential in providing solutions to the challenges that Muslims may face throughout their lives (Beekun and Badawi, 2005).

In the context of shariah, an analogy is defined as “*the derivation of guidance concerning a new situation or problem that is similar to the situation dealt with in the Qur’an and/or Hadith*” (Arslan, 2009, p. 24). Therefore, Islam is regarded as a religion that can provide practical experiences to its adherents at anytime and anywhere on Earth, due to its dynamic structure.

Ibn Taymiyyah, the famous 14th century Muslim scholar and theologian, explained that “*Islamic law came to realize and enhance human well-being and to minimize and neutralize sources of harm and corruption*”. Likewise, the renowned Islamic scholar, Imam Al-Ghazali, showed that the objective of the Islamic law is “*to develop the wellbeing of all mankind, through safeguarding their faith (din), their intellect (‘āql), their human self (nafs), their progeny (nas'l) and their wealth (māl)*”. This is something that most religions would agree on, since their sacred laws were sent to protect these five essentials (religion, human life, progeny, material wealth and the human faculty of reasoning) (Al-Raysuni, 2006). In short, Islamic law is a principle/value-based system that provides a foundational rule for all of humankind. More specifically, it is a code of living for Muslims to abide by, including their acts of worship (i.e. prayers, fasting, etc.) and financial transactions, in order to achieve well-being for humankind on Earth and attain spiritual success in the Hereafter. Moreover, its objectives are to help Muslims to understand how they must arrange all aspects of their lives according to Allah’s

(God's) wishes (Yussef, 2016).

The practical application of Islamic law was interpreted and implemented by the Prophet Mohammad (peace be upon him) in the first Muslim community in Madinah, Arabia. This is where the Prophet Mohammad (peace be upon him) developed and established the first Islamic state, through which its inhabitants adhered to Islamic rulings, which turned into laws that were accepted and followed by the whole community, including non-Muslims. Under Prophet Mohammad's (peace be upon him) guidance, the community in Madinah flourished, with fairness and justice as its hallmark (Bashier, 2015, Mohamed, 2018).

In this section, this study provided a brief discussion about Islamic law (shariah). In the next section, an overview of the Islamic financial values, which is a focal point of this study, shall be provided.

2.2.2. Islamic Financial Values

Islamic financial values are a subject of growing interest to many researchers as they provide an alternative system for structuring the world's economy (Lone, 2016). Since these values are based on religious teachings, Islam views trade as a significant component of economic development. Therefore, Islamic financial values stress the need for ethical investment. Adherence to the Islamic financial values (religious or regulatory), regardless of religiosity, ensures that the social order is maintained which, in turn, results in an organised, cohesive, just and prosperous social system. Mohamed (2018) illustrates how Islamic financial values are part of a socio-economic system, and that they depend on *“the implementation of risk-sharing, including mitigating known and projected risks by adopting a shared risk approach as opposed to the transfer of risks, as well as consideration for sustainable development for future generations”* (p. 25).

The foundation of the Islamic financial philosophy is, *“the provision of financial services in accordance with Islamic principles (Shariah)”* (Kammer et al., 2015, p. 9). This is supported by (Aburime and Alio, 2009), who describe Islamic financial as *“a system of financial or activity that is consistent with the Shariah principles of the Islamic law and works under the guidance of Islamic economics”*. Moreover, Visser (2013) explained that Islamic financial values provide *“a way to put Islamic principles regarding the economy into practice”* (p. 1).

Thus, Islamic financial values (shariah) encourage fairness and efficiency regarding resource utilisation. In addition, they ban interest (riba), products with excessive uncertainty (gharar), gambling (maysir) and short sales, as well as the financing of prohibited activities that are considered harmful to society. It also requires the parties engaged in a contract(s) to honour the principles of fair treatment and the sanctity of contracts (Hassan and Aliyu, 2018). Furthermore, within the Islamic financial values, transactions must be underpinned by real economic activities, and there must also be a sharing of any risks within economic transactions to balance and harmonise both society and the economy (Haniffa and Hudaib, 2007, Kammer et al., 2015). In other words, the Islamic financial values seek to protect money and the economy, and are interested in the principle of fairness. This shall be expounded upon by looking at the prohibition of certain types of monetary exchange under shariah (namely, interest, products with excessive uncertainty and gambling). Hence, according to the above previous concepts, this study defines Islamic financial values as the values that provide a way to put Islamic principles regarding the economy into practice, that encourage fairness and efficiency regarding resource utilisation, and that also ban interest (riba), products with excessive uncertainty (gharar), gambling (maysir), short sales and the financing of prohibited activities that are considered harmful to society. Also, the Islamic financial values require the parties engaged in a contract(s) to honour the principles of fair treatment and the sanctity of contracts. Transactions must also be underpinned by real economic activities, and there must also be a sharing of any risks within economic transactions to balance and harmonise both society and the economy.

One must further emphasise that, in relation to riba (interest), by no means do the Islamic teachings prohibit profit within finance; this is actually permitted and also encouraged. However, what is prohibited is a profit being unfairly made through interest. The Quran states “*Allah has allowed trading and forbidden Riba*” (Chapter 2, verse 275). Moreover, shariah decrees that there should be neither harming (darar) nor reciprocating harm (dirar) during trade. The Messenger of Allah (the peace and blessings of Allah be upon him) said: “*No harming (darar), no harm (dirar)*” (Imam Nawawi’s 40 Hadith, hadith #32). Scholars have pointed out that one of the most common examples of harm and the reciprocation of harm via trade is through interest/usury. For instance, the charging of late fees would be a form of interest, as it is an exploitation of others. Thus, interest is prohibited due to money being a medium of exchange; it, therefore, has no independent value and must not be a tradable commodity, which is itself capable of being exploited for profit.

One may also associate a level of unethicity or unfairness with interest-based loans. An example to illustrate this would be if a rich person lends money to a poor person, and then makes more money by exploiting that individual to give a greater percentage back, simply on the basis of him having to lend money in the first place. Western banks that use non-Islamic financial systems, generally adopt the same system and make money from interest on lent money or from a financial transaction with debtors (Alexakis et al., 2018). Under Islam, however, such behaviour is prohibited, due to it the interest aspect and, as an alternative, shariah-compliant banks often allow profit for labour or for the taking of risk, but not solely for the use of money. Thus, Islamic banks provided many Islamic financial productions, which are referred to in Arabic as *Mudarabah* (silent partnership), *Musharakah* (joint venture), *Murabahah* (mark-up sale/sale at margin) and *Ijarah* (leasing/rent) (Hassan and Aliyu, 2018). *Musharakah* and *Mudarabah* are based on profit-and-loss-sharing. *Murabahah* and *Ijarah* are based on the purchase and hire of goods or assets and services on a fixed-return basis. Thus, as explained by Kammer et al. (2015), Islamic financial products depend for their validity on the sale of assets or the receipt of rent for the use of property. Moreover, these are viable and profitable Islamic financial products.

As for the prohibition of *gharar* (products with excessive uncertainty) under shariah, this is decreed because it “*connotes a transaction based on incomplete information (or deception) and which incorporates an unnecessary degree of risk and/or uncertainty*” (Garner, 2013, p. 73). However, one may assert that an element of risk is present within all modern transactions so, if one was to prohibit all risk-taking, then this would essentially prohibit trade. Thus, a clarification is needed regarding what shariah actually means within the context of *gharar*. That is, *gharar* refers to the prohibition of only unnecessary or blind risk (Rodinson and Pearce, 1966). However, even in those instances, there is flexibility, as El-Gamal (2000) explains:

“jurists have been more lenient to varying degrees with the prohibition of gharar since no contract can be totally devoid of uncertainty’ and ‘in many cases, gharar can be eliminated from contracts by carefully stating the object of sale and the price to eliminate unnecessary ambiguities” (p.8-9).

This flexibility has allowed for a greater diversity of Islamic financial products to arise through innovation.

In regard to maisir or qimar (gambling), this is prohibited due to its contract being based on luck or, effectively, a gamble. Balala (2010) clarifies that the prohibition applies to any commercial contracts that inventively involve a degree of speculation; in other words, the outcome depends on luck or chance. It is interesting to note that similar initiatives exist in other faiths. For instance, the STOXX Index only selects companies that respect Christian values (Garner, 2013).

2.2.3. Explaining the Relationship between Adherence to the Islamic Financial Values and Strategic Decision-Making within Organisations

To develop organisations, the broad principles and core values of an organisation need to be defined and implemented. However, the major problem associated with adhering to these values by the decision-makers of an organisation arises if they do not know what values their organisation expects of them. For example, some of those decision-makers may not even consider it their responsibility to take a stand for integrity and morality. Thus, the core values of an organisation must be regarded as a general statement by it and must be adhered to by its decision-makers. In light of this, adherence to these values will promote corporate development and internal structural reform, which results in making better decisions for the organisation. This study focuses on the adherence to Islamic financial values in organisations in Saudi Arabia. After providing an overview of the Islamic financial values in the previous section, this section seeks to explain how an adherence to these values can help strategic decision-makers to make better decisions for their organisation.

As with other religious values, Islamic values have a considerable impact on their adherents. Since Islam has a number of regulated principles, it is likely that one will see the influence of the religious codes on the economic practices and strategic decisions of those who adhere to it. According to Rice and Al-Mossawi (2002), *“the increasing impact of Islam on business operations is evidenced by the recent rapid growth of Islamic banking and finance worldwide”* (p. 77). Hence, Islamic business values could play a significant role in the business activities of Islamic countries (Arslan, 2009). If one focuses on Saudi Arabia with respect to this above discussion, the legal system that impacts upon the institutions and business practices is Islamic law (Shariah) (Alfalih, 2016), which means that one would find the influences of religious beliefs and values on the economic activity of Saudi organisations. However, in real business practices and applications, there is a degree of divergence between organisations and their adherence to Islamic teachings (Rice, 1999), which is also likely to influence their strategic decision-making process.

As this study had illustrated in the previous section, Islamic values identify two critical concepts within the Islamic tradition, referred to as “halal and haram”. Arslan (2009) defined both of these terms, with halal being defined as, “*lawful and describes any object or any action permitted in Islam*” (p. 12) and haram as, “*unlawful and defines any object and action prohibited in Islam*” (p. 12). Therefore, Muslim decision-makers will interpret any information that they come across within the framework of these terms and Islamic values. In this regard, the interpretation of information that is based on Islamic values is of critical importance to the organisation’s overall strategic decision-making process. In addition, it may play an important role in encouraging strategic decision-makers to explore any information that may help their organisation to find or create better strategies that are both profitable and adhere to Islamic principles. For example, the categorisation of halal and haram in the Muslim decision-makers’ minds is significant in their decision-making process because, when/if they encounter new information or new business practices, before they take any action, they will classify these into these particular categories. Thus, if they find a new idea or plan to be halal, they will implement it; however, if they find it to be haram, they will reject it, or try to find/create a better idea or plan. This means that Islamic values act as a filter through which information flows, and are subject to interpretation in the Muslim strategic decision-makers’ minds.

At this point, it is worth noting that the extent to which Islamic values play a role in the process of strategic decision making, and in the actions resulting from this process, depends upon the degree to which the Muslim strategic decision-makers are willing to adhere to these Islamic values. That is, for Muslim decision-makers, surrendering to God’s will is superior to fulfilling particular individual pleasures, seeking public conformity or complying with ethical standards. They have to attach a priority to Islamic values, and will reject any values that fail to conform to their subjective reasoning, even if they know that they will face some challenges and difficulties when making such decisions (Crossan et al., 2004). For example, if an organisation wishes to invest in a new project and requires funding for it, the decision-makers of that organisation may find themselves facing two possible routes: either a traditional loan request from commercial banks, or a request for financing from Islamic banks (i.e. the former is considered haram and the latter is considered halal) (Elasrag, 2011, Abdulsaleh and Worthington, 2013). In this regard, the decision-makers within the organisation will be obliged to reject the request for a traditional loan, even if they perceive that many benefits may arise from obtaining this loan and, instead, choose the Islamic financing route, even if it offers fewer benefits. The reason for this is because the adherence to Islamic financial values in business is considered part of their faith in God. Moreover, the philosophy of Islam considers humans to be servants of Allah (God), who are accountable to Allah (God), and the vicegerents of God on

Earth (Rice, 1999). Hence, decision-makers implement their responsibility in order to please Allah (God) and fulfil their divine duty.

Commenting on the previous example, in principle, an organisation's decision to invest in a new project must be based on whether the project will increase the wealth of the organisation. This is done by determining the expected value of the new project and, even though estimating a project's value is still a relatively subjective process, the socio-economic traits of the decision-makers can still affect it (Mohamed, 2018). Prior studies show that decision-makers exhibit overconfidence in their judgments and their ability to control risk when they make strategic decisions (Merkle, 2017, Corgnet et al., 2018, Mohamed, 2018). Milgram and Gudehus (1978) asserts, that "*human nature includes reflexive loyalty to authority, wherein people recast themselves as agents rather than autonomous decision makers*". Thus, decision-makers tend to support the top decision-makers' advancing risky strategies, which is a socio-financial problem related to excessive loyalty that inflicts financial costs on their organisations. Moreover, it allows the top decision-makers to behave in overtly unethical ways, yet justifies their behaviour in terms of morally-charged concepts like loyalty, trust, and duty; this type of obedience is resolute. Hence, decision-makers justify their acquiescence with corporate fraud as loyalty, trust, and duty to the powerful top decision-makers. In the context of this study and in light of the Islamic financial values, this loyalty transcends to God and supersedes the top decision-makers, who may use their position to induce unethical behaviour. Consequently, the above example shows that, in the process of strategic decision-making by the decision-makers, an adherence to Islamic financial values will help them to make effective decisions.

In support of the above discussion, the global financial crisis that occurred in 2007 showed how the non-compliance with financial ethical values by global organisations subsequently led to certain negative effects on those organisations, such as bankruptcy and collapse. However, the crisis also showed that those global organisations that adhered to Islamic (or ethical) financial values were safeguarded from the crisis, and their performance was stable (Alexakis et al., 2018, Salih et al., 2018). Several studies further revealed that the organisations that adhered to Islamic financial values performed better than those that did not, specifically in terms of profitability, resource use, cost-effectiveness, asset quality, capital adequacy and liquidity ratios (Parashar, 2010, Olson and Zoubi, 2011, Hasan and Dridi, 2011).

However, certain scholars from the classical economic school have shown that a financial system based on Islamic or ethical financial values is inefficient, ineffective and far from an ideal system overall (Barnes, 2013). They argue that such a system is essentially based on a

certain set of moral and ethical principles, which determine what is viewed as morally 'right' and 'wrong'. This, they explain, implies that there are actions and transactions that will promote or impede what is deemed as *the public good*. Thus, those who are committed to these Islamic or ethical values will negatively affect organisations, because these organisations will potentially miss many of the benefits and opportunities, as a result of the complexities arising due to the adherence to these values.

In response to this assertion, one may argue that the Islamic financial system differs from the classical economic system. That is, the classical economic school believes in individual utilitarianism, in pursuit of profit, while ignoring social and ethics utility (Riley, 2016). It seeks purely to maximise personal interests in order to remain competitive within the market. However, this is contrary to the nature of humans, with different affiliations, whether religious or secular. In this context, Wilson (1975) showed that humans, by their nature, are inclined to cooperate and abide by ethical standards. Similarly, Causse (2012) points out that the most ethical frameworks, whether secular or religious, share the same goal - to encourage people to adopt social characteristics and curb their selfish and aggressive qualities. Likewise, the teachings within Islam do not view individual profits as the only compelling force for involvement in business but, rather, enjoin its adherents to regard wealth as a trust from God, so they do not have an unlimited claim on resources (Chapra, 1992, Arslan, 2009). Thus, as the vicegerent of God, man must not fulfil his own needs selfishly.

Ali (2010), in his book, "The Spirit of Islam", contends that unbridled individualism is not allowed in Islam. Therefore, Muslims are given responsibility to take care of society, as Yousri (2005) notes, "*the consumption behavior of Muslims as determined in accordance with their faith and ethics will lead by way of the mechanism of a purely competitive market to optimum allocation of resources and optimum level of production*". Hence, the classical economic thought promoting utility maximisation and, in turn, extravagant consumption, does not parallel the Islamic perspective on production and consumption.

These teachings are based on the sources of Islam, including the statement of the Messenger of Allah (the peace and blessings of Allah be upon him), who said, "*Do not envy one another, and do not inflate prices for one another, and do not hate one another, and do not turn away from one another, and do not undercut one another in trade, but [rather] be slaves of Allah and brothers [amongst yourselves]. A Muslim is the brother of a Muslim: he does not oppress him, nor does he fail him, nor does he lie to him, nor does he hold him in contempt. Taqwa (piety) is right here [and he pointed to his chest three times]. It is evil enough for a man to*

hold his brother Muslim in contempt. The whole of a Muslim is inviolable for another Muslim: his blood, his property, and his honour” (Imam an-Nawawi’s 40 Hadith, Hadith #35). This is an important commandment by the Prophet Mohammad (peace be upon him), which is relevant and applicable to market participants, since they should behave justly and fairly to others in the same market, for the sake of maintaining brotherhood, trust and justice within society. Consequently, the Islamic financial values uphold “just competition”, through which private profit is ensured, and the ties of brotherhood are held. In turn, an adherence to Islamic financial values will help individuals to make better decisions.

To provide an in-depth view of the application of Islamic values within business dealings, it may be useful to present a specific example from the life of the Prophet Muhammad. According to Kister (1965), as well as Kallek (1997), after the Prophet Mohammad (peace be upon him) moved to Madinah, he planned to establish a new marketplace that was primarily based on the principles set out by Islam. His chosen location for the new marketplace was of strategic significance, due to the fact that the Jewish people in Madinah dominated the system of economics in the existing markets. This prevalent system was based on interest and, consequently, the new Islamic marketplace was built at an intersection of trade routes.

In the new Islamic marketplace, Islamic economic values were enjoined to govern all economic activities; for example, interest was prohibited. In addition to the Islamic financial values set for the new Islamic market, Mohammad (peace be upon him) made two important strategic decisions. First, he did not allow anyone to take or levy any tax on products; this was because traders in the new market were able to decrease the cost of their products, and so could charge shoppers less than other sellers. Second, he asked the participants in the market not to set up sections in the market, which encouraged the participants to set out their stalls early in the morning and to devote due effort in their economic activities. Over time, the new Islamic marketplace attracted even non-Muslim traders who wished to capture more profit.

The above example shows how Mohammad (peace be upon him) sought to fuel internal competition in the new Islamic market through its implementation and from the external competition between the new market and other non-Islamic markets, according to the Islamic financial values.

Moreover, according to the Sustainable Development Goals (SDGs), which were adopted by 193 countries in 2015 under the auspices of the United Nations, economic progress can only be achieved under a just economic and ethical system. Of the 17 Sustainable Development Goals (SDGs), the first 11 relate directly to Islamic financial values (Gundogdu, 2018). In other words,

and in accordance with the above discussion, an adherence to the Islamic or ethical financial values will help decision-makers to take more effective decisions through a commitment to the principle of protecting money, by not participating in activities that are prohibited by Islamic law (i.e., interest-based loans and gambling). Moreover, this approach will benefit decision-makers by ensuring that their money transactions are fair and ethical, through real economic activities that will earn economic benefit for both their organisations and the wider society, as well as through the practice of clear activities that are not based on ignorance or a lack of knowledge (Kammer et al., 2015, Haniffa and Hudaib, 2007).

To expound upon this, the next chapter explains the relationship between adherence to the Islamic financial values and strategic decision-making from the existing literature, as well as the presumed mediating role of politicisation between the adherence to the Islamic financial values and strategic decision-making effectiveness. The following section aims to provide an overview of politicisation within strategic decision-making.

2.3. Entrepreneurial Orientation

This section provides a definition of entrepreneurial orientation and reviews its characteristics. The importance of entrepreneurship is reflected by its growing presence within the management literature, especially in the area of strategic management (Wang, 2008, Parkman et al., 2012, Zahra et al., 2014, Anderson et al., 2015, Wales, 2016). This is because entrepreneurial orientation is often regarded as a crucial, sound strategic management approach, due to the fact that it is related to strategy-making and the process of decision-making lies at the heart of the strategy domain (Lyon et al., 2000). Thus, one may assert that entrepreneurial orientation provides a basis for strategic decision-making for any organisation (Anderson et al., 2015, Martin and Javalgi, 2016). That said, there is some integration within the literature regarding the combination of entrepreneurship alongside strategic decision-making.

An entrepreneurial orientation can be inferred from the mode of strategic management, as referring to a firm's strategic posture towards entrepreneurship (Vu, 2017). Therefore, this refers to entrepreneurial activity as a firm-level process, which includes firm-level processes, practices and decision-making styles (Covin et al., 2006). However, there is some debate in the literature regarding the definition of entrepreneurial orientation and, while there exists no generally accepted definition, many complementary definitions are available (Covin and Wales, 2012, Jantunen et al., 2005).

Lumpkin and Dess (1996) described entrepreneurial orientation as, “*involving the intentions and actions of key players functioning in a dynamic generative process aimed at new venture creation*” (p. 136-137), whereas Miller (1983) defined an entrepreneurial firm as, “*one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch*” (p. 771). Ramoglou and Tsang (2016) described entrepreneurial as an opportunity, defined as “*the propensity of market demand to be actualized into profits through the introduction of novel products or services*” (p. 411). Thus, scholars, as well as entrepreneurs, consider entrepreneurial orientation within organisations as the widget for profiting or achieving some other goal. In short, they portray entrepreneurial orientation as an opportunity to succeed by means of innovativeness, proactiveness and risk-taking (McMullen, 2015, Ramoglou and Tsang, 2016, Davis et al., 2011).

Likewise, Covin and Slevin (1991) showed that entrepreneurial orientation refers to “*the extent by which top managers are inclined to take business-related risks, to favour change and innovativeness in order to obtain a competitive advantage for their firm, and to compete aggressively with other firms*” (p. 21). They further argue that entrepreneurial orientation could best be measured by summing their three dimensions together, which are innovativeness, proactiveness and risk-taking. Similarly, Davis et al. (2011) defined an entrepreneurial orientation as, “*representing the underlying mindset of top managers that guide the development of the overall firm strategy and reflected the extent to which the firm’s management was willing to take business-related risks, to be innovative, and to be proactive in competing with other firms*” (p. 192).

In other words, entrepreneurial orientation describes the distinguished behaviour of the firm with regards to seeking opportunities by the following three elements: innovativeness, proactiveness and risk-taking (Dada and Fogg, 2016, De Clercq et al., 2015, Reijonen et al., 2016, Ramoglou and Tsang, 2016). Therefore, in order to gain a complete picture of this phenomenon and, in turn, generate more accurate results, the existing literature shows that empirical studies must incorporate these three elements as the dimensions when examining entrepreneurial orientation (Anderson et al., 2009). A detailed description of these elements now follows.

2.3.1. Innovativeness

Innovativeness is seen as the most important dimension of entrepreneurial orientation. Lumpkin and Dess (1996) confirmed that, “*without innovativeness, there is no entrepreneurial orientation regardless of the presence of other dimensions*” (p. 49). Likewise, Covin and Miles (1999) pointed out that innovativeness is critical in defining the entrepreneurial orientation. Moreover, Morris et al. (2010) indicated that innovativeness is the most critical factor that impacts upon firm performance, while Parkman et al. (2012) determined that it is the most widely-researched dimension relating to entrepreneurial orientation. The previous studies identified innovation within the entrepreneurial orientation as innovativeness. For example, Lumpkin and Dess (1996) explained that innovativeness within the entrepreneurial orientation meant the willingness of firms to pursue new ideas, and to explore/experiment with them creatively.

These definitions indicate that innovativeness involves a series of processes, such as searching for opportunities and ideas, selecting appropriate ideas, implementing these ideas with management support and learning, as well as creating new goods and services, new methods of production and new markets (Bessant, 2005). Moreover, these definitions also show that innovativeness within organisations need a suitable organisational climate to support it, and that it seeks and promotes new ideas that, in turn, lead to fresh opportunities (Amabile, 1997, Isaksen and Ekvall, 2010). That said, Hayes and Clark (1985) point out that new technologies and the application of technological models do not always guarantee innovation; this is because a suitable strategic focus, capability and the correct mind-set are all essential pre-requisites (Dyer et al., 2011). Furthermore, one should also note that, even though innovativeness is considered the most important dimension of the entrepreneurial orientation (Wu et al., 2008, Gürbüz and Aykol, 2009, Parkman et al., 2012, Preda, 2013), a review of the existing literature shows that innovativeness within the entrepreneurial orientation has not been clearly defined (Arshi, 2016).

There have been a few attempts to clarify and define innovativeness in the context of entrepreneurial orientation. For example, Lumpkin and Dess (1996) describe innovativeness as, “*a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative process that may result in new products, services, or technological processes*” (p. 142). Likewise, Walter et al. (2006) showed that innovativeness, “*is about a proclivity to support new ideas, novelty, experimentation and creative processes which challenges existing norms and practices and existing technologies that may result in new products and processes*”.

However, these definitions explain the readiness for innovation, rather than innovative outputs. A readiness to innovate is mainly linked to organisational innovation, which involves developing the overall innovative capability through adopting a strategic orientation towards innovative behaviour, and is supported by the organisational culture, structure and leadership (Bastic and Leskovar-Spacapan, 2006). Dess and Lumpkin (2005), as well as Rauch et al. (2009), argue that innovativeness is associated with a willingness to engage with creativity, experimentation and innovative efforts. Likewise, Damanpour (1996), Hurley and Hult (1998) and Walter et al. (2006) all suggest that innovativeness involves developing the capacity to introduce new products and processes.

In general, entrepreneurial orientation is perceived as motivating the innovativeness capability of firms. Notwithstanding, many studies have shown that innovativeness capability contributes towards improving firms' performance (and thus remaining competitive in capitalist environments) (Arshi, 2016, Smith, 2018).

2.3.2. Proactiveness

Not only is entrepreneurship linked with taking the initiative, but it is also related to exploring and pursuing opportunities. Prior studies in the literature provided various definitions of proactiveness. Miller and Friesen (1978) described proactiveness as a *“firm’s ability to shape the environment proactively rather than merely reacting to the changes in the market”* (p. 92). Miller (1983) suggests that proactiveness can be defined as *“first to come up with ‘proactive’ innovations”* (p. 771), while Lumpkin and Dess (1996) defined it as *“taking initiative by anticipating and pursuing new opportunities and by participating in emerging markets”* (p. 146). Furthermore, Ardichvili et al. (2003) defined proactiveness as *“forward-looking and opportunity-seeking behaviour that is accompanied by new entry and innovation”*. Thus, these definitions suggest that proactiveness is aimed at anticipating future needs, in which proactive firms tend to be seen as leaders, rather than followers in the market, and also that proactive firms have the foresight and vision to recognise opportunities, search for information, maintain watchfulness, engage in social networking, forecast demand and possess previous knowledge of products and markets (Lumpkin and Dess, 2001).

Moreover, Ramoglou and Tsang (2016) explained, in their study, that an entrepreneurial orientation within organisations is not constitutive of the existence of opportunities but, rather, part of the actualisation process. Furthermore, they showed that opportunities are neither discovered nor created. However, Ramoglou and Tsang (2017b) showed that opportunities exist in the economic landscape; they exist as the propensity of market demand to be actualised into

profits through the introduction of novel products or services. That said, entrepreneurs within organisations do not know when and where they exist, or whether they will be successfully actualised. They know when imagined opportunities correspond to real ones only following their empirical manifestation into profits (McMullen and Shepherd, 2006). Actually, no entrepreneurs within organisations would expect literally to observe opportunities, or experience the force of an opportunity in the same way that metals react to magnets (Shane et al., 2003, Baron, 2004).

Eggers et al. (2013) emphasised that proactiveness is “*about the propensity of the firm to anticipate, understand and act upon customer needs that have potential in the marketplace, thus challenging the competition and establishing a favourable first- mover benefit among competitors*”. Moreover, Covin and Lumpkin (2011) argued that proactiveness ensures that new opportunities and initiatives are identified and implemented, but that it may also lead to failure and negative outcomes because the idea behind entrepreneurship is about profiting by means of venturing (Ramoglou and Tsang, 2017a). Thus, new opportunities do not cause success; they merely make success possible (Wood, 2017).

Through proactiveness, the importance of exploiting first-mover benefits in order to capitalise on new opportunities is emphasised. Wang et al. (2015) and Tang and Hull (2012) viewed proactiveness as enhancing the first-mover benefits. Sandberg (2002) noted that proactiveness is helpful in launching innovations, as it has the capability to change the conditions of the market. Therefore, researchers have attempted to explain the first-mover advantage, whether in terms of new products or services, or in the context of firms’ proactiveness (Wang et al., 2015). Firms can gain an advantage through being proactive in emerging markets and this is the essence of proactiveness.

Baker and Sinkula (2009) concluded that proactiveness is significantly linked with superior outcomes for firms. Similarly, Rhee and Mehra (2013) found that adopting proactiveness in firms will lead to superior business performance, competitive advantage and, thus, a better position in the marketplace. Lumpkin and Dess (2001), Tang and Hull (2012) and Lau and Tovstiga (2015) all point out that it is easier for proactive firms to target premium markets and so obtain first-entrant advantages. Therefore, Bekefi et al. (2008) argued that firms must continually generate information concerning new opportunities via environmental scanning.

It must be noted, however, that the literature on entrepreneurial orientation often confuses proactiveness with competitive aggressiveness (Vu, 2017). Nevertheless, Lumpkin and Dess (1996) showed that, while these two phenomena are closely related, proactiveness is concerned with new opportunities that enhance the process of new entry, while competitive

aggressiveness is related to competitors and how firms react to the trends and demands existing in the market. In other words, proactiveness relates to creating and meeting a demand, while competitive aggressiveness relates to competing to meet a demand. Covin et al. (2006) showed that an overlap exists, not only between proactiveness and competitive aggressiveness, but also between proactiveness and innovation. Chen and Hambrick (1995) also argued that a firm must be proactive and responsive to innovation, and Wang et al. (2015) supported this view, arguing that proactiveness and innovativeness go together, with innovativeness being dependent upon a proactive approach. Nieto et al. (2015) concluded that introducing innovativeness means that firms' operating methods need to change, since they are operating in new markets and launching new products and services. They also pointed out that both innovativeness and proactiveness have a significant influence on improving the performance of firms and, thus, their outcomes.

2.3.3. Risk-Taking

Risk-taking is seen as one of the most important factors used to explain entrepreneurship. This refers to organisational risk as a result of new entry and innovativeness (Arshi, 2016). Prior studies in the literature provided various definitions of risk-taking. An earlier understanding of organisational risk is defined by Miller and Friesen (1978) as, "*the degree to which managers are willing to make large and risky resource commitments-i.e. those that have a reasonable chance of costly failure*" (p. 923). Lumpkin and Dess (1996) subsequently refer to risk-taking as "*firms with an entrepreneurial orientation are often typified by risk-taking behavior, such as incurring heavy debt or making large resource commitments, in the interest of obtaining high returns by seizing opportunities in the marketplace*" (p. 144). Likewise, Wiklund and Shepherd (2008) stated that "*Risk-taking refers to acting in ways that are perceived as bold even in the face of uncertainty, such as a willingness to commit resources where the outcomes are unknown and the probability of failure is high*" (p. 701).

Various studies have approached risk-taking as being related to risks in the context of new ventures, huge borrowing and resource commitment. Eggers et al. (2013) showed that risk-taking is related to organisational strategies that involve a high commitment of resources to projects - both human and financial - with a high probability of failure, such as venturing into new and/or unknown markets, investing in ventures with uncertain outcomes and large borrowings from the market (Baker and Sinkula, 2009). However, organisations take risks to enhance their business returns. Hughes and Morgan (2007) argued that firms take high risks in order to improve their organisational performance. Similarly, McGrath (2001) demonstrated

that firms that take high risks have variable outcomes, ranging from medium to high returns, and also have the potential for long-term profitability; this is in contrast to those firms that follow conventional paths and yield lower returns. Moreover, Dess et al. (2011) and Tang et al. (2014) noted that risk-taking in entrepreneurial settings has a positive effect on organisational performance and business growth.

Hoonsopon and Ruenrom (2012) showed that risk-taking is linked with innovation, especially product and service innovation. They argued that risk-taking and innovativeness positively impact upon the competitive advantage of the firm. However, other studies, such as (Miller and Friesen (1982) and Naldi et al. (2007), have shown that, while risk-taking and innovativeness may lead to success and rewards, it can also lead to failure and negative outcomes. Thus, they point out that both risk-taking and innovativeness are also negatively related to performance.

A review of the existing literature showed that earlier studies on risk-taking focused on safe-versus-risky strategies. Lumpkin and Dess (1996) noted that risk-taking is impacted by prior experience, the framing of risk-taking propositions, and also the ability to act logically in risky situations. Moreover, Lumpkin and Dess (2001) and Dess and Lumpkin (2005) concluded that the importance of safe and calculated risks, risk and opportunity assessment, as well as risk-oriented strategies, are all related to new products/changes to existing products. Moreover, Nishimura (2015) and Borison and Hamm (2010) argued that firms that view opportunities as being “too risky” will often miss out on other great opportunities, which, in itself, poses a risk to these firms. Similar sentiments are echoed by Bekefi et al. (2008), who showed that, if the unknown markets and opportunities are seen as too risky, these firms may miss important opportunities, which in itself is a risk.

The review of the literature further showed that most of the studies investigated the impact of risk-taking on organisational outcomes, particularly organisational performance. Moreover, several researchers, such as Lumpkin and Dess (1996), Stewart Jr and Roth (2004) and Xu and Ruef (2004), have reported that a risk-taking propensity in entrepreneurial firms remains unresolved - more specifically in terms of studying their effects on the organisations' strategic decisions outcomes - and, therefore, further research is needed in this field.

2.4. Strategic Decision-Making

This section provides a brief discussion about strategic decision-making. It then provides an overview of strategic decision-making effectiveness, which is also a focal point of this study.

2.4.1. Strategic Decision-Making

Strategic decision-making has emerged as one of the most active areas of current management research, where such decisions are reflected in the activities of the top-level management (Eisenhardt and Zbaracki, 1992). Studies pertaining to this particular area have developed remarkably over the past few decades (Papadakis et al., 1998), and scholars have developed and elaborated upon a number of different definitions. For example, Janczak (2005) described strategic decisions as, *“the infrequent decisions made by the top leaders of an organization that can affect its performance or even its survival”* (p. 64), while Armstrong (2006) defined strategic decision-making as including, *“organization tasks, political and activity ways of actions, resources definition, the choice of a production market, [and] the capital investment program”*. Similarly, Mintzberg et al. (1976) and Dean and Sharfman (1996) see strategic decision-making as significant in regards to the conduct that is performed and the resources that are committed. In addition, strategic decisions are often described as *“unstructured”*, *“un-programmed”* and *“messy”* (Schwenk, 1995, p. 473) and, since they deal with responses to the environment, they may even influence companies’ survival (Armstrong, 2006). That said, a vast body of literature views strategic decision-making as a dynamic process, in which many players inside the firm, acting cooperatively or independently, add to the formulation and implementation of strategy in both expected and unexpected ways (Shivakumar, 2014).

Theoretical models of strategic decision-making have been suggested by many authors, such as Allison (1971), Chaffee (1985), Mintzberg (1973), Lyles and Thomas (1988) and Hart (1992). In their attempt to depict and explain the process of strategic decision-making, these models reflect different conceptions of organisations. They range from rational models, which present a picture of an incorporated, all-around structured basic leadership body, settling on contemplated decisions from clearly delineated choices (e.g., (Andrews, 1971, Ansoff, 1987), to politicisation models, in which choices are seen as a result of the haggling and transactions among people and authoritative subunits with clashing observations, individual stakes and unequal power (Narayanan and Fahey, 1982, Pettigrew, 1977, Tushman, 1977). As for this study, it is concerned with the use of political behaviour in strategic decision-making, as represented by the politicisation model. The main focus of the politicisation model examines how the different parties involved are attempting to influence the strategic-decision process and outcomes. This can be achieved either through the power they possess or the measures they adopt in order to exert an influence (Elbanna et al., 2014). In addition, this study is also concerned with the specific outcome of strategic decision-making, which is strategic decision-making effectiveness.

2.4.2. Strategic Decision-Making Effectiveness

Strategic Decision-Making Effectiveness is one of the fundamental elements of this study. As mentioned above, it is defined as, “*the extent to which a decision achieves the objectives established by management at the time it is made*” (Dean and Sharfman, 1996, p. 372). Decision processes influence the decisions’ success, depending on two assumptions: 1) different processes lead to different choices, and 2) different choices lead to different outcomes (Dean and Sharfman, 1996). For instance, under comparable circumstances, some senior managers may make good strategic decisions, while others may make very poor ones, with highly damaging outcomes for their organisation (Bourgeois and Brodwin, 1984). In other words, if the senior managers are able to handle the strategic decisions effectively, they are able to achieve strategic decision-making effectiveness for their organisation (Fredrickson, 1985, Elbanna and Child, 2007b).

Many scholars in the field of strategic decision-making focus on organisational performance (Goll and Rasheed, 2005). Conversely, there are other scholars who, since the driver of strategic decision-making is corporate success, tend to focus on the decision level with regards to the outcomes of the strategic decisions, such as the decision effectiveness, decision success, and decision quality (Butler et al., 1993, Rodrigues and Hickson, 1995, Amason, 1996, Elbanna, 2003). Moreover, most of the empirical research on organisational outcomes deals with performance, which is not explicitly portrayed as decision effectiveness (Elbanna and Child, 2007a).

2.4.3. Entrepreneurial Orientation and Strategic Decision-Making

A decision refers to a choice amongst alternative actions, and a specific commitment to action (Mintzberg et al., 1976). Hence, decision-making is simply described as the act of choosing between alternatives (Saunders and Jones, 1990, Ketchen et al., 1996). That said, empirical studies show that the understanding of what a strategic decision is can vary considerably between organisations (Bhimani and Langfield-Smith, 2007). What one organisation considers a strategic decision, another organisation may not consider as such. Moreover, strategic decisions are described as “*the infrequent decisions made by the top leaders of an organization that can affect its performance or even its survival*” (Janczak, 2005, p. 64). In light of this, Armstrong (2006) has defined strategic decision-making as, “*strategic solutions include organization tasks, political and activity ways of actions, resources definition, the choice of a production market, the capital investment program*”. Similarly, Mintzberg et al. (1976) and Dean and Sharfman (1996) insist that strategic decision-making is highly important in terms of the actions

taken and the resources committed.

The studies that explore the process of strategic decision-making are “*concerned with how effective strategies are shaped within the firm and then validated and implemented efficiently*” (Chakravarthy and Doz, 1992, p. 5). These studies are interested in providing realistic and practical views concerning the processes that go into making strategic decisions more effective (Mintzberg, 1994). That is, the process of making strategic decisions must take into account the potential impact that these strategic decisions will have in helping an organisation to achieve its objectives (Dean and Sharfman, 1996). Thus, strategic decision-making effectiveness is defined as “*the extent to which a decision achieves the objectives established by management at the time it is made*” (Dean and Sharfman, 1996, p. 372).

Even though Shane and Venkataraman (2000) propose that entrepreneurship should be kept separate from strategic decision-making, many scholars support the combination of the two, since they drive organisations towards equilibrium (McGrath and MacMillan, 2000, Hitt et al., 2001, Zahra and Dess, 2001, Ireland et al., 2003, Choi and Shepherd, 2004). For example, Stevenson and Jarillo (2007) asserted that the entrepreneurial orientation, seen as a strategic choice, is embedded in the organisational philosophy, which subsequently drives the decision-making and behaviour towards creating new goods and services, new methods of production, and new markets. In other words, while strategic decision-making is important in terms of the actions taken, the resources committed, and the precedents set (Mintzberg et al., 1976), an entrepreneurship orientation represents the policies and practices that provide a basis for entrepreneurial decisions and actions related to seeking new opportunities and advantages (Lumpkin and Dess, 1996, Wiklund and Shepherd, 2003, Corbett et al., 2013, Kuratko and Audretsch, 2013). This is supported by previous studies, which suggest that the strategic decision-making process should be a creative, divergent thought process to yield a more successful strategy (Heracleous, 1998). In other words, the strategic decision-making process should be carried out in an effective, dynamic manner, in order to cope with the competitive challenges related to innovation, dynamic responses and knowledge sharing, since the process of strategic decision-making is about managing the future (Sabherwal and King, 1995, Lederer and Sethi, 1996, Segars and Grover, 1998, Acur and Englyst, 2006).

Despite the general agreement on the effects of entrepreneurship on performance (Stevenson and Jarillo, 2007, Hughes and Morgan, 2007, Keh et al., 2007, Scheepers et al., 2008, Real et al., 2014, Kuratko et al., 2015), the relationship between entrepreneurship and strategic decisions is debated. This debate encompasses corporate venturing, strategic renewal, the

entry into new markets, the traits of the individual and small firms, and various types of behaviour that are undertaken by established firms (Webster, 1977, Vesper, 1990, Mintzberg and Waters, 1985, Miller, 1983, Jennings and Lumpkin, 1989, Guth and Ginsberg, 1990, Covin and Slevin, 1991). For instance, Zahra and Covin (1993) and Lumpkin and Dess (1997) linked entrepreneurial strategy-making processes to firm strategy, the environment and performance, while Wang (2008) examined the mediating role of learning orientation and strategy regarding the impact of an entrepreneurship orientation on firm performance. They indicated that a learning orientation and strategy are important dimensions, and also showed that both of these have an impact upon the relationship between an entrepreneurship orientation and firm performance. Similarly, Campos et al. (2012) examined the mediating role of dominant logic (existing strategies and capabilities), in light of the relationship between entrepreneurial orientation and the firm's performance. They found that new ventures must foster the dominant logic (existing strategies and capabilities) by implementing appropriate strategic processes, in order to maximise the impact of an entrepreneurial orientation on the firm's performance. Moreover, Preda (2013) explored the influence of entrepreneurial orientation and market-based organisational learning on the strategic innovativeness capability of companies. They found that an entrepreneurial orientation and market-based organisational learning have a positive influence on the company's strategic innovativeness capability.

A review of the literature indicated the critical role of an entrepreneurship orientation on organisations' decision-making choices and outcomes (Shane and Venkataraman, 2000, Rauch et al., 2009, Wales et al., 2013, Vu, 2017). Mintzberg (1973) and Khandwalla (1977) argued that the performance of any organisation is largely predicated on strategic choices (e.g., being entrepreneurial by making proactive strategic moves and a willingness to engage in projects with uncertain outcomes), organisational attributes, and environmental exigencies. In the early 1980s, Miller (1983) determined an entrepreneurial approach to strategic decision-making, by suggesting that entrepreneurial-oriented firms are those that pursue innovation, aggressively enter new markets, and accept a measure of strategic and financial risk in the pursuit of new opportunities. However, a review of the literature also showed that the majority of empirical studies attempted to link an entrepreneurship orientation to the outcomes of firms, and that many of them focused solely on firm performance (Rauch et al., 2009, Wales et al., 2013). Nevertheless, as the research shows, simply investigating the effects of entrepreneurship orientation on firm performance provides an incomplete picture (Wang, 2008). Moreover, they also demonstrate that other issues related to strategic decision-making outcomes exist, which require additional research and attention, such as strategic decision effectiveness (Elbanna and Child, 2007a, Edmond and Wiklund, 2010, Wiklund and Shepherd, 2011, Wales, 2016). Thus,

further investigation will ensure that more information is known about the effects of an entrepreneurship orientation on the effectiveness of strategic decision-making, since the driver of strategic decision-making is organisational success (Bourgeois and Brodwin, 1984, Dean and Sharfman, 1996, Elbanna, 2003).

2.4.3.1. Entrepreneurial Orientation and the Effectiveness of Strategic Decision-Making

This subsection provides a discussion about how firms' strong entrepreneurial orientation will affect their strategic decision-making effectiveness.

Uncapher (2013) showed that organisations with a strong entrepreneurial orientation (i.e., those involving innovativeness, proactiveness and risk-taking), are able to make better decisions. This is important because, where organisations focus on value creation and results, as well as concentrating on leveraging the available resources to achieve maximum results, a strong entrepreneurial orientation will subsequently help them to achieve a sustainable competitive advantage and superior performance. Likewise, Morris et al. (2007) conducted an empirical study to examine the relevance of entrepreneurship in non-profit organisations. In this study, entrepreneurship was defined by innovative, proactive behaviour and risk-taking. Moreover, the findings indicated that the decisions of the decision-makers in non-profit organisations flourished through the entrepreneurial orientation, where these organisations focused on dynamic change and development in order to acquire better performance, and thus offer better services to the target society. The study also affirmed that entrepreneurship does occur in these organisations, regardless of the level of environmental turbulence. For these organisations, the driver of entrepreneurship was the need to make better decisions for their organisations, in order to serve their clients in the optimum manner.

Another study by Diochon (2010) investigated the possible links between governance, entrepreneurship and effectiveness in non-profit organisations. The findings showed that organisations with higher levels of goal achievement and innovativeness had a board of directors that utilised social processes, resulting in the fostering of an entrepreneurial orientation. The decision-makers at the top management level of these organisations acted proactively by doing whatever it took to drive success, and showed a willingness to model risk-taking behaviour by committing significant resources to projects with an unknown likelihood of success or failure. Interestingly, the findings clearly indicated that the top management decisions within these organisations were effective, based on their approach to recruiting new decision-makers who understood the value of being entrepreneurial. Additionally, the top

management in these organisations showed innovativeness by encouraging the board of directors to adopt social processes that fostered entrepreneurial behaviour, rather than simply exhibiting trustee or caretaker-like behaviour.

In a further study by Kim (2010), entrepreneurial practices were examined in relation to how they may be stimulated in the public sector. This was achieved by analysing the relationship between organisational characteristics and public entrepreneurship, in an attempt to provide empirical support for entrepreneurial practices in U.S. state governments. In doing so, public entrepreneurship was studied using the same three characteristics in previous studies on entrepreneurial orientation (i.e. innovativeness, proactiveness and risk-taking). In terms of innovativeness, the findings showed that structural flexibility had the strongest effect on promoting innovative behaviour in state governments, and thus fostered effective decisions. As for proactiveness, the findings confirmed that a flexible organisational structure promotes active entrepreneurial activity by linking an opportunity to an implementation stage. Lastly, for risk-taking, the findings indicated that the structural rigidity discouraged the state departments from attempting any risky undertakings that might, or might not, result in better outcomes.

In a slightly different context, Pearce et al. (2010) explored how adopting entrepreneurial orientation behaviour within religious organisations could improve their organisational outcomes. Interestingly, in contrast to the studies presented above, this study extended the traditional three-factor definition of entrepreneurial orientation to include autonomy and competitiveness also. The findings affirmed that entrepreneurial religious organisations do exist in the non-profit sector, but they vary regarding their use of entrepreneurial strategies. They also showed that entrepreneurial orientation behaviour can be seen as a source of competitive advantage for their organisations, and that innovativeness was one of the primary determinants of performance within religious organisations. Therefore, an entrepreneurial orientation was positively related to making good decisions and, in turn, had a positive effect on their outcomes, particularly in relation to those decisions associated with their overall strategy.

As stated, innovativeness had the strongest outcomes for religious organisations, which means that religious organisations that make more changes (or changes that are more dramatic), and emphasise new services and activities, will have better outcomes than those religious organisations that adopt a more conservative approach. This also suggests that innovativeness is a lever for improving the strategy within organisations, as well as their performance. In short,

the study found that an entrepreneurial orientation can be a source of competitive advantage or strategic renewal for religious organisations.

In another study, Coombes et al. (2011) investigated the relationship between the top management team's behaviour, entrepreneurial orientation and their organisational outcomes. The findings demonstrated that the top management team's behaviour and entrepreneurial orientation were significantly interrelated. That is, an entrepreneurial orientation helped the high level managers to make effective decisions, which clearly showed their ability effectively to manage resources in order to take advantage of opportunities which, in turn, had a positive effect on their outcomes.

This subsection provided a discussion about the possibility of the influence of a strong entrepreneurial orientation within firms on strategic decision-making's effectiveness. The following section will aim to define Islamic financial values and review the relevant literature pertaining to this area.

2.5. Politicisation within Strategic Decision-Making

This section provides an overview of politicisation within strategic decision-making. This chapter defines politicisation and reviews the literature that discusses this model in this context.

Scholars have discussed two types of definition of politicisation drawn from the existing literature, both of which provide opposing views of the politicisation concept, and with regards to the positive or negative role that politicisation plays in strategic decision-making. For example, Allen et al. (1979) defined politicisation as "*intentional acts of influence to enhance or protect the self-interest of individuals or groups*" (p. 77). This is supported by Child et al. (2010), who defined it as "*action(s) taken by decision makers in order to serve their own interests or those of the organisation*" (p. 123). Likewise, Wilson et al. (2010) and Elbanna et al. (2015) explained the idea behind politicisation, which is that individuals or groups within organisations have dissimilar interests and pursue different ways of using their power, in order to impact upon the decision-making processes within their organisations. In other words, politicisation in strategic decisions refers to coalition formation among the decision-makers, who cooperate and work together in their own interests, rather than those of the firm (Eisenhardt and Bourgeois, 1988, Child et al., 2010, Elbanna, 2016). This includes using their power to misuse and manipulate information, and further adapt the conditions to suit their chosen strategies for achieving their own interests. This occurs with the symbolic "pseudo"

participation that is rather than substantive from the rest of the members of the strategic decision-making team who have less power in the team, where only the compliant is chosen from their opinions with other members who hold the power and influence (Newman and Noble, 1990, Smith, 2018). In doing so, this then hinders effective decision-making that would help to achieve the organisation's aims (Wilson, 2003). However, their definitions also adopt a less cynical view of politicisation. Hence, it is acknowledged that politicisation may not always have negative consequences for strategic decision-making. Strategic decision-making is especially susceptible to politicisation, due to the fact that strategic decisions are complex, tend to have a significant influence and can be uncertain; this consequently provokes emotional rejoinders and strong opinions among top management teams (Child et al., 2010).

This study focuses on a negative perspective of politicisation as “*intentional acts of influence to enhance or protect the self-interest of individuals or groups*” (Allen et al., 1979, p. 77). Thus, politicisation is characterised by the interaction between interests, conflict and power (Elbanna, 2006). However, politicisation considers not only the politics among the decision-making team members, but also their attempts to impact on the strategic decision outcomes (Dean and Sharfman, 1996). Scholars adopting this negative perspective have argued that politicisation is likely negatively to affect the outcomes of firms and their decisions. They showed that politicisation might restrict and distort information flow, and distract decision-makers' attention from their organisational goals and divert it towards their own self-interests (Dean and Sharfman, 1996, Elbanna, 2006, Pettigrew, 2014). However, some studies argue that there is limited theoretical and empirical knowledge concerning the variables that could be augmenting or restricting politicisation (Child et al., 2010, Elbanna, 2016).

The number of studies in the field of strategic decision-making have grown rapidly and impressively within the past four decades (Elbanna et al., 2014). This is due to the influence of strategic decisions to organisations' survival, which implies long-term consequences for organisations. Thus, the process of making strategic decisions has received significant theoretical and empirical attention (Bourgeois and Eisenhardt, 1988, Dean and Sharfman, 1993b, Papadakis et al., 1998, Hickson et al., 2001, Elbanna and Child, 2007a, Elbanna et al., 2014). Earlier studies have evaluated the processes of strategic decision-making with a number of dimensions, and politicisation has been seen as one of the core, most significant strategic decision-making mechanisms (Goll and Rasheed, 2005, Elbanna, 2006, Child et al., 2010). Thus, this study focuses on politicisation, in order to portray the strategic decision-making process in a more realistic light (Eisenhardt and Zbaracki, 1992). In particular, this study attempts to understand the role of politicisation in strategic decision-making as a mediator between the

variables.

Previous studies in the literature mention that politicisation may have an indirect impact on the variables (Covin et al., 2006, Omisore and Nweke, 2014), therefore suggesting that studying politicisation in strategic decisions is as important contextual factor in business studies. Moreover, and in support of this argument, other studies have shown that politicisation can act as a mediator between variables (Lumpkin and Dess, 1996, Fiet et al., 2005, Martin and Javalgi, 2016, Thanos et al., 2017, Nakos et al., 2018). Nonetheless, the role of politicisation as a mediator is not yet fully understood (Frishammar and Andersson, 2009, Felzensztein et al., 2015). Therefore, this study attempts to understand the role of politicisation as a mediator, by investigating the role of politicisation in the relationships between an entrepreneurship orientation and strategic decision-making effectiveness, as well as in the relationships between an adherence to Islamic financial values and strategic decision-making effectiveness.

As highlighted earlier, many studies in the literature are largely focused on the negative aspects of politicisation (Kacmar et al., 1999, Randall et al., 1999, Valle and Perrewé, 2000, Witt et al., 2000, Guest and King, 2004, Hochwarter et al., 2010, Kapoutsis and Thanos, 2016, Cheng et al., 2017), since politicisation is often related to issues concerning power, influence and politics (Bhatnagar, 1992, Pollock et al., 2002). This led to the assumption that politicisation always impacts negatively on organisational outcomes; however, the question of whether politicisation can result in positive outcomes remains an important but hitherto unexplored empirical research topic. Conversely, scholars argue that the phenomenon of politicisation within organisations may also be seen as helpful in improving the organisational outcomes, which may, in turn, help organisations to realise and use their inherent potential and capabilities wisely. Thus, they argue that they perceive politics not only as a challenge that must be dealt with but also as an opportunity to realise their goals (Kapoutsis and Thanos, 2016, Eldor, 2017). Moreover, other studies have indicated and showed that one of the benefits of positive thinking in relation to the phenomenon of politicisation within organisations is by helping the decision-makers to think innovatively and devising creative solutions that help to deal with problematic situations (Fredrickson and Losada, 2005, Gross et al., 2011, Hochwarter, 2012, Eldor and Harpaz, 2016). Moreover, they indicate that, in some cases, without power or politicisation, organisations will find it difficult to adhere to their core values (Guest and King, 2004).

Based on the above arguments, the current study posits that, in the context of Saudi Arabia, politicisation within strategic decision-making could play a mediating role between entrepreneurial orientation and strategic decision-making effectiveness, and also in the adherence to Islamic financial values within organisations and strategic decision-making effectiveness.

The following section of this chapter will outline the research gap.

2.6. The Research Gap

Research in the area of strategic decision-making has identified the critical role of both Islamic values (particularly the adherence to Islamic financial values) and entrepreneurial orientation within organisations, in relation to strategic decision-making choices and outcomes for organisations, especially since both of these are considered to be intangible resources for organisations (Collins and Porras, 1996, Shane and Venkataraman, 2000, Bart et al., 2001, Mullane, 2002, Sufi and Lyons, 2003, Evans, 2005, Rauch et al., 2009, Manohar and Pandit, 2014, Vu, 2017, Wales et al., 2013, Zin and Adnan, 2016, Zin et al., 2017). Although previous studies have shown the importance of the core values of organisations regarding the organisation's strategic decision-making choices and outcomes, the review of the literature showed that our understanding the role of specific Islamic values, such as the Islamic financial values, in the organisation's strategic decision-making choices and outcomes, remains limited (Beekun, 2006, Branine and Pollard, 2010, Gümüşay, 2015, Ishak and Osman, 2016, Hassan, 2019).

This research has also shown that the majority of empirical studies pertaining to this have attempted to link an entrepreneurial orientation and organisations' values to the outcomes of firms, and that many of them have focused solely on firm performance (Rauch et al., 2009, Wales et al., 2013). Nevertheless, prior studies point out a significant issue here: that simply studying their effect on firm performance does not provide a complete picture (Wang, 2008). Supporting this argument, the previous studies have affirmed that other issues do indeed exist, and that additional research and attention related to strategic decision-making outcomes, such as strategic decision effectiveness, is necessary as they are not yet fully understood (Elbanna, 2003, Elbanna and Child, 2007a, Beekun, 2006, Branine and Pollard, 2010, Edmond and Wiklund, 2010, Gümüşay, 2015, Wales, 2016, Ishak and Osman, 2016).

Moreover, although previous studies have shown the importance of an entrepreneurial orientation and the core values of organisations regarding the organisation's strategic decision-making choices and outcomes, most of previous research focuses on investigating the direct relationship between these factors (Tihanyi et al., 2005, Heavey et al., 2009, Dabić et al., 2015, Campos et al., 2015, Kapoutsis and Thanos, 2016, Schein and Schein, 2017, Ribau et al., 2017, Hernandez-Perlines, 2018). In light of this, several studies have argued that these relationships may be complex and dependent upon a number of factors (e.g. politicisation within strategic decision-making) (Bianchi et al., 2017, Monteiro et al., 2017, Imran et al., 2017, Thanos et al., 2017). They argue that politicisation may have a direct and indirect effect on the variables (Lumpkin and Dess, 1996, Fiet et al., 2005, Martin and Javalgi, 2016, Thanos et al., 2017, Nakos et al., 2018); however, there exists a disparity among prior studies' results, and no clear picture has yet emerged (Frishammar and Andersson, 2009, Felzensztein et al., 2015).

Accordingly, this study investigates the intangible resources for organisations that are captured by entrepreneurial orientation and an adherence to Islamic financial values, and how they can affect the behavioural approach that is captured by the politicisation. It then seeks to determine how these resources and a behavioural approach can affect strategic decision-making effectiveness.

In addition, the review of the existing literature showed that our understanding of the role of decision-specific factors within politicisation decisions remains limited (Rajagopalan et al., 1993, Papadakis and Lioukas, 1996). As a result, researchers recommend using multiple decision-specific factors to gain a clearer understanding of their influence on the processes of strategic decision-making, such as decision importance, decision uncertainty and decision motive (Elbanna and Child, 2007b, Elbanna and Child, 2007a, Elbanna et al., 2014).

This study aims to fill these aforementioned gaps and contribute to the entrepreneurship and strategic decision-making literature. The next section presents the study's research questions.

2.7. Chapter Summary

This chapter highlighted the importance of the organisation's values in the literature, with a focus on an adherence to the Islamic financial values, due to the context of this study (i.e. Saudi Arabia). There is considerable empirical evidence to suggest that the fundamental values underpinning organisations impact upon their strategic decision-making choices and outcomes, as well as helping organisations to achieve successful strategies that can lead to a sustainable

competitive advantage and superior performance (Collins and Porras, 1996, Bart et al., 2001, Mullane, 2002, Sufi and Lyons, 2003, Evans, 2005, Manohar and Pandit, 2014). Moreover, the literature showed that Islamic values play a major role in the management, and thus, the performance of organisations (Helmy et al., 2014, Forster and Fenwick, 2015, Shafique et al., 2015, Abdul Cader, 2017). However, a review of the literature shows that the influence of specific Islamic values, such as the Islamic financial values, on strategic decision-making outcomes is not yet fully understood. Hence, this study attempts to address this limitation by investigating the role of adherence to the Islamic financial values on strategic decision-making effectiveness.

Moreover, this chapter has summarised the entrepreneurial orientation literature, with a focus on its key characteristics. There is considerable empirical evidence to support the view that the entrepreneurial orientation is multi-dimensional in nature (Anderson et al., 2009). This necessitates empirical research that adopts all of the entrepreneurial orientation's dimensions and characteristics which, according to Miller (1983) and Covin and Slevin (1991), are innovativeness, proactiveness and risk-taking. As most of the prior studies focused on one particular entrepreneurial orientation characteristic, usually innovativeness (Lumpkin and Dess, 1996, Covin and Miles, 1999, Morris et al., 2011), this study attempts to address this limitation by developing and testing all three dimensions. Moreover, this chapter provided a brief discussion about strategic decision-making and an overview of strategic decision-making effectiveness, which is also a focal point of this study.

Furthermore, this chapter has highlighted the role of an entrepreneurial orientation within organisations in relation to strategic decision-making choices and outcomes (Collins and Porras, 1996, Shane and Venkataraman, 2000, Bart et al., 2001, Mullane, 2002, Sufi and Lyons, 2003, Evans, 2005, Rauch et al., 2009, Manohar and Pandit, 2014, Vu, 2017, Wales et al., 2013). The existing literature showed that the majority of empirical studies attempted to link an entrepreneurial orientation and the organisations' values to the outcomes of firms, and that many of them focused solely on firm performance (Rauch et al., 2009, Wales et al., 2013). Nevertheless, previous studies also pointed out that simply studying their effect on firm performance provides an incomplete picture (Wang, 2008) and, therefore, future studies need to focus on the other issues related to strategic decision-making outcomes, such as strategic decision-making effectiveness, which is not yet fully understood (Elbanna, 2003, Elbanna and Child, 2007a, Beekun, 2006, Branine and Pollard, 2010, Edmond and Wiklund, 2010, Gümüşay, 2015, Wales, 2016, Ishak and Osman, 2016). Consequently, this study attempts to address this

limitation by investigating the role of an entrepreneurial orientation on strategic decision-making effectiveness.

This chapter also provided an overview of politicisation within strategic decision-making. It first defined politicisation and reviewed the literature that discusses this model within this context. Finally, the gaps that this study seeks to fill, along with the research questions, were presented.

The next chapter will present the research's conceptual model, along with the research hypotheses. It will aim to provide an explanation of the role of adherence to the Islamic financial values on strategic decision-making effectiveness, and the role of an entrepreneurial orientation on strategic decision-making effectiveness. Moreover, it will provide arguments to support the view that the role of politicisation acts as a mediator between the variables. This shall then be used to expound upon the role of politicisation as a mediator between the adherence to Islamic financial values and strategic decision-making effectiveness, as well as its role in an entrepreneurial orientation and strategic decision-making effectiveness. Once this has been considered, the chapter shall highlight the role of strategic decision-specific factors as a moderating variable.

Chapter Three: Research Theory and Model

Chapter Three: Research Theory and Model

3.1. Introduction

This chapter begins by presenting the research's conceptual model, along with the subsequent research hypotheses. Following that, it provides a detailed discussion of the theories underlying the research's conceptual model. Then, this chapter provides an explanation of the role of an adherence Islamic financial values in strategic decision-making effectiveness, and the role of an entrepreneurial orientation in strategic decision-making effectiveness. Next, this chapter explains the assumed mediating role of politicisation in strategic decision-making between an adherence to the Islamic financial values and strategic decision-making effectiveness, as well as between an entrepreneurial orientation and strategic decision-making effectiveness. It will then review the theoretical and empirical studies related to the strategic decision-specific factors, and explain their presumed moderating role between politicisation within strategic decision-making, and with regard to strategic decision-making effectiveness. The chapter will then provide a summary of the research hypotheses and, finally, summarise all of the sections of this chapter.

3.2. The Conceptual Model

Taking the important points of the discussion into account, this study attempts to make a contribution to knowledge within the strategic decision-making and entrepreneurial orientation literature. This is to be achieved by developing and testing the conceptual model for this study, which includes:

1. Adherence to the Islamic Financial Values as an independent variable.
2. An entrepreneurial orientation as an independent variable.
3. Strategic decision-making effectiveness as a dependent variable.
4. Politicisation as the mediator of the relationship between an entrepreneurial orientation and strategic decision-making effectiveness.
5. Politicisation as the mediator of the relationship between an adherence to Islamic financial values and strategic decision-making effectiveness.
6. Strategic decision-specific factors as moderators of the relationship between politicisation and strategic decision-making's effectiveness.

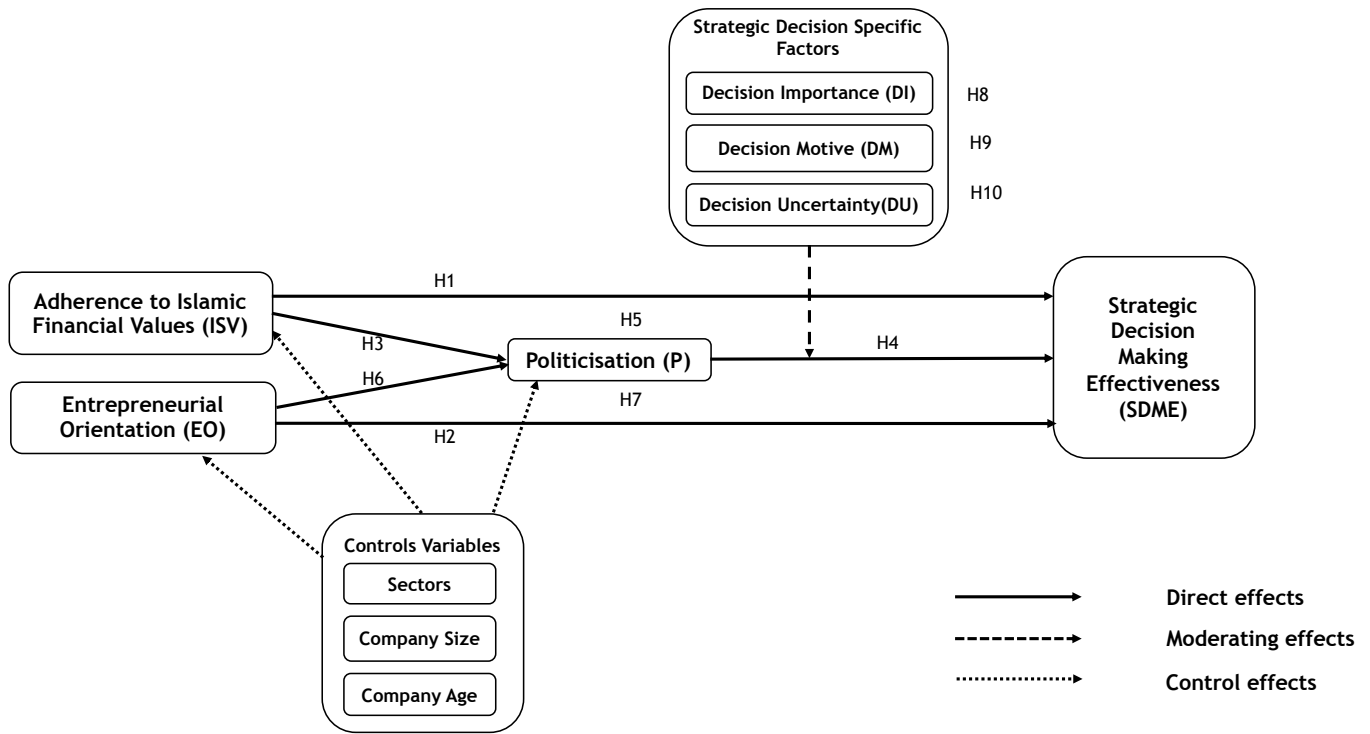


Figure 3. 1: The Conceptual Model with the Research Hypotheses

3.3. Theories underlining the Research Model

In this section, a detailed discussion is provided with regards to the theories underlying the research’s conceptual model. The first is an entrepreneurial orientation, which refers to the opportunity-seeking behaviour of a firm in forming a critical resource for firm competitiveness (Barney, 1991, Alvarez and Busenitz, 2001). This is captured within three interrelated dimensions: innovativeness, proactiveness and risk-taking (Miller, 1983). Innovativeness refers to *“the ability of the firm to introduce new products and services or modify existing ones in order to meet the demands of current or future markets”* (Zahra and Covin, 1995), while proactiveness refers to *“the tendency of the firm to introduce new products and services ahead of the competition and act in anticipation of future demand”* (Wang and Altinay, 2012). As for risk-taking, this refers to *“the propensity of the firm to commit resources to projects with unknown outcomes”* (Wiklund and Shepherd, 2005).

According to Covin and Miles (1999) and Freeman and Cavusgil (2007), an entrepreneurial orientation captures the top management’s propensity for innovativeness, proactiveness and risk-taking. As for the Islamic financial values, these are described as *“a system of financial or activity that is consistent with the Shariah principles of the Islamic law and works under the guidance of Islamic economics”* (Aburime and Alio, 2009, p. 321), which explains what is good or bad, desirable or undesirable, for each organisation from an Islamic perspective which, in turn, can be argued also to enhance firms’ competitiveness (Hove et al., 2014, Zin and Adnan,

2016, Zin et al., 2017). Therefore, both an adherence to the Islamic financial values and an entrepreneurial orientation are seen as intangible resources that can help to create a firm's competitive advantage.

In reference to politicisation within strategic decision-making, this is described as "*action(s) taken by the decision-makers in order to serve their own interests or those of the organisation*" (Child et al., 2010, p. 123). Therefore, politicisation is characterised by the interaction between interests, conflict and power (Elbanna, 2006). However, politicisation considers not only the politics among the decision-makers' team members but also their attempts to impact on the strategic decision outcomes (Dean and Sharfman, 1996). Thus, politicisation is seen as a behavioural approach for organisations. Moreover, strategic decision-making effectiveness is described as "*the extent to which a decision achieves the objectives established by management at the time it is made*" (Dean and Sharfman, 1996, p. 372), which is seen as the outcomes of organisations' strategic decisions.

This study argues that the high level of intangible resources in organisations (an adherence to the Islamic financial values and an entrepreneurial orientation) will intermingle with a behavioural approach (politicisation within strategic decision-making), but negatively. The argument of this study is based on the view that such Islamic financial values can help firms to create a competitive advantage only when firms strictly adhere to the Islamic financial values when making strategic decisions, which does not allow individual interests to be incorporated at the expense of the interests of the group (Kammer et al., 2015). Also, it is based on the view that such an entrepreneurial orientation can help firms to create a competitive advantage only if they are making strategic decisions based on clear, complete information (Eriksson et al., 2015, Thanos et al., 2017). This means that the entrepreneurial orientation is in conflict with politicisation in strategic decision-making, whereas politicisation in strategic decision-making relies to shadowing and distorting information to promote the personal benefits of the decision-makers or stakeholders (Eisenhardt and Bourgeois, 1988, Elbanna, 2016). Thus, this study argues that, with a high level of adherence to the Islamic financial values and entrepreneurial orientation in organisations, the level of politicisation within strategic decision-making must fall. Accordingly, the low level of politicisation within strategic decision-making will affect positively the outcomes of organisational strategic decisions.

Thus, this study will investigate the intangible resources for organisations that are captured by an adherence to Islamic financial values and an entrepreneurial orientation, and how these resources affect the behavioural approach that is captured by politicisation within strategic decision-making. It then seeks to determine how these resources (an entrepreneurial orientation and an adherence to the Islamic financial values) and a behavioural approach (politicisation within strategic decision-making) can affect strategic decision-making effectiveness. Furthermore, this study will investigate how strategic decision-specific factors affect the relationship between politicisation and strategic decision-making effectiveness.

3.4. Research Hypotheses

This section provides the research hypotheses based on the discussion in the following sections.

3.4.1. The Role of Adherence to the Islamic Financial Values in Strategic Decision-Making Effectiveness

To illustrate the importance of organisational values and, in particular, an adherence to the Islamic financial values for an organisation, (Zin et al., 2017) investigated how intellectual capital and Islamic values relate to small business performance. They showed that, in the previous literature, only a small number of studies have explored and paid attention to intangible assets, including the Islamic values of the enterprises. Therefore, these studies were seen as inadequate in educating entrepreneurs about the effect of intellectual capital and Islamic values to attain competitive advantages, profitability and performance. At the end of their studies, they also showed that the creation and management of intangible assets within the organisations, such as Islamic values, are important in order in overcoming firm competitiveness and performance issues. They explored organisations' intellectual capital and Islamic values that affected their business outcomes.

Zin and Adnan (2016), in their study on "*Intellectual Capital: How Do Islamic Ethics Rejuvenate It?*", pointed out that, in this era of the knowledge-based economy, intellectual capital and Islamic ethics or values are considered as a critical component for organisations to achieve a competitive advantage and offer added value. They also showed an understanding of the Islamic values and its consequences for superior performance that helps entrepreneurs to manage their organisations strategically. They also showed that Islamic ethics or values had a positive influence on success within business organisations.

Hove et al. (2014) investigated the influence of the Islamic financial principles on entrepreneurial motivation, firm competitiveness and performance. They discovered that the

Islamic financial principles had a positive influence on both entrepreneurial motivation and firm competitiveness, while the relationship between entrepreneurial motivation and performance was not found to be significant. However, they also showed that little empirical evidence supported the effect of Islamic financial principles on entrepreneurship, competition and performance.

Al-Kandi et al. (2013) explored the factors that could influence the strategy implementation process and its outcomes in Saudi Arabia's banking sector. They concluded that organisational factors are seen as important, but pointed out that the organisational structure, top management support, and Islamic principles or religion have the greatest impact on the strategic decision-making process, as well as on influencing the strategy implementation outcomes in Saudi Arabia. They also showed that, in Saudi Arabia, religion and traditional values are strongly linked to everyday life, including business. The Islamic laws, to which these banks within Saudi Arabia adhere, provide a way for managers to run a project in an efficient manner. Managers and employees consequently believe that religion, as a concept and practice, is linked to the success of the strategy by creating a sense that it is related to the aims of the bank and its strategy.

Prior studies have narrowly analysed values, and the majority have used values based on Hofstede's (1980, 1994) general framework's cultural dimensions (Tihanyi et al., 2005, Dimitratos et al., 2011, Dabić et al., 2015). Nevertheless, none of these studies have made a specific comparison with the values underpinned by religious sources (Ishak and Osman, 2016). In addition, the literature argued that much of the research has a theoretical and empirical focus on the West, and that this may be inapplicable to other parts of the world (Gümüşay, 2015). Furthermore, the literature showed that these prior studies are limited in exposing the gap between the theory and practice of management in Islam (Branine and Pollard, 2010).

That said, several contemporary scholars have examined organisations' performance from an Islamic perspective. For example, a number of researchers (Helmy et al., 2014, Forster and Fenwick, 2015, Abdul Cader, 2017, Shafique et al., 2015) have argued that certain Islamic values influence the management and organisations. They confirmed that Islamic values play a major role, implicitly or explicitly, in work practices, attitudes and management styles and, in turn, affect the organisations' strategies and performance. Thus, based on the above discussion, the following hypothesis is presented:

H1: The higher the adherence to the Islamic financial values, the better will be the strategic decision-making effectiveness.

3.4.2. The Role of an Entrepreneurial Orientation on Strategic Decision-making Effectiveness

In light of the analysis of the aforementioned studies in the previous chapter, this study proposes that organisations exhibiting a high level entrepreneurial orientation will make better strategic decisions. The reasons for this are threefold. First, organisations adopting innovative ideas are potentially able to make more distinctive and competitive strategic decisions, such as creating new product lines or entering new markets (Damanpour, 1996, Hurley and Hult, 1998, Walter et al., 2006). This is supported by prior studies, which suggest that, in competitive environments, the dynamic capability that enables firms to modify and foresee their innovation strategies, in response to current or future changes in the environment, enables firms to implement effective decision-making by maintaining multiple simultaneous decision alternatives (Eisenhardt, 1990, Evans, 1991, Sanchez, 1995, Johnson et al., 2003, Atuahene-Gima and Li, 2004, Kandemir and Acur, 2012). Second, proactive and risk-taking organisations are likely to be in an advantageous position due to their pursuit of promising and distinctive opportunities, through which they can make competitive strategic decisions. These decisions could be to charge competitive prices, withdraw the current products and offer new products, or enter into new investments. This is supported by prior studies, which suggest that the first entrant into the marketplace can build a competitive advantage (Kimura, 1989). Third, proactive firms are also in a privileged position to respond quickly, as these firms are able to make quick, effective strategic decisions, because their strategic logic is “opportunity” (Eisenhardt and Martin, 2000). Thus, these firms achieve a competitive advantage by identifying opportunities and then integrating them quickly into their internal activities. In other words, these firms are able to gain competitive advantages in dynamic business environments when their dynamic capabilities fit with their strategy (Di Benedetto and Song, 2003, Harreld et al., 2007). Moreover, Gumusluoglu and Acur (2016), pointed out that competitive advantages are often short-lived in dynamic business environments. Thus, the competition between firms in such business environments is often nurtured by creating a series of temporary advantages and proactively integrating them into their internal activities, rather than building a long-term position regarding a specific product or technology. Moreover, this cannot be achieved without continually searching for opportunities and proactiveness in making strategic decisions. Several studies have offered empirical evidence to support these arguments (Balabanis and Katsikea, 2003, Knight, 2001, Sundqvist et al., 2012, Covin and Miller, 2014). Thus, taking these points into consideration, this study argues that:

H2: The greater the entrepreneurial orientation, the better will be the strategic decision-making effectiveness.

3.4.3. Politicisation in Strategic Decision-making

This section explains the presumed mediating role of politicisation between an entrepreneurial orientation and the effectiveness of strategic decision-making, as well as between the adherence to the Islamic financial values and strategic decision-making effectiveness. This study chose politicisation in the strategic decision-making, among other strategic decision-making factors, for a number of reasons: (1) the previous studies confirmed that politicisation is an important element of the strategic decision-making factors, and must be incorporated into any study that deals with this strategy (Keillor et al., 1998). (2) Previous studies have also shown that, although politicisation in strategic decision-making has attracted a great deal of interest, most studies approach it in a segmented fashion (Bhatnagar, 1992). (3) Other studies, such as Child et al. (2010) and Elbanna et al. (2014), have argued that there is limited theoretical and empirical knowledge regarding the factors augmenting or restricting politicisation in strategic decision-making. Accordingly, this study considers the politicisation effect as a mediator between an entrepreneurial orientation and the effectiveness of strategic decision-making, as well as the relationship between adhering to Islamic financial values and strategic decision-making effectiveness. Moreover, it considers the effect of strategic decision-specific characteristics as a moderator between politicisation and strategic decision-making effectiveness, in order to help fill such a gap by providing further insight into politicisation.

3.4.3.1. The Mediating Role of Politicisation in Strategic Decision-making between an Adherence to Islamic Financial Values and Strategic Decision-making Effectiveness

This study argues that the existence of politicisation over strategic decision-making in organisations will act as a mediator between the organisations' values and strategic decision-making effectiveness. The previous studies in the existing literature showed that organisations' values have a positive association with the organisational outcomes (Tihanyi et al., 2005, Heavey et al., 2009, Schein, 2010, Dabić et al., 2015, Schein and Schein, 2017). However, previous studies have shown that politicisation can negatively influence the organisational outcomes (Janis, 1989, Dean and Sharfman, 1996, Eisenhardt et al., 1997, Elbanna and Child, 2007a, Nutt and Wilson, 2010).

Although many studies consider organisational values to have a positive influence on organisational outcomes, this direct relationship does not seem to be empirically conclusive (Maierhofer et al., 2002, Berson et al., 2008, Gregory et al., 2009, Cheng et al., 2010). Some studies argue that these relationships may be complex and dependent upon a number of factors, but there are no clear results presented in the existing studies within the literature (Bianchi et

al., 2017, Monteiro et al., 2017, Imran et al., 2017). Therefore, this study also focusses on politicisation in strategic decisions as a mediator between organisations' values and organisational outcomes. More specifically, it aims to focus on the politicisation in strategic decisions as a mediator between an adherence to Islamic financial values and strategic decision-making effectiveness.

The reason for this is because the adherence to the Islamic financial values in organisations will negatively influence the politicisation in strategic decisions, since politicisation in strategic decisions refers to coalition formation among the decision-makers, who cooperate and work together in their own interests, rather than those of the firm (Eisenhardt and Bourgeois, 1988, Child et al., 2010, Elbanna, 2016). Thus, this behaviour on the part of the decision-makers contradicts that of those who adhere to the Islamic financial values, which does not allow individual interests to be promoted at the expense of the interests of the group (Kammer et al., 2015). In fact, the Islamic financial values require all parties within an organisation to honour the principles of fair treatment and the sanctity of contracts. Moreover, the Islamic financial values seek to achieve a balance and harmonise society and the economy (Kammer et al., 2015, Haniffa and Hudaib, 2007). Hence, by adhering to the Islamic financial values within organisations, this will reduce the politicisation when making strategic decisions by the decision-makers in the top management teams which, in turn, shall lead them to make more effective strategic decisions (Guest and King, 2004, Cheng et al., 2010).

For example, for the financial institutions in Saudi Arabia, an adherence to the Islamic financial values is fundamental and important, due to Islamic law impacting upon the institutions and business practices (Alfalih, 2016). However, given the high political activity amongst the top management teams within financial institutions, they are compelled to use their power; that is, to engage in investments or financing activities that are impermissible according to Islamic laws, in order to achieve their own self-interests. This type of political activity will be not easy for those decision-makers, since the Saudi Arabian financial institutions are usually Shariah legal committees within the top management team, who evaluate the decision-makers' decisions based on the Islamic laws prior to adoption (Al-Kandi et al., 2013). Therefore, an adherence to the Islamic financial values will decrease the political activities and, in turn, the latter will have enhance the strategic decision-making effectiveness (Hove et al., 2014, Zin and Adnan, 2016, Zin et al., 2017). In other words, the top management team's decisions will be based on their organisation's values and, in turn, their decisions will be effective. Consequently, the aforementioned arguments lead to the following hypothesis:

H3: The greater the adherence to Islamic financial values, the weaker will be the politicisation in strategic decision-making.

H4: The weaker politicisation in strategic decision-making, the better will be the strategic decision-making effectiveness.

H5: Politicisation in strategic decision-making mediates the relationship between an adherence to Islamic financial values and strategic decision-making effectiveness.

3.4.3.2. The Mediating Role of Politicisation in Strategic Decision Making between an Entrepreneurial Orientation and Strategic Decision-Making Effectiveness

Although many studies consider an entrepreneurial orientation to have a positive influence on the organisational outcomes, this direct relationship does not seem to be empirically conclusive (Rauch et al., 2009). Moreover, some studies argue that these relationships may be complex and dependent upon a number of factors (Bianchi et al., 2017, Monteiro et al., 2017, Imran et al., 2017). However, there is no clear picture yet, due to a variation between the results of prior studies (Frishammar and Andersson, 2009, Felzensztein et al., 2015). Supporting this argument, several factors were found between the entrepreneurial orientation and organisational outcomes, one of these being politicisation (Thanos et al., 2017). Thus, this study focusses on politicisation in strategic decisions as a mediator between these variables.

This study argues that the existence of politicisation in the process of strategic decision-making within organisations, can act as a mediator between an entrepreneurial orientation and strategic decision-making effectiveness, if politicisation intervenes between these two, and if innovativeness, proactiveness and risk-taking have an influence on the nature of the politics within the organisation. The literature thus far has found evidence that an entrepreneurial orientation has a positive association with the organisational outcomes (Campos et al., 2015, Kapoutsis and Thanos, 2016, Ribau et al., 2017, Hernandez-Perlines, 2018). In line with this, some contributions have shown that politicisation negatively influences the organisational outcomes (Janis, 1989, Dean and Sharfman, 1996, Eisenhardt et al., 1997, Elbanna and Child, 2007a, Nutt and Wilson, 2010).

Additionally, and in support of these arguments, (Meyer and Goes, 1988) and (Marshall and Vredenburg, 1992) state that organisations that adopt innovative ideas can make better strategic decisions, and subsequently improve and increase their outcomes. More importantly, this can occur when organisations reduce the level of politicisation in their strategic decision-

making process. Papadakis (2006) further argues that risk-taking by the decision-makers within the top management team may influence the process, in terms of making faster, less rational decisions which, in turn, minimises the use of politicisation and power on decision-making, and generally operates more based on intuition than on rational analysis. Likewise, Papadakis and Barwise (2002) investigated the effects of risk propensity on politicisation within strategic decision-making, and found significant relations between them. Lewin and Stephens (1994) also argued that the decision-makers in the top management teams with a low-risk propensity will tend to implement centralised organisation designs, characterised by a high control intensity and direct supervision, in order to minimise the uncertainty. Similarly, other studies have shown that these decision-makers are imbued with self-confidence, are more likely to engage in more proactive, risky, innovative strategic decisions-making and are willing to redesign the organisation, in order to minimise the level of politicisation in the process of making strategic decisions; thus, favouring more relaxed, less formalised processes (Miller and Friesen, 1982, Begley and Boyd, 1986, Lewin and Stephens, 1994, Halikias and Panayotopoulou, 2003).

Furthermore, Elbanna and Child (2007a) demonstrate that organisations cannot directly improve the outcomes of their strategic decisions but, rather, that they must focus on strategic decision-making dimensions, such as politicisation, in order to improve the outcomes of their decisions, as also stated by Thanos et al. (2017). In other words, if an organisation wishes to improve the outcomes of their decisions, they must use politicisation - in a limited sense - within the process of strategic decisions. Politicisation restricts the flow of accurate information among the decision-makers through manipulation, the misuse of information and the creation of conditions that fit with their chosen strategies for their own benefit; thus, a failure to make appropriate and effective decisions (Wilson, 2003).

Moreover, Eriksson et al. (2015) pointed out that, if any firm enters foreign markets on the basis of incomplete and unclear information about these market(s), then many opportunities could be missed, which means reducing the positive effects of the entrepreneurial orientation and experiencing negative returns. This effectively means that their strategic decisions were ineffective. Thus, organisations with an entrepreneurial orientation are likely to avoid involvement in politicisation, as this could reduce the energisation and motivation of the organisational members (Hornsby et al., 2002). Moreover, the existence of politicisation causes significant delays when making strategic decisions (Elbanna, 2006).

Likewise, several studies (Brown and Eisenhardt, 1995, Cooper and Kleinschmidt, 1995, Calantone et al., 2003, Mintzberg et al., 2005, Teece, 2007, Acur et al., 2012) acknowledge

the importance of having clear, well-defined organisational strategies, backed up by detailed action plans, but with flexible strategies so that they can respond to environmental changes and achieve competitive advantages. This is due to today's companies needing to develop new capabilities in terms of the market, technology, variety, speed and, increasingly, innovation. Additionally, Gumusluoglu and Acur (2016) shows that entrepreneurship companies shape opportunities in the market through introducing brand new products and technologies, but with less reliance on formal strategies (bureaucratic and administrative routines), which reinforce risk aversion and so, in turn, slow the processes of decision-making, and rely more on emergent strategies that give them the flexibility to exploit and use the existing opportunities effectively, as well as developing new ones. Accordingly, they affirmed that it is possible for politicisation to be mediated by factors that have a direct impact upon strategic decision-making outcomes.

In accordance with the above discussion, this study considers that an entrepreneurial orientation negatively impacts on politicisation and, in turn, the latter has a positive effect on strategic decision-making effectiveness. Consequently, an increase in entrepreneurial orientation can decrease the politicisation in the strategic decisions and raise the likelihood of the company achieving strategic decision-making effectiveness. Thus, the above arguments lead us to the following hypothesis:

H6: The greater the entrepreneurial orientation, the weaker will be the politicisation in strategic decision-making.

H7: Politicisation in strategic decision-making mediates the relationship between an entrepreneurial orientation and strategic decision-making effectiveness.

3.4.4. The Moderating Role of Strategic Decision-Specific Factors

This study focuses on the strategic decision-specific factors as a moderating variable. The specific factors of the strategic decision are the attributes that decision-makers impute to a strategic decision, depending on their ability to perceive the object of these decisions (Papadakis et al., 1998). The literature review on strategic decision-making revealed that, during the earlier stages, the understanding of the strategic decision by decision-makers had an impact on its process and outcomes (Hickson, 1986, Rajagopalan and Spreitzer, 1997, Robert Baum and Wally, 2003). Researchers have concluded that decision-specific factors have a greater influence on strategic decision-making in comparison to other factors, such as the external and internal environment (Dayan and Elbanna, 2011, Elbanna and Child, 2007a). However, they also indicated that our understanding of the role of decision-specific factors within the strategic decision-making characteristics (i.e. rationality and politicisation) remains

limited (Rajagopalan et al., 1993, Papadakis and Lioukas, 1996). They recommended using multiple decision-specific factors to develop a clearer understanding of their influence on the strategic decision-making process, such as the decision importance, decision uncertainty and decision motive (Elbanna and Child, 2007b, Elbanna and Child, 2007a, Elbanna et al., 2014).

Elbanna et al. (2014) investigated the same model, but with a focus on the political behavior factor as the main outcome. They showed that decision-makers deal with strategic decisions in different ways, which is in accordance with the importance of these decisions, the decision uncertainty or the decision motive (Winter, 1981, Dean and Sharfman, 1993b). They argued, however, that the way in which decision-makers categorise these decisions strongly affects the subsequent decision-making process (Ashmos et al., 1997, Dutton, 1986, Hickson, 1986, Meyer and Goes, 1988, Mintzberg et al., 1976). They further concluded that decision-specific factors play a central role in strategic decisions (Dayan et al., 2012, Papadakis et al., 2010). Based on these studies, the current study believes that strategic decision-specific factors will play a moderating role between politicisation and strategic decision-making effectiveness.

3.4.4.1. Decision Importance

As mentioned above, decision-makers tend to deal with strategic decisions in different ways, according to how they assess the importance of these decisions (Elbanna and Child, 2007b). The strategic decision is therefore seen as significant when it is perceived as having a significant degree of influence on the operations and performance of the organisation (Winter, 1981, Dean and Sharfman, 1993b, Papadakis et al., 1998). Previous studies suggest that strategic decision importance directly influences the strategic decision-making characteristics (rationality and politicisation) although, overall, the results from the empirical research are far from coherent. For example, Papadakis et al. (1998) showed that the characteristics of strategic decision-making are positively related to the magnitude of the impact that the strategic decision will have. Moreover, Nutt (2000, 2008) showed that a strategic decision will be successful if decision-makers perceive those decisions to be of high importance and, thus, a strategic decision's importance will be positively impacted upon by the strategic decision-making characteristics (rationality and politicisation).

Consequently, it is clear from the previous discussion that decision importance, as one strategic decision-specific characteristic, has a significant and positive influence on politicisation. Based on the above discussion, the following hypothesis is presented:

H8: The higher the decision importance, the stronger the relationship will be between the politicisation in the strategic decision-making and strategic decision-making effectiveness.

3.4.4.2. Decision Motive

Decision motive refers to “*the way in which decision makers categorize and label a strategic decision as an opportunity or as a crisis strongly affects the subsequent processes of decision making*” (Schneider and De Meyer, 1991). Elbanna and Child (2007a) pointed out that the decision motive moderates the relationship between rationality and politicisation, and that of strategic decision effectiveness. Interestingly, the positive relationship between rationality and strategic decision effectiveness was stronger for strategic decisions that were deemed as crises (extreme threat), rather than opportunities, and the negative relationship between politicisation and strategic decision effectiveness was weaker for strategic decisions seen as crises, rather than opportunities. Moreover, Dayan et al. (2012) found that, when the decision is motivated by a crisis, the degree of politicisation is reduced within the strategic decision-making teams.

Subsequently, it is clear from the previous discussion that decision motive, as one strategic decision-specific characteristic, has a negative influence on politicisation. Based on the above discussion, the following hypothesis is presented:

H9: The higher the decision motive, the weaker the relationship will be between politicisation in the strategic decision-making and strategic decision-making effectiveness.

3.4.4.3. Decision Uncertainty

The uncertainty of strategic decisions refers to decisions associated with a lack of clear information, which creates ambiguity (Dayan and Elbanna, 2011). Thus, strategic decision uncertainty is related to a lack of clarity regarding the information required to make these decisions, as well as the actions that are to be taken (Sonenshein, 2007). Strategic decision uncertainty has been found to have a direct influence on the strategic decision-making characteristics (rationality and politicisation) (Elbanna and Child, 2007a). This uncertainty about strategic decisions is negatively correlated with rationality, due to the fact that the uncertainty of strategic decisions is “*related to factors that simply cannot be known*” (Dean and Sharfman, 1993a). Papadakis et al. (1998) also concluded that uncertainty had a positive impact on politicalisation (coalitions, negotiation, resistance) and problem-solving disagreement during the strategic decision-making process. Nevertheless, Elbanna and Child (2007a) failed to find any evidence to support their hypothesis, which stated that the

uncertainty of strategic decisions strengthens the negative relationship between politicisation and strategic decision effectiveness. On the contrary, Dayan et al. (2012) concluded that decision uncertainty did not have any significant effect on politicisation.

Accordingly, it is clear from the previous discussion that decision uncertainty, as one strategic decision-specific characteristic, has a negative influence on politicisation. Based on the above discussion, the following hypothesis is presented:

H10: The higher the decision uncertainty, the weaker the relationship will be between politicisation in strategic decision-making and strategic decision-making effectiveness.

3.4.5. Summary of the Research Hypotheses

This section provides a summary of the research hypotheses based on the above discussions in the previous sections of this chapter.

No	Research Hypotheses
H ₁	The higher adherence to Islamic financial values, the better will be strategic decision-making effectiveness.
H ₂	The greater entrepreneurial orientation, the better will be the strategic decision-making effectiveness.
H ₃	The higher adherence to Islamic financial values, the weaker will be politicisation in strategic decision-making.
H ₄	The weaker politicisation in strategic decision-making, the better will be strategic decision-making effectiveness.
H ₅	Politicisation in strategic decision-making mediates the relationship between adherence to Islamic financial values and strategic decision-making's effectiveness.
H ₆	The greater entrepreneurial orientation, the weaker will be politicisation in strategic decision-making.
H ₇	Politicisation in strategic decision-making mediates the relationship between entrepreneurial orientation and strategic decision-making effectiveness.
H ₈	The higher decision importance, the stronger the relationship will be between politicisation in strategic decision-making and strategic decision-making effectiveness.
H ₉	The higher decision motive, the weaker the relationship will be between politicisation in strategic decision-making and strategic decision-making effectiveness.
H ₁₀	The higher decision uncertainty, the weaker the relationship will be between politicisation in strategic decision-making and strategic decision-making effectiveness.

Table 3. 1: Summary of the Research Hypotheses

3.5. Chapter Summary

This first section of this chapter presented the research's conceptual model, along with the subsequent research hypotheses. Following that, this chapter provided a detailed discussion with regards to the theories underlying the research's conceptual model. Then, this chapter provided an explanation of the role of adherence to the Islamic financial values in strategic decision-making effectiveness, and on the role of entrepreneurial orientation in strategic decision-making effectiveness. Next, this chapter explained the mediating role of politicisation within strategic decision-making between an adherence to Islamic financial values and strategic decision-making effectiveness, as well as between an entrepreneurial orientation and strategic decision-making effectiveness. Following this, the role of strategic decision-specific factors as a moderating variable were discussed, and the role of these factors in the relationships between politicisation in strategic decision-making and strategic decision-making effectiveness was highlighted. Lastly, a summary of the research hypotheses was presented.

Chapter Four: Research Methodology and Design

Chapter Four: Research Methodology and Design

4.1. Introduction

As explained in previous chapters, the purpose of this research is to explore the influence of both the adherence to Islamic financial values and entrepreneurial orientation, as intangible resources for organisations, on strategic decision-making effectiveness in organisations. In addition, the study seeks to explore the influence of the behavioural approach that is captured by the politicisation as a mediator between the adherence to Islamic financial values and strategic decision-making effectiveness, as well as between an entrepreneurial orientation and strategic decision-making effectiveness. Furthermore, this research shall explore the influence of strategic decision-specific factors (namely, decision importance, decision uncertainty and decision motive) as a moderator between politicisation and strategic decision-making effectiveness. In light of all this, the ultimate objective of this study is to gain a better understanding of how organisations in Saudi Arabia could have a distinctive and effective outcome with regard to strategic decision-making.

In this chapter, this study presents a brief summary of the social science research paradigms, as well as the methodological consideration - all of which explain the philosophical base that underpins this study's methods and the origin of the research design. Additionally, this chapter provides the research design that is adopted by the requirements of the research conceptual model presented in Chapter 3. Moreover, this chapter outlines the data collection methodology, which includes the procedures related to the research sample, the data collection methods, the final research instruments, the survey administration procedures and the assessment of non-response bias. Furthermore, this chapter presents a research sample profile that provides a description of the sample's demographic data analysis from the participants, such as their age, gender, years of experience, as well as the target companies, such as the age of the company, company size, and sector. Moreover, this chapter provides a measures section that shows the study's measures, whilst also defining and defending them. This chapter further provides the data screening and preliminary analysis, as well as the approach to the data analysis section that covers the normality test, reliability test, validity test, exploratory factor analysis, confirmatory factor analysis, Partial Least Squares (PLS) and Path Modeling. Finally, this chapter lists the ethical considerations associated with this study.

4.2. Research philosophy

Decisions concerning which method(s) of inquiry are the most suitable for a study are imperative to address, in particular the ontological and epistemological views that can be taken after answering questions linked to the basic belief system that guides the researcher (Guba and Lincoln, 1994). A paradigm can be defined as a “*basic set of beliefs that guide action*” (Guba, 1990, p.17), and, in social sciences studies, there are a number of key research paradigms; namely, positivism, post-positivism, critical theory and interpretivism.

Ontology directly relates to the nature of being, which explains what constitutes reality, and the ways to understand the existence of things and matters (Crotty, 1998). As for epistemology, this seeks to determine the nature of knowledge, or as Delanty and Strydom (2003) put it, it determines what constitutes the scope of knowledge. It also determines the ways and criteria by which obtaining knowledge is warranted Johnson and Duberley (2000). Interestingly, the research methodology is similar to epistemology, which is also concerned with the ways to know what we know, but in a more specific sense and nature. That is, the methodology focuses more on, for example, the research methods that are used in an attempt to understand the world (Trochim, 2005).

In relation to the different paradigms used in social science studies, the positivist, post-positivist, and critical theorists confirm that, ontologically, reality exists, whereas interpretivists take a relativist approach, state that there are multiple realities, and reach a conclusion that an external independent reality is impossible (Johnson and Duberley, 2000). For these research paradigms, the basic epistemic view is objectivism. For example, positivists, as well as post-positivists view that an objective truth, independent of the observer, exists and that such truth can be reached, comprehended and confirmed. That said, the epistemology of critical theory is based on constructionism; this is the view that truth is the result of the linked interaction between the object and the subject. In other words, it views truth as the outcomes of the interaction between the observer and reality (Guba and Lincoln, 1994). As for interpretivists, they are of the view that there are many realities and truths, which cannot be separated from our knowledge of it. In other words, the interpretivist paradigm links the subject and the object, and that reality is fluid, as well as socially constructed (Guba and Lincoln, 1994, Crotty, 1998). Table 4.1 provides a brief summary of the research paradigms (positivism, post-positivism, critical theory and interpretivism), and their ontological/epistemological standing together with the most common methodologies linked with each of these paradigms.

	Positivism	Post-Positivism	Critical Theory et al.	Interpretivism
Ontology	Naive Realism: social world is external to individual cognition and consists of tangible structure and relationships	Critical Realism: social world is external to individual cognition but it can never be fully understood or comprehended	Historical realism: reality is shaped by social, political, cultural, ethnic, and gender values	Relativism: realities are local and relative to the individual or a particular time or culture
Epistemology	Objectivism: meanings exist apart from the operation of any consciousness. It implies the separation of subject and object of knowledge so that the observer is uninvolved during the research process		Constructionism: meanings come into existence through interaction with reality. There can be no meaning without the mind	Subjectivism: meanings are imposed on the object by the subject. Knowledge is generated from the mind without reference to reality
Methodology	Experiment, Simulation, Survey, Statistics	Experiment, Survey, Case study	Action research, Critical studies, Case study	Ethnography, Phenomenology research, Case study, Grounded theory

Table 4. 1: Summary of the Social Science Research Paradigms (Squire, 2005)

While this section presented a brief summary of the various social science research paradigms, the next section shall discuss and justify the paradigm that was chosen for this study.

4.3. Methodological Consideration

The philosophical base underpinning this study's method and design comes from a positivist paradigm. A positivist approach is concerned with exploring social reality through observation and experiment (Cohen et al., 2011, Kuhn, 2012, Anderson, 2013). Henning et al. (2004) argue that "*positivism is concerned with uncovering the truth and presenting it by empirical means*" (p. 17). The quantitative approach adopted for this study shows the scientific realism paradigm by using opinion surveys with large samples. Thus, this study adopts an empirical approach that is a positivist stance. The reason behind the adoption of this paradigm is the research questions of the study, as quantitative data are needed to answer them. Collis and Hussey (2013) argue that quantitative research is a highly structured approach that is usually focused on "*objectivity, generalisability and reliability*". Thus, the advantage of the quantitative approach is the reliability of the data that can be generated and, hence, the ability to generalise the findings to the rest of the population. Moreover, it allows a larger number of participants to share their perceptions regarding the phenomena under investigation (Easterby-Smith et al., 2015). Figure 4.1 below provides an outline of the research methodology employed in this study.

Research Methodology

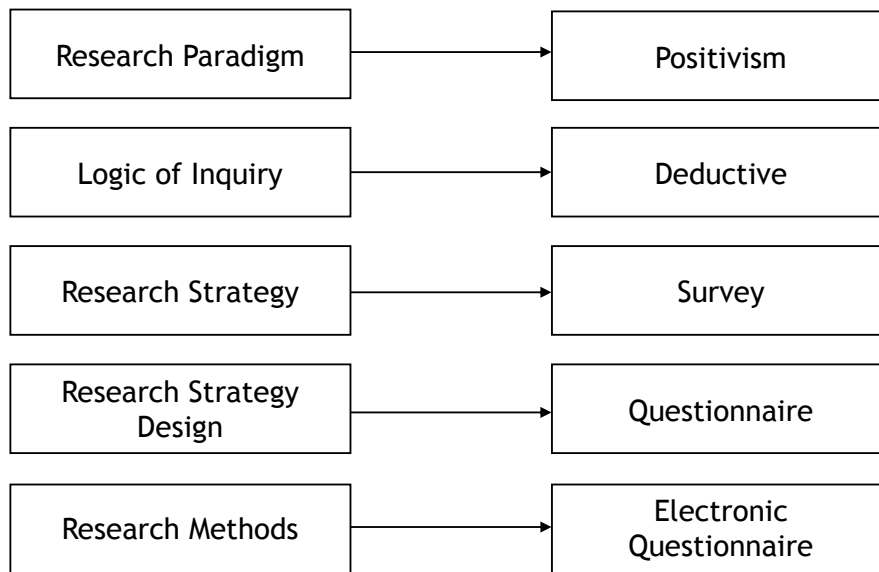


Figure 4.1: Outline of the Research Methodology of this Study

4.4. Research Design

A research design is regarded as a plan and framework that a researcher can utilise to conduct research effectively and efficiently. The research design deals with a number of key issues, such as what questions have to be studied, which data are relevant, which data need to be collected, and how best to analyse the findings arising from the study's data (Philliber et al., 1980). According to Bennett et al. (1994) and Yin (2017), the design of the research is seen as a logical plan that enables a researcher to move from an initial set of questions to a set of answers or conclusions concerning those questions. Furthermore, it focuses on what kind of research is being investigated and what type of findings is to be pursued. In line with this, the research methodology focuses on the research process and the type of tools and procedures that are to be used within a study. It also describes the best means for obtaining knowledge concerning the phenomenon under study, and determines the specific ways that could be used in an attempt to understand the phenomenon (Denzin, 2017). Thus, the methodology of the study identifies both what type of data has to be collected and the techniques used for the data analysis.

Creswell and Creswell (2017) describe a research design as *“the set of methods and procedures used in collecting and analysing measures of the variables specified in the problem research”*. Likewise, Parahoo (2014) describes it as *“a plan that describes how, when, and where data are to be collected and analysed”* (p. 183). However, the researcher must understand the purpose

of the research first, then select an appropriate research design and method. De Vaus (2001) demonstrates that careful thinking and planning about the best design, sample and data analysis is vital for addressing the study's research questions. Hence, without attending to the issues of the research design beforehand, the overall research problem will be inadequately addressed and any conclusions drawn may be weak and unconvincing. Therefore, the overall validity of the study will be undermined.

Three main types of research exist within social sciences research: quantitative, qualitative and mixed methods. This study focuses on the quantitative method, as quantitative data are needed to answer the research questions, as mentioned above (see section 3.2). Collis and Hussey (2013) showed that quantitative research uses experimental methods and quantitative procedures to test hypothetical generalisations. Moreover, in quantitative research, the emphasis is on facts, the data for the research are in the form of numbers that can be computed, the mathematical procedures provide the pattern for analysing the numerical data, and the final result is expressed using statistical terminology (Parahoo, 2014).

Therefore, the reasons behind using the quantitative approach in this study are as follows: first, the quantitative approach allows the researcher to collect a large dataset that provides a better representation of the population under investigation compared to a qualitative approach. Moreover, all of the variables of this study have an existing measure, which is quantitative, and these measures are extensively used by scholars; hence, they can be comprehended in a factual sense. Furthermore, this study aims to explore the relationship between the variables, and such investigation cannot be performed without using the numerical data approach.

In short, in this research, the research design is based on the requirements of the research's conceptual model presented in Chapter 3. The research's conceptual model consists of a set of research hypotheses. The objective here is to evaluate the research hypotheses on the basis of confirmed or disconfirmed predictions, to answer the research questions, and to seek generalisations (Bacharach, 1989). Thus, the quantitative research methodology was considered more suitable.

4.5. Data Collection

The next section of this chapter outlines the data collection methodology. This includes the procedures related to the research sample, the data collection method, the final research instrument, the survey administration procedure and the assessment of non-response bias.

4.5.1. Research Sample

Level of analysis:

The previous studies in the existing literature studied an entrepreneurial orientation, the Islamic financial values and strategic decision-making from both the individual and corporate perspectives (Covin and Slevin, 1991, Gimeno et al., 1997, Zahra and Garvis, 2000, Dess et al., 2003). Thus, they used both the individual and organisational levels as the unit of analysis in their studies (Vu, 2017, Shepherd, 2014). However, most of these studies used the firm as the unit of analysis, in order to concentrate on the extent of integration displayed by the entire organisation (Soh, 2014, Thanos et al., 2017). This was especially the case in the studies related to strategic decision-making, where the discussions typically took place at the organisational level because the strategic decision-making within the organisation is seen as aggregated data linked to the organisation as a whole (Bell et al., 1988, Fredrickson and Mitchell, 1984, Hickson, 1986). The strategic decision-making within the organisation is used as aggregate data to relate strategic decision-making to the organisation's outcomes as a whole (Glick et al., 1993, Goll and Rasheed, 2005). The organisation-level discussions link all traceable decisions to a particular organisation for analysis.

One of the advantages of organisational level analysis is the ease of execution and the ease of generalising the study findings (Bell et al., 1988). However, one of the disadvantages of organisational level analysis is that the variation in the strategic decision-making practices across different decisions is ignored (Hickson, 1986). However, the focus on one specific strategic decision made by the organisation eliminates this problem by provoking a more direct relationship between the strategic decision-making and its outcome (Dean and Sharfman, 1993a, Rodrigues and Hickson, 1995, Papadakis et al., 1998, Papadakis and Barwise, 2002, Elbanna and Child, 2007a). As most studies on the entrepreneurial orientation, the Islamic financial values and strategic decision-making field used the organisational level as the level of analysis, thus, in this study, the level of analysis is set explicitly at the organisational level, rather than the individual level, in order to ensure comparability of the data with the prior studies.

Target Population: This study covered banks, finance companies, insurance companies, investment companies, real estate development companies and Awqaf (endowments) companies in Saudi Arabia, as identified in the Saudi Arabian Monetary Authority and Saudi Arabia Ministry of Commerce and Investment. These represent all companies employing more than 100 employees. The main reason for covering all of the companies is to obtain the largest

possible number of responses, as well as to generate data that represent all companies in Saudi Arabia and thus ensure that the sample is representative (Miller, 2008). Also, all of these companies are directly related to the study subject. The main activity of these companies is financial activity and one of the main subjects that this study focuses on is the Islamic financial values. The target segment of this study is the members of the top management teams, who are closely involved in making the strategic decisions (Hickson, 1986). More specifically, this study identified the members of the top management team as the inside board members (i.e. those executives who also serve on the board of directors for the responding company, according to Finkelstein and Hambrick (1990) and Goll and Rasheed (2005)).

Sample Size: The study uses a convenient sampling approach, in which all companies in Saudi Arabia (banks, finance companies, insurance companies, investment companies, real estate development companies and Awqaf companies) were considered and approached. According to Saunders et al. (2016), “*the larger your sample's size, the lower the likely error in generalising to the population*” (p. 217); for this reason, it was decided to work with categorical data in order to complement the variable population of Saudi Arabia companies, particularly the members of the top management teams within the target companies.

4.5.2. Data Collection Method

The Choice of Method: Given the aim to investigate Saudi Arabian companies under strict monetary and time constraints, an electronic survey was chosen as the appropriate data collection method. Generally, electronic surveys are recommended when surveying a large, widely-dispersed population, as they provide well-unified information through applying one approach to the respondents (Craig and Douglas, 2005, Hair et al., 2008). Surveys have been traditionally used in previous studies (i.e., Miller, (1983) Elbanna and Child, (2007b); Haniffa and Hudaib, (2007); Jansen et al.,(2013) to measure an entrepreneurial orientation, the adherence to Islamic financial values, strategic decision-making effectiveness, politicisation and strategic decision specific factors. Consequently, in this study, a survey questionnaire was designed. The questionnaire focused on the adherence to the Islamic financial values, entrepreneurial orientation, strategic decision-making effectiveness, politicisation and strategic decision specific factors.

Instrument Evaluation: The questionnaire was evaluated using a panel expert pre-test method. The draft was submitted to my supervision team at Glasgow University for evaluation. They critically evaluated the questions in terms of their content, wording, structure and presentation. Subsequent revisions regarding the wording, layout, etc., were then made.

4.5.3. Final Research Instrument

Structure: The final survey instrument took the form of an electronic questionnaire consisting of two sections and using the following link:

https://docs.google.com/forms/d/e/1FAIpQLSfslD2OzcnaPj5BAW8Vkod1Cqbp3tu7jTLH_vZMcWyBQP-d5A/viewform?usp=sf_linkc.

The first section included questions about an entrepreneurial orientation, the adherence to the Islamic financial values, strategic decision-making effectiveness, politicisation and strategic decision specific factors constructs. The second section included general questions about the respondent and his/her firm. The introduction section was separate from the main questionnaire and took the form of a covering letter. This was done because the purpose of the introduction was also to screen potential respondents. In addition, the letter encouraged the participants to take part in the project, legitimised the study and explained its purpose.

Types of Questions: The study contains 41 items, distributed across seven constructs (an entrepreneurial orientation, the adherence to the Islamic financial values, strategic decision-making effectiveness, politicisation, and strategic decision specific factors, that are represented via decision importance, decision uncertainty and decision motive), together with general questions about the respondent and his/her firm. These are presented in terms of gender, age, level of education, overall job experience, the position held in the respective firm, the name of the firm, the age of the firm and the size of the firm (in terms of employees). The rationale for selecting these categories is that the demographic variables will have some influence on the respondents' (members of top management teams') views about making strategic decisions. They are based on the assumption that, for example, gender, level of education and exposure to other social contexts will inform their views about making strategic decisions. The questionnaire used a Likert scale ranging from 1 to 7, because the seven-point Likert scale is better suited to the electronic distribution of usability inventories (Finstad, 2010). Prior studies confirm that data from the Likert items (and those with similar rating scales) become significantly less accurate when the number of scale points drops below five or rises above seven (Finstad, 2010). Each dimension included between three and nine statements, which measured "The influence of entrepreneurial orientation and adherence to Islamic financial values on strategic decision-making effectiveness based on politicisation: The case of Saudi Arabian companies".

Wording: The primary version of the questionnaire was in English, which was then translated into Arabic, to ensure that the target respondents understood the survey and to increase the response rate. Following this, an independent bilingual translator back-translated the Arabic version of the questionnaire into English, which version was then compared with the original English questionnaire, to ensure that it achieved appropriate levels of construct validity and also avoided translation problems (Charoensukmongkol, 2016, Lengler et al., 2016). We found no substantial differences between the two English versions of the questionnaires. Subsequently, the final Arabic version of the questionnaire was pretested by academics and managers to check its clarity and intelligibility (Dada and Fogg, 2016).

The Nature of the Scales: Ordinal scales are common to most management studies and indeed other social science research (Hair Jr et al., 2016). Most researchers recommend their use because of their appropriateness for use in advanced statistical analysis. This type of data is extensively and successfully used with many methods of analysis (Nunnally, 1967, Kline, 2013). Consequently, this study used ordinal scales.

Method Bias: This study adopted several tactics in order to ensure that the study results were not driven by the informant or common method bias. To elaborate, the opinions presented are likely to be subject to the respondent's individual bias. The research questionnaire was repeated on different pages of the lengthy questionnaire to ensure that the respondents could not link the variables under investigation (Miller, 2008). Moreover, to reduce individual bias, we followed the multiple responses procedures suggested by Elbanna and Child (2007b), which entails asking at least two executives from each company to complete the same questionnaire. We then drew comparisons between the responses from these executives. We also motivated the participants to provide accurate responses by reassuring them that their responses would remain strictly confidential and offering to send them a summary of the main results of the study once complete. It was made explicit that no firm would be named in any of the publications that might result from the analysis of the data collected (Martín-Tapia et al., 2010, Miller et al., 1997).

4.5.4. Survey Administration

The distribution period of our survey questionnaires lasted around three months, from mid-December 2018 until mid-March 2019, during which 1,500 questionnaires were distributed to 375 companies and 379 questionnaires were collected from 177 companies. At least two response questionnaires were collected from each company significantly to ensure the validity of the research results. Out of the 379 questionnaires, 15 questionnaires were excluded for

certain reasons, such as incomplete schedules or non-relevant respondents. The remaining 364 usable questionnaires from 162 companies represented a final response rate of 25%. Thus, the overall response rate is quite high. This is satisfactory, given that it has been reported in earlier studies that top executives are even less likely to reply (Hunt et al., 1984, Menon et al., 1999).

In terms of the procedure for the data collection, first, the researcher telephoned the Human Resources managers, executives and board members of each firm and requested the confidential participation of their firm in this study. This telephone contact was necessary in order to inform them about our research and confirm that the survey data would be anonymised, whereby the representatives' comments will be treated with the utmost confidence and the participants would be offered a summary of the main findings (Kaleka, 2012). The researcher explicitly confirmed that only the members of the top management team would be participating in the study questionnaires. Then, the link to the electronic questionnaire was sent to the members of the top management team of each firm directly, or to the Human Resources manager to distribute it to the participants accordingly. Several (weekly) reminders were sent to encourage the voluntary participation of the participants. After that, the responses were returned to the researcher electronically, and all survey responses remained anonymous. In other words, no participant signed their name or revealed any information that would make them directly and individually identifiable. It took the respondents approximately 15-18 minutes to complete the questionnaire.

4.5.5. Assessment of non-response bias

There are several methods for analysing non-response patterns (Armstrong and Overton, 1977). One of the most used approaches is to compare the respondents and non-respondents on the basis of certain demographic characteristics, such as sector type or size. The original database of this study included the demographic characteristics of the firms; thus, this study applied this method to deal with non-respondents.

The original database of this study was 379 responses. Fifteen responses were excluded because their demographic characteristics were incomplete, especially with regard to sector type or size. Thus, this study could not compare the respondents and non-respondents on the basis of these demographic characteristics. However, this study attempted to investigate the reasons why certain participants did not respond. The reason behind the examination of the reasons for non-response was to increase our confidence in the results. After examining the reasons behind why these respondents did not complete their questionnaires, it turned out that these reasons were related to either company policy or the personal reasons of the respondents. In other

words, the reasons for not replying had nothing to do with the questionnaire subject, therefore reaffirming that non-response was not a significant problem in this research.

The remaining 364 usable questionnaires from the 162 companies represented a final response rate of 25%. However, out of these 364 responses, nine responses did not mention their company name explicitly, but they pointed to the type of sector to which they belonged, and these companies were either insurance companies or finance companies. Thus, this study was able to benefit from these responses based on the available demographic information.

4.6. Research Sample Profile

The research sample in this study consisted of 177 Saudi Arabian companies from six sectors, which are banks, finance companies, insurance companies, investments companies, real estate development companies and Awqaf (endowments). The initial sample included 379 decision-makers from the top management teams from these companies, who participated in the study survey. Out of the 379 questionnaires, 15 questionnaires were excluded for certain reasons, such as incomplete schedules or non-relevant respondents. Hence, the total sample of 364 participants represented 162 companies. The analysis was based on these 364 responses. This section is divided into two main parts. The first part presents the profiles of the participants in their terms of gender, age, level of educational, job experience and position held in the respective companies. The second part presents the profiles of the target companies, presented in terms of their type, size and age.

4.6.1. The Profiles of the Participants in the Study

Gender of the Participants

Description	Frequency	Percentage
Female	57	16%
Male	307	84%
Total	364	100%

Table 4.2: Gender of the Participants

In terms of gender, as indicated in Table 4.2, it was revealed that the participants are overwhelmingly male, comprising 307 participants, which represents 84% of the 364 survey participants. This means that only 16% were female. This is an expected representation because the participation of women in the Saudi Arabian labour market remains quite insignificant (Ministry of Labor - Kingdom of Saudi Arabia, 2019), Moreover, the interaction between males and females in the Saudi Arabian labour market is limited. This is due to the traditions and

religion of people in Saudi Arabia, which promote the segregation of the genders and the interaction between them.

Age of the Participants

Description	Frequency	Percentage
25-35 years	51	14%
36-45 years	157	43%
More than 46 years	156	43%
Total	364	100%

Table 4.3: Age of the Participants

With respect to age, Table 4.3 illustrates that all participants were in the age group from 25 and 63 years-old, which is consistent with the country profile. In Saudi Arabia, the majority of the population is aged 20-80 years-old (General Authority for Statistics-Kingdom of Saudi Arabia, 2019). This study categorises the age of the participants into three groups, as described in Table 5.2. The respondents fell into the age categories of 25 to 35 years-old (14%), 36 to 45 years-old (43%), and, finally, above 45 years (43%). This representation shows that the minority of the sample are aged 25 to 35 years-old.

Job Experience of the Participants

Description	Frequency	Percentage
Less than 10 years	57	16%
11 - 15 years	72	20%
16 - 20 years	94	26%
21 - 25 years	71	20%
More than 25 years	70	19%
Total	364	100%

Table 4.4: Job Experience of the Participants

With respect to job experience, the participants' job experience ranged between 3 and 39 years. This study categories job experience into five groups, as depicted in Table 4.4. Around 16% of the participants were in the low-level experience group (less than 10 years), while around (26%) were in the middle-level experience group (16-20 years). This is an expected representation due to the majority of managers as youth, which is also consistent with the country profile. Moreover, the above table indicates that the majority of the participants have some experience, know their companies very well and have a great impact on their companies.

Educational Level of the Participants

Description	Frequency	Percentage
Doctorate Degree	25	7%
Master's Degree	180	50%
Bachelor's Degree	154	42%
Diploma Degree	2	1%
Other Degrees	3	1%
Total	364	100%

Table 4. 5: Educational Level of the Participants

When it comes to educational level, Table 4.5 shows that very few of the participants had only a diploma (1%) and other degrees (1%), with most participants having an undergraduate degree or a Master's degree. That is, 42% had a bachelor's degree, 50% had a Master's degree, while 7% had a Doctoral degree. This finding clearly indicates that the members of the top management teams in companies in Saudi Arabia have an extensive academic background combined with work experience, which enhances these companies' competitiveness.

Position of the Participants

Description	Frequency	Percentage
Managerial (e.g. Strategy, General Manager)	188	52%
Executive (e.g. CEO, CFO, COO, CSO)	127	35%
Board Member	19	5%
Unknown	30	8%
Total	364	100%

Table 4.6: Position of the Participants

Table 4.6 describes the position of the main participants, who were the members of the top management teams and closely involved in making the strategic decisions. More specifically, this study targeted the members of the top management team as the inside board members (i.e. those executives who also serve on the board of directors for the responding company). Regarding the job titles in Table 4.6, the most senior positions in Saudi Arabia companies indicate that the informants were all appropriately and well qualified to provide detailed information concerning the strategic decision-making within their company. The sampling of various top management team members, as opposed to only focusing on the CEOs, is consistent with the approach taken in previous studies of strategic decision making (Dean and Sharfman, 1993b, Dean and Sharfman, 1996, Goll and Rasheed, 2005, Elbanna and Child, 2007b, Elbanna and Child, 2007a), which enhances the generalisability of this study's findings.

	Unknown	Managerial	Executive	Board Member
Diploma	0%	1%	0%	5%
Bachelor's Degree	23%	55%	32%	16%
Master's Degree	70%	40%	57%	63%
Doctorate	7%	3%	11%	16%
Other	0%	2%	0%	0%
Total	100%	100%	100%	100%

Table 4.7: Educational Level * Position Cross-tabulation

Regarding educational level and position, Table 4.7 shows that the executive and board member participants mainly held a Master's degree, and that the managers with higher-level positions in these companies are required to hold higher-level qualifications, while the overwhelming majority, who had a bachelor's degree, occupied the Managerial position (55%). Table 4.8 is a Cross-tabulation and Chi-square test, which indicates a significant difference between the management level when compared with educational background ($\text{sig} < 0.01$, $\text{df} = 12$), which mean that the executives acquire the highest educational level compared to others.

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	44.203a	12	0.000
Likelihood Ratio	42.111	12	0.000

Table 4. 8: Chi-Square Tests

4.6.2. The Profiles of the Participants' Companies in the Study

Sectors

As previously discussed in Chapter 4, the study used a convenient sampling approach to collect data from a particular sector, which is the Saudi Arabia financial service sector, which also enhances the generalisability of this study's findings. These sectors are banks, finance companies, insurance companies, investment companies, real estate development companies and Awqafs (endowments) companies in Saudi Arabia, as shown in Table 4.9 below.

Description	Frequency	Percentage
Investment Companies	38	23%
Real Estate Development Companies	37	23%
Finance Companies	25	15%
Awqaf (Endowments) Companies	24	15%
Insurance Companies	23	14%
Banks	15	9%
Total	162	100%

Table 4.9: The Sectors

In term of the types of these companies, as indicated in Table 4.9, the participants were drawn from all sectors that fall under the umbrella of the Saudi Arabia financial sector, which also enhances the generalisability of the findings of this study. Of the total respondents, Investments Companies represent 23%, real estate development companies represent 23%, finance companies represent 15%, Awqaf (Endowments) companies represent 15%, insurance companies represent 14%, and banks represent 9%. In comparison, the banks made a slightly lower response, as Saudi Arabia only has 12 main local banks, as identified by the Saudi Arabia Monetary Authority (2018). However, both investment companies and real estate development companies made slightly higher responses, due to the interaction and participation of companies from those two sectors in the study questionnaire more than other sectors (as depicted in Table 4.9).

Company Size

Description	Frequency	Percentage
Less than 500 employees	77	21%
501-1,000 employees	112	31%
1,001-5,000 employees	131	36%
More than 5,000 employees	44	12%
Total	364	100%

Table 4.10: Company Size

The study sample controlled for company size and, as detailed in Chapter 4, organisations employing more than 100 employees were included in the sample frame. A summary of the size of the organisations based on their number of employees is detailed in the above table (Table 4.10). Table 4.10 shows that, out of the 364 respondents, companies with less than 500 employees represent 21%, companies with 501-1,000 employees represent 31%, and companies with 1001-5,000 employees represent 36% Hence, the majority of the organisations featured in the present sample are medium-sized and above, which also enhances the generalisability of

the findings of this study. However, companies with more than 5,000 employees made slightly lower responses, which represents 12% out of the total respondents.

Age of the Companies

Description	Frequency	Percentage
Less than 10 years	90	25%
11 - 20 years	111	31%
21 - 30 years	33	9%
31 - 40 years	39	11%
More than 40 years	91	25%
Total	364	100%

Table 4.11: Age of the Companies

In terms of the companies' age, Table 4.11 shows that companies that are less than 10 years-old represent 25%, companies aged between 11-20 years-old represent 31%, companies aged between 21-30 years-old represent 9%, companies aged between 31-40 years-old represent 11%, and companies over 40 years-old represent 25%. Hence, the majority of the organisations featured in the present sample have practical experience in their field of more than 10 years, which subsequently enhanced the reliability of their responses to the questions of the study questionnaire, particularly those that were related to their practical experiences, and thus enhanced the generalisability of the findings of this study.

4.6.3. Summary of the Demographic Analysis

This section described the data collected in terms of the participants and their gender, age, experience, educational level, and position. Moreover, it collected data on the companies in terms of their type, size, and age. The following section of this chapter focuses on the screening and preliminary analyses of the study data. The section on the screening and preliminary analyses of the study data displays the purification of the data, the normality test, and the reliability and validity test of the data before we analyse the study data.

4.7. Measures

This section provides, defines and defends the study's measures. It shows the original items and final items for each construct, and also describes and defends their approach to validity and reliability. This section begins with the measures of the dependent variables for this study. Following that, the measures of the independent variables are presented, and then the measures of the mediator variable, moderator variables, and, finally, control variables are presented.

4.7.1. Independent variables

Adherence to Islamic Financial Values: In this study, an adherence to Islamic financial values was measured using a seven-item scale taken from (Haniffa and Hudaib, 2007), scaled on a seven-point Likert scales (1= not at all; 7 = Completely). The 7 items were: (1) *to what extent were the strategic decisions affected by commitment in operating within Shariah principles/ideals;* (2) *to what extent were the strategic decisions affected by commitment in providing returns within Shariah principles;* (3) *to what extent were the strategic decisions affected by the current direction of your firm in serving the needs of the Muslim community;* (4) *to what extent were the strategic decisions not affected by the future direction of your firm in serving the needs of the Muslim community;* (5) *to what extent were the strategic decisions affected by commitment to engage only in permissible investment activities according to the Shariah principles;* (6) *to what extent were the strategic decisions affected by commitment to engage only in permissible financing activities according to the Shariah principles;* (7) *to what extent were the strategic decisions affected by commitment to fulfil contracts (aquds) according to the Shariah principles'*. An adherence to Islamic financial values in this study is calculated as the sum of these seven items. This seven-item measure displays the acceptable levels of reliability ($\alpha=0.970$; $CR=0.975$) and validity ($AVE=0.848$), as shown in Table (4.17). Table 4.13 below provides the items, source, measurement and descriptive statistics for the adherence to the Islamic financial values construct.

Construct	Code	Items	Source	Measurement Scale	Mean	SD
Adherence to Islamic Financial Values	IFV1	To what extent were the strategic decisions affected by commitment in operating within Shariah principles/ ideals	Haniffa and Hudaib (2007)	7-point scale (1 not at all - 7 completely)	5.1	1.654
	IFV2	To what extent were the strategic decisions affected by commitment in providing returns within Shariah principles			5.04	1.671
	IFV3	To what extent were the strategic decisions affected by the current direction of your firm in serving the needs of the Muslim community			4.78	1.666
	IFV4	To what extent were the strategic decisions not affected by the future direction of your firm in serving the needs of the Muslim community			4.79	1.634
	IFV5	To what extent were the strategic decisions affected by commitment to engage only in permissible investment activities according to the Shariah principles			4.84	1.717
	IFV6	To what extent were the strategic decisions affected by commitment to engage only in permissible financing activities according to the Shariah principles			4.91	1.697
	IFV7	To what extent were the strategic decisions affected by commitment to fulfil contracts (aquds) according to the Shariah principles'			5.06	1.744

Table 4. 12: Items, Source, Measurement and Descriptive Statistics for the Adherence to the Islamic Financial Values

Entrepreneurial Orientation: In this study, entrepreneurial orientation was measured by a nine-item scale taken from (Covin and Slevin, 1989). Entrepreneurial orientation has three dimensions (innovativeness, risk-taking and proactiveness), which are usually combined (Miller, 1983). This scale has been well-validated and used widely in the entrepreneurial orientation research (Rauch et al., 2009, Edmond and Wiklund, 2010, Thanos et al., 2017, Vu, 2017). Previous studies, such as Kreiser et al. (2002), argued that the (Covin and Slevin, 1989) scale “can be effectively employed when conducting research on the topic of international entrepreneurship” (p.88). The Cronbach’s alpha value in this study is (0.923) as shown in Table (4.17), which is similar to that of previous studies which used a similar scale for measuring entrepreneurial orientation (Balabanis and Katsikea, 2003, Dimitratos et al., 2004, Thanos et al., 2017, Vu, 2017). In summary, in this study, this nine-item measure displays acceptable levels of reliability ($\alpha=0.923$; CR=0.936) and validity (AVE=0.620), as shown in Table 4.17. Table 4.12 below provides the items, source, measurement and descriptive statistics for the entrepreneurial orientation construct.

Construct	Code	Items	Source	Measurement Scale	Mean	SD
Entrepreneurial Orientation	EO1	In general, the top managers of my firm do not favour ... (1) A strong emphasis on the marketing of tried and true products or services. (7) A strong emphasis on technological leadership, and innovations.	Covin and Slevin (1989)	7-point scale	4.79	1.451
	EO2	How many new lines of products/services has your firm marketed in the past 5 years? (1) No new lines of products/services. (7) Many new lines of products/ services.			4.96	1.406
	EO3	Changes in product or service lines ... (1) Have been mostly of a minor nature. (7) Have usually been quite dramatic.			4.65	1.483
	EO4	In dealing with its competitors, my firm ... (1) Typically responds to actions which competitors initiate. (7) Typically initiates actions which competitors then respond to.			4.81	1.431
	EO5	In dealing with its competitors, my firm ... (1) Is very seldom the first business to introduce new products/services, new products/services, administrative technologies, etc. (7) Is very often the first business to introduce administrative techniques, operating technologies, etc.			4.72	1.354
	EO6	In dealing with its competitors, my firm ... (1) Typically seeks to avoid competitive preferring a “live-and-let-live” posture. (7) Typically adopts a very competitive, “undo-the-competitors” posture.			5.02	1.354
	EO7	In general, the top managers of my firm have ... (1) A strong proclivity for low-risk projects (with normal and certain rates of return). (7) A strong proclivity for high-risk projects (with chances of very high returns).			4.15	1.401
	EO8	In general, the top managers of my firm believe that ... (1) Owing to the nature of the environment, it is best to explore it gradually via timid, incremental behaviour. (7) Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm’s objectives.			4.57	1.38
	EO9	When confronted with decision-making situations involving uncertainty, my firm ... (1) Typically adopts a cautious, ‘wait- and-see’ posture in order to minimise the probability of making costly decisions. (7) Typically adopts a bold, aggressive posture in order to maximise the probability of exploiting potential opportunities.			4.38	1.408

Table 4. 13: Items, Source, Measurement and Descriptive Statistics of Entrepreneurial Orientation

4.7.2. Dependent variables

Strategic Decision-Making Effectiveness: In this study, strategic decision-making effectiveness was measured by a four-item scale taken from (Jansen et al., 2013), scaled on seven-point Likert scales. The items included: (1) *to what extent have the strategic decisions contributed to the turnover growth of your firm*; (2) *to what extent have the strategic decisions contributed to the profit growth of your firm*; (3) *to what extent is the decision-making team were satisfied with the decision*; and (4) *to what extent has the decision led to the expected result*. The Strategic Decision-Making Effectiveness is calculated as the sum of these four items. This four-item measure displays acceptable levels of reliability ($\alpha=0.837$; $CR=0.891$) and validity ($AVE=0.671$), as shown in Table (4.17). Table 4.14 below provides the items, source, measurement and descriptive statistics for the strategic decision-making effectiveness construct.

Construct	Code	Items	Source	Measurement Scale	Mean	SD
Strategic Decision-Making Effectiveness	SDME1	To what extent have the strategic decisions contributed to the turnover growth of your firm ... (1) Not at all effective (7) Very effective	Jansen et al. (2013)	7-point scale	5.27	1.098
	SDME2	To what extent have the strategic decisions contributed to the profit growth of your firm ... (1) Very effective (7) Not at all effective			5.31	1.137
	SDME3	To what extent the decision-making team were satisfied with the decision ... (1) Not at all (2) Completely			5.04	1.115
	SDME4	To what extent the decision had led to the expected result ... (1) Not at all effective (7) Very effective			5.08	1.011

Table 4. 14: Items, Source, Measurement and Descriptive Statistics for Strategic Decision-Making Effectiveness

4.7.3. Mediator variable

Politicisation in Strategic Decision-Making: In this study, politicisation strategic decision-making was measured by a three-item scale taken from (Papadakis et al., 1998), scaled on three-point Likert scales (1 = absolutely untrue; 7 = absolutely true). This items included: (1) *when your firm undertakes decisions to ‘new business investment’, there is/are no extensive coalition formation among subsets of managers*; (2) *when your firm undertakes decisions to ‘new business investment’, there is/are high degree of resistance in this decision-making process*; and (3) *when your firm undertakes decisions to ‘new business investment’, there is/are many interruptions in this decision-making process*. This measure or its variants have been widely used with similar reliability estimates (Dean and Sharfman, 1996, Elbanna and

Child, 2007a, Papadakis, 2006, Thanos et al., 2017). The Cronbach's alpha value in this study is (0.841), as shown in Table 5.11, which is similar to that of previous studies that used a similar scale for measuring entrepreneurial orientation (Thanos et al., 2017). In summary, in this study, this three-item measure displays acceptable levels of reliability ($\alpha=0.841$; CR=0.903) and validity (AVE=0.756) as shown in Table (4.17). Table 4.15 below provides the items, source, measurement and descriptive statistics for the politicisation strategic decision-making construct.

Construct	Code	Items	Source	Measurement Scale	Mean	SD
Politicisation	P1	When your firm undertakes decisions to 'new business investment', there is/are no Extensive coalition formation among subsets of managers	Papadakis et al. (1998)	7-point scale (1 absolutely untrue - 7 absolutely true)	5.18	1.393
	P2	When your firm undertakes decisions to 'new business investment', there is/are high degree of resistance in this decision-making process			4.91	1.359
	P3	When your firm undertakes decisions to 'new business investment', there is/are many interruptions in this decision-making process			5.1	1.301

Table 4. 15: Items, Source, Measurement and Descriptive Statistics for Strategic Decision-Making Effectiveness

4.7.4. Moderator variables

Strategic Decision-Specific Factors: In this study, strategic decision-specific factors were measured by a 13-item scale taken from (Elbanna and Child, 2007a). Strategic Decision-Specific Factors has three dimensions (decision importance, decision uncertainty and decision motive), which are usually combined (Elbanna and Child, 2007a). This scale has been well-validated and used widely in strategic decision-making studies (Rauch et al., 2009, Edmond and Wiklund, 2010, Thanos et al., 2017). The Cronbach's alpha value for decision importance, decision uncertainty and decision motive is (0.811, 0.807 and 0.814), as shown in Table 4.17 below, which is similar to that of previous studies that used a similar scale to measure strategic decision-specific factors (Elbanna and Child, 2007a, Elbanna and Child, 2007b, Elbanna et al., 2014). In summary, in this study, these 13-items of measures for decision importance, decision uncertainty and decision motive displays acceptable levels of reliability ($\alpha=0.811$, 0.807 and 0.814), (CR=0.867, 0.886 and 0.870) and validity (AVE=0.567, 0.721 and 0.574), as shown in Table (4.17). Table 4.16 below provides the items, source, measurement and descriptive statistics for the strategic decision-specific factors constructs.

Construct	Code	Items	Source	Measurement Scale	Mean	SD
Decision Importance	DI1	To what extent were the strategic decisions affected by set parameters for subsequent decisions?	Elbanna and Child (2007b)	7-point scale (1 not at all - 7 completely)	4.95	0.961
	DI2	To what extent were the strategic decisions affected by the seriousness of the consequences if something went wrong?			5.04	0.998
	DI3	To what extent were the strategic decisions affected by the seriousness of delaying the decision?			5.16	1.152
	DI4	To what extent were the strategic decisions not affected by decision importance?			5.61	1.238
	DI5	To what extent were the strategic decisions affected by time pressure?			4.96	1.134
Decision Uncertainty	MU1	To what extent were the strategic decisions affected by the clarity of the kind of information to be collected?			5.02	1.032
	MU2	To what extent were the strategic decisions affected by uncertainty about the actions to be taken?			4.84	1.073
	MU3	To what extent were the strategic decisions affected by the difficulty of predicting the outcomes?			4.75	1.127
Decision Motive	DM1	To what extent were the strategic decisions affected by adequate freedom in addressing the decision?			4.62	1.101
	DM2	To what extent were the strategic decisions affected by the initial perception of the decision?			4.68	1.016
	DM3	To what extent were the strategic decisions not affected by the motivation to make the decision?			5.48	1.203
	DM4	To what extent were the strategic decisions affected by confidence in making the right choice?			5.12	1.067
	DM5	To what extent were the strategic decisions affected by the clarity of the goals of the participants?			5.39	1.151

Table 4. 16: Items, Source, Measurement and Descriptive Statistics for Strategic Decision-Making Effectiveness

Table 4. 17: Reliability and Validity Test

Construct		No. of Questions	Cronbach's alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)	DV/IV*
Adherence to Islamic Financial Values		7	0.970	0.975	0.848	IV
Entrepreneurial Orientation		9	0.923	0.936	0.620	IV
Politicisation		3	0.841	0.903	0.756	Med
Strategic Decision-Making Effectiveness		4	0.837	0.891	0.671	DV
Strategic Decision Specific Factors	Decision Importance	5	0.811	0.867	0.567	Mod
	Decision Uncertainty	3	0.807	0.886	0.721	Mod
	Decision Motive	5	0.814	0.870	0.574	Mod

*DV=depended variable, IV= independent variable, Med=mediator variable, Mod= moderator variable

4.7.5. Control Variables

Based on previous studies, this study controlled for the effects of three variables (type of sector, companies' age and companies' size) on entrepreneurial orientation, an adherence to Islamic financial values, politicisation and strategic decision-making effectiveness.

Type of Sector:

This study controlled for the type of sector by distinguishing Saudi Arabia the financial service sector into banks, finance companies, insurance companies, investment companies, real estate development companies and Awqafs (endowments) companies (Thanos et al., 2017, De Clercq et al., 2015).

Companies' Age:

This study controlled for the effects of companies' age, as this influences the organisational processes and outcomes (Zahra and Garvis, 2000). Companies' age is captured by the number of years in operation (Liu et al., 2011).

Companies' Size:

This study controlled for the effects of companies' size using the number of full-time employees (García-Villaverde et al., 2013, Wales et al., 2015, Thanos et al., 2017). A companies' size affects its growth and outcomes (Dimitratos et al., 2004).

4.8. Data Analysis Considerations

During the data analysis, the first consideration is the significance level to be adopted in this study. In the statistical testing, there are three levels of significance, 0.01, 0.05 or 0.10 (Mooi and Sarstedt, 2011). A level of significance of 0.01 means that the researcher allows for a maximum risk, that 1% of the time, so the null hypothesis may be mistakenly rejected. A level of significance of 0.05 means that the researcher allows for a maximum risk, that 5% of the time, so the null hypothesis may be mistakenly rejected. A level of significance of 0.10 means that the researcher allows for a maximum risk, that 10% of the time, so the null hypothesis may be mistakenly rejected. At the 0.05 level of significance is commonly used in business and management studies (Mooi and Sarstedt, 2011, Field, 2013), therefore, this study adopted 0.05 as the level of significance. The second consideration is to select the data analysis tools before running the statistical tests to analyse the study data. This study employed normality, reliability and validity tests to check the data before analysing the study data. The final consideration is to select the statistical software for conducting the statistical tests for the study data analysis. This study used SPSS (version 24) and SmartPLS 3.0 software for the data analysis, as these software packages are commonly used in business and management studies (Hair Jr et al., 2016).

4.9. Data Screening and Preliminary Analysis

Before analysing the study data, several cleaning and double-checking processes were considered. First, the data were checked to see if there were any missing values. This study deals with missing values if they are less than 5%. Then, all of the responses that failed to answer the main survey questions were discarded. After that, the research data were exported to an Excel sheet, then transferred to SPSS (version 24) and SmartPLS 3.0 software. Then, the normality of the data distribution and the reliability and validity of the model were analysed.

4.10. Approach to the Data Analysis

This section covers the normality test, reliability test, validity test, Exploratory Factor Analysis, Confirmatory Factor Analysis, and Partial Least Squares (PLS) Path Modeling.

4.10.1. Normality test

A normality assessment of the data was performed to identify whether the data were normally distributed or not, using the Skewness and Kurtosis test or other normality tests (Mardia, 1970). Some statistical tests require the data to be checked before running the tests, such as regression analysis and structural equation modelling (SEM) (Hair Jr et al., 2016).

4.10.2. Reliability test

To estimate the reliability test, the Cronbach's Alpha and Composite Reliability (CR) were calculated for items and the values exceeding 70%. This level is accepted for measurement scales (Hair Jr et al., 2016), and the result proves that there is a high degree of coherence between the items of each construct, although the three constructs tested are internally consistent and have acceptable reliability values.

4.10.3. Validity test

To evaluate the differential validity of the constructs with reflective indices, the Average Variance Extracted (AVE) is used in this study for the validity test. Fornell and Larcker (1981) propose using the Average Variance Extracted (AVE) as a criterion for convergent validity. This criterion should be higher than 50% (Hair Jr et al., 2016).

4.10.4. Exploratory Factor Analysis

This study uses Exploratory Factor Analysis (EFA), which is a data reduction method that *“takes a large set of variables and looks for ways the data may be ‘reduced’ or summarised using a smaller set of factors or components”* (Pallant, 2013, p.181). Therefore, items that are associated, yet autonomous to other subsets items, are joined into factors. EFA is employed to conduct the discrimination validity (Child et al., 2010, Elbanna and Child, 2007b, Elbanna and Child, 2007a). In other words, this study uses Exploratory Factor Analysis (EFA) to validate the measurement scale (items). Principal Components Analysis (PCA) regards the most frequent technique for extracting factors (Pallant, 2013), and is also regarded as the most suitable method when the objective is to reduce a large set of variables to a smaller series of factors (Tabachnick and Fidell, 2013). Hence, the current study utilises PCA.

Another consideration when using EFA is the rotation type. Factor rotation “*presents the pattern of loadings in a manner that is easier to interpret...(and) shows you which variables clump together*” (Pallant, 2013, p.184-185). There are two types of rotation: orthogonal and oblique. The orthogonal assumes that the factors are uncorrelated, while the oblique assumes correlated factor solutions. This study used both of them, as recommended by Pallant (2013), although the final results are reported based on the orthogonal rotations because the results are easier to report and interpret (Tabachnick and Fidell, 2013). Also, this study used the Quartimax orthogonal rotation due to it being the most common and also because it minimises the number of variables.

4.10.5. Confirmatory Factor Analysis

This study also employed Confirmatory Factor Analysis (CFA), which is similar to Exploratory Factor Analysis, except that it is driven by *a priori* expectations, and examines the relationships between indicators and factors (Brown, 2014). The main benefit of these techniques is to carry out discriminant validity and confirm the construct stability and unfitness. According to Fornell and Larcker (1981), CFA is used in order to carry out several analyses, such as Average Variance Extracted (AVE) from each construct to its shared variance with other constructs. In other words, this study employed CFA to validate the constructs and approve the global model.

This study uses Structural Equation Modeling (SEM) to analyse the data collected, as this study has seven variables. Thus, the study data need to be analysed using a suitable method based on testing the causal relationships hypothesised in the research framework. Structural Equation Modeling has been seen as a powerful second-generation multivariate method for analysing constructs' results, particularly latent constructs which have multiple dimensions, thereby enabling the evaluation of measurement properties, as well as theoretical (structural) relationships (Hoyle, 1995, Kline, 2015). Structural Equation Modeling, particularly Partial Least Squares (PLS) path modelling, has been increasingly employed and adopted in many disciplines, including business studies (Hair et al., 2011, Hair Jr et al., 2016). Thus, this study adopted Partial Least Squares (PLS) path modelling to analyse the data collected.

4.10.6. Partial Least Squares (PLS) Path Modelling

Although covariance-based SEM (CBSEM) has often been used in past studies, PLS path modelling was selected due to how it handles formative constructs in the model comparatively more easily compared to covariance-based SEM. While the tools used in covariance-based SEM, for example, AMOS, can handle formative constructs in a study model, the fact that very few studies employ

such a model indicates that these tools may be difficult to use (Hair Jr et al., 2016). Moreover, PLS path modelling is seen as more appropriate for exploratory research, as in this study, while covariance-based SEM is more suitable for theory testing (Fornell and Bookstein, 1982). Lastly, PLS path modelling does not place main restrictive assumptions on the data; for example, it supports small samples less than 100, both metric and non-metric data types, both reflective and formative constructs, constructs with single-item, data sets with missing values and datasets with multi-collinearity (Hair Jr et al., 2016); consequently, PLS path modelling is known as a 'soft-modelling' method. Thus, this study applied the partial least squares (PLS) technique through SmartPLS 3.0 software to analyse the data collected.

The PLS method assesses the weights and loadings utilised to create the latent variable scores, the relationships between latent variables and their associated observed or manifest variables, and regression coefficients for the indicators and latent variables (Hair Jr et al., 2016). This is comparable to the approach utilised in CBSEM analysis, with the difference in the goodness of fit statistics (Wetzels et al., 2009, Vinzi et al., 2010, Henseler and Sarstedt, 2013). The measure of goodness of fit will be explained in greater detail in the next chapter: chapter five, the findings chapter.

4.11. Ethical Considerations

One of the key considerations of this study was to protect the participants. Polonsky and Waller (2018) pointed out to the most important ethical issues that researchers must consider when conducting any research are voluntary participation, informed consent, confidentiality and anonymity, the potential for harm, and communicating the findings. Likewise, LeCompte (2015) encourages researchers to focus on these issues in the initial stages of developing and obtaining ethical approval for any study. LeCompte (ibid) further argues that ethical issues affect all steps in the process of research, starting from the selection of the research site, design, methods and data analysis. Besides, Cohen et al. (2013) showed that a main ethical dilemma in the field of social research is that the capability to balance between the demands to search for the truth and the participant's rights might be threatened by the study. Accordingly, the researcher should make every effort to obtain correct, full information.

In this study, ethical approval was obtained from the University of Glasgow. The questionnaire of this study explained all aspects of the study, including the purpose, significance of this study, instruments, data collection procedures and management. There was no separate consent form for this study, since the agreement to participate in responding to the questionnaires was considered as consenting to be involved in this study. The consent form gives the participants

the right to freedom and self-determination (Cohen et al., 2013). The researcher personally collected the surveys by sending a link to the electronic questionnaire to the participants. After that, the responses were returned to the researcher electronically, and all survey responses remained anonymous. All responses were kept on the researcher's personal computer and all data will be destroyed after the completion of the study.

4.12. Chapter Summary

This chapter presented a brief summary of the social science research paradigms. It then discussed the specific methodological aspects related to the study. The study site, population, sample, and questions were all illustrated, followed by a discussion of the research design justification, the study tools employed in the study, the data analysis considerations and ethical considerations. The following chapter will present the findings of the study data.

Chapter Five: Research Findings

Chapter Five: Research Findings

5.1. Introduction

The aims of this chapter is to use the collected quantitative measurable data to answer the four research questions. Specifically, the chapter presents findings related to research hypotheses using multivariate data analysis and primary data from the study survey. This chapter consists of five main sections. The first section provides a data screening and preliminary analyses before the actual analysis of the study data. The second section provides the Exploratory Factor Analysis (EFA), while the third section provides the Confirmatory Factor Analysis (CFA). After this, the fourth section looks at the hypothesis testing and the results summary of hypothesis testing in this study, and the fifth and final section provides an overall summary for this chapter.

5.2. Screening and Preliminary Analyses for the Study Data

Field (2013) described the quantitative data analysis to “*inferring evidence for theory through measurement of variables that produce numeric outcomes*” (p. 882). Moreover, Cohen et al. (2013) discuss that quantitative data analysis is a powerful study method used in numerous research. Before the quantitative data of this study data and in order to justify the suitability of utilising PLS path modeling in this study, would be appropriate to addressed several factors. Some of these factors are the level of data, the purpose of the analysis, sample size, distribution of data and reliability and validity tests.

The first factor is the level of data. Likert scale ranging from 1 to 7 in the study questionnaire was employed in collecting this study data. The study questionnaire focus on multiple items; three to nine items are combined to reflect a specific attribute, that means the study data are considered as interval level. The second factor is the purpose of analysis, the questions of this study seeks to examine the existence of relationships among entrepreneurial orientation, adherence to Islamic financial values, politicisation in strategic decision-making, strategic decision-specific factors and strategic decision-making effectiveness. Hair Jr et al. (2016) claim that the most commonly used methods for examining the relationship between multi quantitative variables are structural equation modeling (PLS-SEM). The third factor is the size of the sample; the questionnaire was distributed to one large sample (379) as shown in the below section (5.2.1). The fourth factor is the distribution of the study data, the normality test was conducted and the data is normally distributed as shown in the below section (5.2.2). The fifth and sixth factors the reliability and validity tests such as Cronbach alpha, composite

reliability, Average Variance Extracted (AVE) as shown in the below sections (5.2.3 and 5.2.4), to make sure that response provides a consistent and reliable answer for each variable before analysis of the study data.

5.2.1. Purification of Data

Before analysis of the study data, several cleaning and double-check process were considered. First, the study data were exported in the Excel spreadsheets which then were exported to SPSS to check if there are any missing values. As mentioned earlier, all responses that failed to answer the main survey questions were discarded. Out of the 379 questionnaires, 15 questionnaires were excluded for reasons such as incomplete schedules or non-relevant respondents. The remaining 364 usable questionnaires from 162 companies represent. Therefore, the data analysis was based on these 364 responses.

5.2.2. Normality Test

Examination of the data normality is a necessary check previous to utilising some multivariate data analysis techniques including structural equation modelling (SEM). According to Hair Jr et al. (2016), skewness and kurtosis values must range between ± 3 to be normally distributed. The results as presented in the below table (5.1) demonstrate that the majority of skewness and kurtosis values are relatively low and below 1.0. The finding in this study confirms this condition and most important the dependent variables scored low results, which means the data was normally distributed. Hence, the study confirms that parametric statistical tools are the best and appropriate tools to be utilised in this study.

Descriptive Statistics					
	N	Skewness		Kurtosis	Std. Error
	Statistic	Statistic	Std. Error	Statistic	
P1	364	-0.87	0.128	0.778	0.255
P2	364	-0.825	0.128	0.586	0.255
P3	364	-0.735	0.128	0.667	0.255
EO1	364	-0.709	0.128	0.078	0.255
EO2	364	-0.735	0.128	0.197	0.255
EO3	364	-0.618	0.128	-0.212	0.255
EO4	364	-0.678	0.128	0.224	0.255
EO5	364	-0.559	0.128	0.129	0.255
EO6	364	-0.615	0.128	0.265	0.255
EO7	364	-0.483	0.128	-0.121	0.255
EO8	364	-0.595	0.128	-0.012	0.255
EO9	364	-0.535	0.128	-0.045	0.255
ISV1	364	-0.567	0.128	-0.532	0.255
ISV2	364	-0.565	0.128	-0.487	0.255
ISV3	364	-0.342	0.128	-0.539	0.255
ISV4	364	-0.356	0.128	-0.514	0.255
ISV5	364	-0.383	0.128	-0.828	0.255
ISV6	364	-0.382	0.128	-0.866	0.255
ISV7	364	-0.593	0.128	-0.604	0.255
SDME1	364	-1.114	0.128	2.466	0.255
SDME2	364	-0.964	0.128	1.877	0.255
SDME3	364	-0.567	0.128	0.929	0.255
SDME4	364	-0.644	0.128	1.367	0.255
DI1	364	-0.659	0.128	1.343	0.255
DI2	364	-0.512	0.128	1.051	0.255
DI3	364	-0.505	0.128	0.549	0.255
DI4	364	-1.072	0.128	1.512	0.255
DI5	364	-0.785	0.128	1.669	0.255
DU1	364	-0.458	0.128	0.783	0.255
DU2	364	-0.662	0.128	1.325	0.255
DU3	364	-0.466	0.128	0.463	0.255
DM1	364	-0.491	0.128	0.868	0.255
DM2	364	-0.738	0.128	1.392	0.255
DM3	364	-1.027	0.128	1.551	0.255
DM4	364	-0.793	0.128	1.086	0.255
DM5	364	-0.957	0.128	1.88	0.255

Table 5. 1: Normality Test (Skewness and Kurtosis Coefficients)

5.2.3. Reliability Test

This section examines the reliability of the study measurements. Field (2013) emphasised the importance of checking scale reliability whereas reliability means that the questionnaire should consistently reflect the construct that it is measuring. This means that, the participant should obtain the same score on a questionnaire even if it is completed at different points in time (Green and Salkind, 2016). This study uses an internal consistency method which provides a unique estimate of reliability for the administration of the given test. The most popular internal consistency reliability estimates are given by Cronbach's alpha and Composite Reliability (CR). Cronbach's alpha was popularised in 1951 by Cronbach, and it is the most common estimate of internal consistency of items in a scale (Peterson and Kim, 2013), in other words, Cronbach's alpha measures how closely related a set of items are as a group. Technically speaking, Cronbach's alpha is not a statistical test it is a coefficient of reliability or consistency (Feldt et al., 1987). Composite Reliability is often advocated as an alternative to Cronbach's Alpha (Hair Jr et al., 2016). (Peterson and Kim, 2013) showed that Composite Reliability is a better estimate which is a less biased estimate of reliability than Cronbach's Alpha but indeed there isn't much a difference between the values. Some researchers suggested 0.7 as the accepted cut-off (Hair Jr et al., 2016), others regarded a value of more than 0.6 to be satisfactory (Nunnally and Bernstein, 1994). George and Mallery (2003) as well as DeVellis (2016) presents guidelines for the acceptability of reliability test difference scores, as shown in the below table 5.2.

Value of Reliability Test	Acceptability of Value
Less than 0.5	Unacceptable
Between 0.5 to 0.59	Poor
Between 0.6 to 0.69	Questionable
Between 0.7 to 0.79	Acceptable
Between 0.8 to 0.89	Good
Above than 0.9	Excellent

Table 5. 2: Acceptability of Reliability Test Scores (George and Mallery, 2003, p. 231)

The results as presented in the below table 5.3 demonstrated that the Cronbach's alpha and the Composite Reliability (CR) values exceeding 70%, that mean a CR value that exceeds (0.7) indicates strong reliability.

5.2.4. Validity Tests

Validity test is a “term applied to measuring instruments reflecting the extent to which differences in scores on the measurement reflect true differences among individuals, groups, or situations in the characteristic that it seeks to measure, or reflect true differences in the same individual, group, or situation from one occasion to another, rather than constant or random errors” (Churchill and Iacobucci, 2006, p.681). Thus, a measure is valid if it accurately captures variation in the latent construct (Lee and Lings, 2008). The Average Variance Extracted (AVE) uses in this study for the validity test. Fornell and Larcker (1981) propose using the Average Variance Extracted (AVE) as a criterion of convergent validity. This criterion should be higher than 50% (Hair Jr et al., 2016). The results as presented in the below table 5.3 demonstrated that all the self AVE of each latent variable is more than 0.5 that means AVE values of each latent variable indicates strong validity.

Table 5. 3: Reliability and Validity Test

Construct		No. of Questions	Cronbach's alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)	DV/IV*
Adherence to Islamic Financial Values		7	0.970	0.975	0.848	IV
Entrepreneurial Orientation		9	0.923	0.936	0.620	IV
Politicisation		3	0.841	0.903	0.756	Med
Strategic Decision-Making Effectiveness		4	0.837	0.891	0.671	DV
Strategic Decision Specific Factors	Decision Importance	5	0.811	0.867	0.567	Mod
	Decision Uncertainty	3	0.807	0.886	0.721	Mod
	Decision Motive	5	0.814	0.870	0.574	Mod

*DV=depended variable, IV= independent variable, Med=mediator variable, Mod= moderator variable

5.2.5. Summary of Screening and Preliminary Analyses for the Study Data

This section showed purification of data, the normally, validity and reliability test of the study data. The following sections 5.3 provide the results of the exploratory factor analysis and assessment of the internal consistency of the measures used in this study.

5.3. Exploratory Factor Analysis (EFA)

Before testing the hypotheses, the researcher devised a means of testing whether the tool measured the construct under investigation in a way that was consistent with the researcher's understanding (Field, 2013). The EFA was conducted using the SPSS version 24. As previously discussed in chapter 3, to determine the appropriateness of the items for EFA, most widely used among these is Principal Component Analysis (PCA), using Quartimax orthogonal rotation. The decision was made to consider eigenvalues greater than 1.0, and to eliminate the items with loadings less than 0.30 (Tabachnick et al., 2007). Moreover, the study also considered the survey adequacy using the Kaiser-Meyer-Olkin (KMO) Test and Bartlett's Test. The Kaiser-Meyer-Olkin test is a measure of sampling adequacy and can produce values between 0 and 1 (Kaiser, 1974, Sarstedt and Mooi, 2019). Kaiser (1974) showed certain threshold values for KMO scores, as shown in the below table 5.4.

KMO Value	Adequacy of the Correlation
Less than 0.5	Unacceptable
Between 0.5 to 0.59	Miserable
Between 0.6 to 0.69	Mediocre
Between 0.7 to 0.79	Middling
Between 0.8 to 0.89	Meritorious
Above than 0.9	Marvellous

Table 5. 4: Threshold Values for Kaiser-Meyer-Olkin
Adapted from (Sarstedt and Mooi, 2019)

Bartlett's test of sphericity measures the presence of correlations amongst scale variables and estimates the probability that the correlation matrix has significant correlations amongst some of its variables (Bartlett, 1937). Hence, a significant result for the Bartlett test of sphericity implies that the correlation matrix is not orthogonal and is appropriate for factoring (Sharma, 1996). The following sections 5.3.1 provide the results of the exploratory factor analysis and assessment of the internal consistency of the measures used in this study.

5.3.1. KMO and Bartlett's Test

The results as presented in table 5.5 display that Kaiser-Meyer-Olkin (KMO) score is (0.9) is considered to be marvellous (Kaiser, 1974) and Bartlett's test of sphericity is statistically significant (0.000), which mean that the construct is adequacy and accurate in reflecting the measurements.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.09
Bartlett's Test of Sphericity	Approx. Chi-Square	9682.902
	df	630
	Sig.	0.000

Table 5. 5: Kaiser-Meyer-Olkin (KMO) Test and Bartlett's Test

5.3.2. Variance Explained and Rotated Component Matrix^a

An exploratory factor analysis (EFA) using Principal Component Analysis with factors extracted based on eigenvalues greater than one, was conducted on all items measuring latent constructs. The test revealed rotated solutions of seven factors, all factor explaining approximately less than 10% (see below table 5.6). The unrotated solutions did not generate a general factor, suggesting that common-method variance does not appear to be a serious threat.

Factor	Initial Eigenvalues		Extraction Sums of Squared Loadings		Rotation Sums of Squared Loadings	
	Total	% of Variance	Total	% of Variance	Total	% of Variance
1	9.543	26.507	9.543	26.507	6.017	16.715
2	5.851	16.254	5.851	16.254	5.797	16.102
3	3.839	10.665	3.839	10.665	4.033	11.202
4	2.323	6.451	2.323	6.451	2.837	7.88
5	1.525	4.237	1.525	4.237	2.391	6.64
6	1.157	3.213	1.157	3.213	2.377	6.603
7	0.997	2.768	0.997	2.768	1.783	4.953

Extraction Method: Principal Component Analysis.

Table 5. 6: Total Variance Explained

Moreover, the findings as presented in the below table 5.7 indicates that the factor loading for each item above than 50% were acceptable results and achieved the required cut-of-point of factor loading. Furthermore, the findings showed that each set of items are measuring the intended variables, except items DM1, DM2 and DI5 appeared with DU. However, when the cross-loading test examined by SmartPLS these items appeared with their original variables and there was not any overlapped between these items.

Component							
Items	1	2	3	4	5	6	7
ISV6	0.943						
ISV7	0.942						
ISV2	0.930						
ISV1	0.926						
ISV5	0.921						
ISV3	0.895						
ISV4	0.845						
E03		0.846					
E08		0.829					
E04		0.804					
E01		0.780					
E06		0.762					
E02		0.760					
E09		0.751					
E07		0.737					
E05		0.659					
DU2			0.782				
DU1			0.772				
DU3			0.753				
DM1			0.692				
DM2			0.684				
DI5			0.560				
SDME2				0.777			
SDME3				0.772			
SDME1				0.750			
SDME4				0.685			
P2					0.892		
P3					0.846		
P1					0.824		
DI4						0.734	
DI3						0.628	
DI2						0.603	
DI1						0.536	
DM4							0.714
DM5							0.694
DM3							0.629
Extraction Method: Principal Component Analysis.							
Rotation Method: Varimax with Kaiser Normalization.							
a Rotation converged in 6 iterations.							

Table 5. 7: Rotated Component Matrix^a

5.4. Confirmatory Factor Analysis (CFA)

To check the strength and direction of correlation between the various criteria of this study conceptual model. This study used modeling the structural equation. As mentioned earlier in Chapter 4, this section uses SmartPLS 3.0 software for structural equation modelling analysis. To test the full path model, this study combined two sub-models. First, the structural model which referred to an inner model, the inner model which describes only the relationships between latent variables (Hair Jr et al., 2016). Second, the measurement model that referred to an outer model, the outer model is the part that concerns the relationship between each construct and its indicators (Hair Jr et al., 2016). This study begins with the presentation of two components of causal models. First, confirmatory factor analysis (measurement model) and the simultaneous equations (structural model). After that this study discuss their integration into the structural equations with latent variables and measurement error.

5.4.1. Measurement model

Before evaluating the structural model for hypothesis testing, it is important, to begin with evaluating the measurement model. The measurement model consists of relationships between the latent variables and their indicators. To evaluate the measurement model, this study began with the cross-loadings test to the loading of each indicator (item). Each indicator (item) is required to be above 0.60 (Bagozzi and Yi, 1988) as well as required to be greater than all of its cross-loadings (Hair Jr et al., 2016). The below table 5.8 displays that the factor loading for each item above than 60% were acceptable results and achieved the required cut-of-point of the factor loading, which means each set of items are measuring the intended variables. The purification of all items given in final step thirty-six items represents seven latent variables as shown in table 5.9. The items are distributed as follows: nine items of entrepreneurial orientation, seven items of Adherence to Islamic Financial Values, three items of politicisation, four items of strategic decision-making effectiveness. Moreover, five items of decision importance, three items of decision uncertainty, five items of decision motive, defined all three the determinants of strategic decision-specific characteristics.

	DI	DM	DU	EO	ISV	P	SDME
DI1	0.791						
DI2	0.800						
DI3	0.776						
DI4	0.684						
DI5	0.708						
DM1		0.712					
DM2		0.711					
DM3		0.720					
DM4		0.797					
DM5		0.839					
DU1			0.834				
DU2			0.844				
DU3			0.870				
EO1				0.765			
EO2				0.780			
EO3				0.860			
EO4				0.836			
EO5				0.669			
EO6				0.793			
EO7				0.734			
EO8				0.853			
EO9				0.781			
ISV1					0.933		
ISV2					0.942		
ISV3					0.912		
ISV4					0.854		
ISV5					0.923		
ISV6					0.940		
ISV7					0.939		
P1						0.869	
P2						0.893	
P3						0.847	
SDME1							0.847
SDME2							0.803
SDME3							0.824
SDME4							0.801

Table 5. 8: Cross Loadings

Next, the reliability and validity test must be taken. The first criteria checked is internal consistency reliability with Cronbach's alpha and Composite Reliability (CR) which used as an estimate of the reliability of a psychometric test (Cronbach, 1951). In this study, as shown in the table 5.9 all Cronbach's alpha and Composite Reliability (CR) values (Absolute standardised outer (component) loadings) are more than 70%, these results show that there is a high inter-correlation between measurement scales of each construct. Whereas a value that exceeds 0.6 indicates strong reliability (Hair Jr et al., 2016). The second criterion checked is the Average Variance Extracted (AVE). Fornell and Larcker (1981) propose using the Average Variance Extracted (AVE) as a criterion of convergent validity. This criterion should be higher than 50%. as shown in table 5.9, all AVE values are more than 57% which mean the AVE values indicate sufficient convergent validity. Plus, means that given factors (latent variables) are able to explain more than half of the variance of its indicators on average (Hair Jr et al., 2016).

The data analysis results of 7 constructs which represent the research model (endogenous and exogenous variables) are summarised in Table 5.19.

Construct		No. of Questions	Cronbach's alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)	DV/IV*
Adherence to Islamic Financial Values		7	0.970	0.975	0.848	IV
Entrepreneurial Orientation		9	0.923	0.936	0.620	IV
Politicisation		3	0.841	0.903	0.756	Med
Strategic Decision-Making Effectiveness		4	0.837	0.891	0.671	DV
Strategic Decision Specific Factors	Decision Importance	5	0.811	0.867	0.567	Mod
	Decision Uncertainty	3	0.807	0.886	0.721	Mod
	Decision Motive	5	0.814	0.870	0.574	Mod

*DV=depended variable, IV= independent variable, Med=mediator variable, Mod= moderator variable

Table 5. 9: Reliability and Validity Test of Constructs

Once, the AVE is calculated, the discriminant validity should be examined with the following measures, the first is The Fornell-Larcker criterion, the second is cross-loadings, and the third and final is the criterion of Heterotrait-Monotrait Ratio.

Regarding The Fornell-Larcker criterion, Fornell and Larcker (1981) postulated that each latent variable should have a correlation with its indicators more than other latent variables. In order to ensure discriminant validity, the AVE of each construct should be greater than the latent variable's highest squared correlation with any other latent variable. In this study, the AVE values of all latent variables are as follows: the value of Decision Importance is 0.753, Decision Motive is 0.758, Decision Uncertainty is 0.849, Entrepreneurial Orientation is 0.788, Adherence to Islamic Financial Values is 0.921, Politicisation is 0.870 and Strategic Decision-Making Effectiveness is 0.819. All the values show that the self AVE of each latent variable is more than the other variables as demonstrated in table 5.10.

Construct	DI	DM	DU	EO	ISV	P	SDME
DI	0.753						
DM	0.678	0.758					
DU	0.612	0.711	0.849				
EO	0.349	0.324	0.245	0.788			
ISV	0.213	0.179	0.078	0.022	0.921		
P	0.163	0.190	0.257	0.079	-0.035	0.870	
SDME	0.533	0.474	0.390	0.400	0.221	0.013	0.819

Table 5. 10: Construct Correlation - The Fornell-Larcker Criterion

Regarding the cross-loadings test, table (5.8) shows that the loading of each item is greater than all of its cross-loadings. Furthermore, the loading for each item above than 60% were acceptable results and achieved the required cut-of-point of factor loading as above-mentioned.

Regarding the criterion of Heterotrait-Monotrait Ratio, Henseler et al. (2016) determined that, when using the criterion of HTMT to assess discriminant validity, if the HTMT value is less than 0.90, the discriminant validity has been established between two reflective constructs. In this study, as shown in the below table (5.11), all the HTMT value of all constructs are less than 0.90 which means the formative constructs are valid.

	DI	DM	DU	EO	ISV	P	SDME
DI							
DM	0.841						
DU	0.758	0.878					
EO	0.386	0.369	0.286				
ISV	0.237	0.204	0.086	0.055			
P	0.212	0.238	0.311	0.095	0.061		
SDME	0.622	0.564	0.473	0.449	0.242	0.082	

Table 5. 11: The Heterotrait-Monotrait Ratio (HTMT)

In summary, the results of reliability and the validity tests show that the reliability and the validity of reflective measurement of latent variables are confirmed for all indicators.

5.4.2. Structural Model

Following evaluating the of the measurement model, the structural model was then analysed. The structural model comprises the hypothesized relationship between exogenous and endogenous variables in the model. This section focuses a structural (inner) model and model fit.

Structural (Inner) Model

Figure 5. 1: The Structural Model With the Total Effect Between Constructs and the Correlation Between Constructs and Their Items

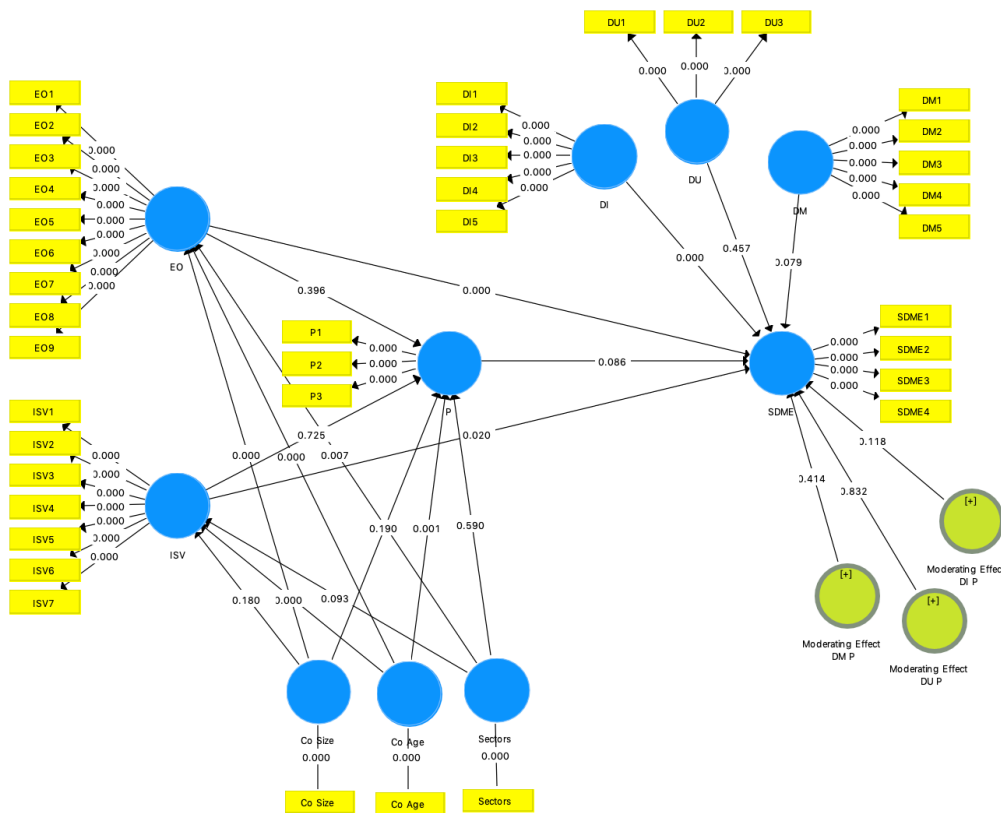


Table 5. 12: Total Effects

No	Relationships	Sample	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
H ₁	ISV → SDME	0.119	0.117	0.051	2.342	0.020*	Supported
H ₂	EO → SDME	0.235	0.229	0.061	3.849	0.000**	Supported
H ₃	ISV → P	0.024	0.022	0.068	0.351	0.725	Not supported
H ₄	P → SDME	-0.083	-0.081	0.048	1.719	0.086	Not supported
H ₅	ISV → P → SDME	-0.002	-0.002	0.007	0.306	0.760	Not supported
H ₆	EO → P	0.057	0.057	0.067	0.850	0.396	Not supported
H ₇	EO → P → SDME	-0.005	-0.004	0.007	0.696	0.487	Not supported
H ₈	Moderating Effect DI P → SDME	-0.125	-0.113	0.080	1.565	0.118	Not supported
H ₉	Moderating Effect DM P → SDME	0.088	0.068	0.108	0.817	0.414	Not supported
H ₁₀	Moderating Effect DU P → SDME	0.016	0.026	0.076	0.212	0.832	Not supported

* Significant at $p < 0.05$, ** Significant at $p < 0.01$

In order to test the first hypothesis, the study tested the total effect of adherence to Islamic financial values on strategic decision-making effectiveness, and obtained p-value (0.020) as shown in the above table (5.12) and figure (5.1), which means the p-value obtained statistically significant at the (0.05) percent level of significance, thereby supporting the second hypothesis. Clearly, this finding also confirmed the positive effect of adherence to Islamic financial values on strategic decision-making effectiveness.

To test the second hypothesis, the study tested the total effect of entrepreneurial orientation on strategic decision-making effectiveness, and obtained p-value (0.000) as shown in the above table (5.12) and figure (5.1), which means the p-value obtained statistically significant at the (0.01) percent level of significance, thereby supporting the first hypothesis. Clearly, this finding confirmed the positive effect of entrepreneurial orientation on strategic decision-making effectiveness.

To test the third hypothesis, the study tested the total effect of adherence to Islamic financial values on politicisation in strategic decision-making, and obtained p-value (0.725) as shown in the above table (5.12) and figure (5.1), which means the p-value not obtained any statistically significant, thereby supporting the sixth hypothesis. Clearly, this finding confirmed the negative effect of adherence to Islamic financial values on politicisation in strategic decision-making.

To test the fourth hypothesis, the study tested the total effect of politicisation in strategic decision-making on strategic decision-making effectiveness, and obtained p-value (0.086) as shown in the above table (5.12) and figure (5.1), which means the p-value not obtained any statistically significant, thereby not supporting the fourth hypothesis. Clearly, this finding confirmed the negative effect of politicisation in strategic decision-making on strategic decision-making effectiveness.

In order to test hypothesis five, the study tested mediation effects of politicisation in strategic decision-making between adherence to Islamic financial values on strategic decision-making effectiveness. The study also did not find any statistically significant mediation effects of politicisation in strategic decision-making between them (the below section “Mediator Analysis” provides more explanation regards these hypotheses test).

To test the sixth hypothesis, the study tested the total effect of entrepreneurial orientation on politicisation in strategic decision-making, and obtained p-value (0.396) as shown in the above table (5.12) and figure (5.1), which means the p-value not obtained any statistically significant,

thereby supporting the third hypothesis. Clearly, this finding confirmed the negative effect of entrepreneurial orientation on politicisation in strategic decision-making.

In order to test hypothesis seven, the study tested mediation effects of politicisation in strategic decision-making between entrepreneurial orientation on strategic decision-making effectiveness. The study did not find any statistically significant mediation effects of politicisation in strategic decision-making between them (the below section “Mediator Analysis” provides more explanation regards these hypotheses test).

To test the eighth, ninth and tenth hypotheses, the study tested moderation effects of strategic decision specific factors (decision importance, decision uncertainty and decision motive) between politicisation in strategic decision-making and strategic decision-making effectiveness. The study did not find any statistically significant moderation effects of strategic decision specific factors (decision importance, decision uncertainty and decision motive) between politicisation in strategic decision-making and strategic decision-making effectiveness, as shown in the above table (5.12) and figure (5.1), the p-values for all of them obtained more than (0.05) (the below section “Moderator Analysis” provides more explanation regards these hypotheses test).

Mediator Analysis

Baron and Kenny (1986) explained that mediator analysis is used to understand a known relationship by exploring the underlying mechanism or process, by which one variable influences another variable through a mediator variable. To explore the role of politicisation in the strategic decision-making as a mediator between an adherence to Islamic financial values and strategic decision-making effectiveness, as well as between an entrepreneurial orientation and strategic decision-making effectiveness, this study applied the method of Preacher and Hayes (2008), as opposed to Baron and Kenny (1986) method. The reason for this is because, while Baron and Kenny’s (1986) framework is one of the oldest methods to study mediation analysis, the technical literature has disputed some of their tests (Zhao et al., 2010). Consequently, this study adopted the method of Preacher and Hayes (2008), which is one of the most popular and easier methods that has been prevalently used in more contemporary studies, and has also avoided the limitations of Baron and Kenny’s (1986) methods.

Preacher and Hayes (2008) identified two basic steps for the mediator analysis. The first step is that the bootstrap of the total effect must be significant, which means the p-value must be less than 0.05. In other words, the p-value of the relationship between the independent

variable and the dependent variable via mediator must to be less than 0.05. As shown in figure (5.2), Path (a) starts from the independent variable to the mediator variable, Path (b) starts from the mediator variable to the dependent variable, and Path (c) from the independent variable to the dependent variable. Accordingly, the total effect is Path (a) plus Path (b). In other words, the total effect starts from the independent variable to the dependent variable through the mediator variable.

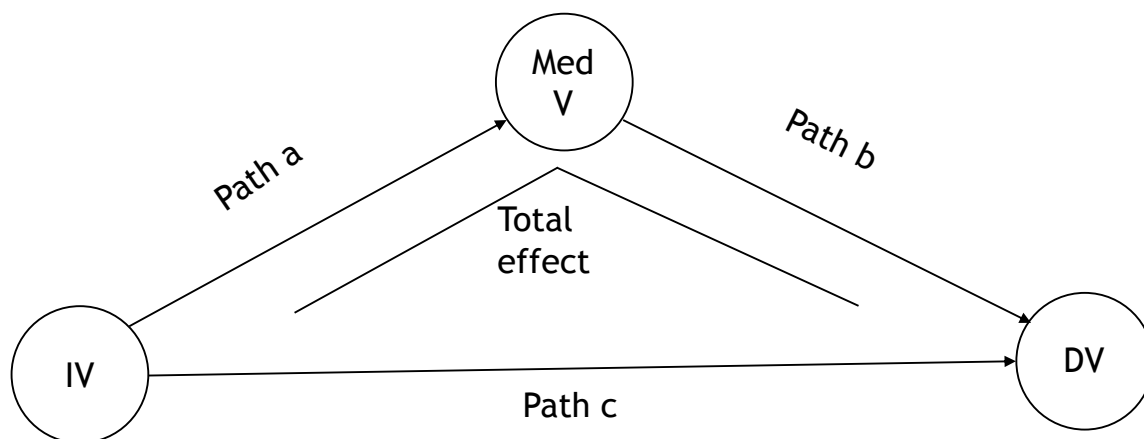


Figure 5. 2: Explain the First Step of (Preacher and Hayes, 2008) Method of The Mediator Analysis

According to the p-values of the total effects from the above table (5.12), both $ISV \rightarrow SDME$ and $EO \rightarrow SDME$ are statistically significant. That is, $ISV \rightarrow SDME$ is statistically significant at the 0.050 percent level of significance, and $EO \rightarrow SDME$ is statistically significant at the 0.01 percent level of significance, which means they both met the requirements of the first step for the mediator analysis.

The second step identified by Preacher and Hayes (2008), is the bootstrapped confidence interval (lower and upper level), which means the zero integer should not to be between the lower and upper level of the bootstrapped confidence interval. For example, as shown in figure (5.3), if the lower level is 0.02 and the upper level is 0.04, it means the values are not between 0, and therefore the second step is achieved. However, if the lower level is -0.02 and the upper level is 0.02, that means 0 is between them and therefore, the second step is not achieved.

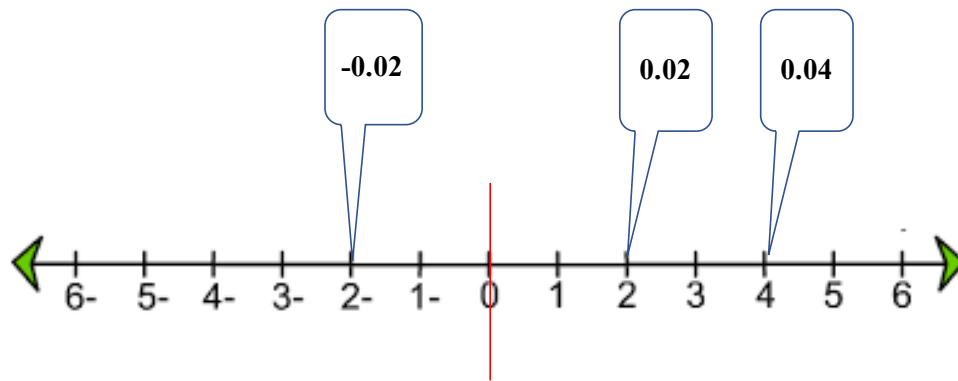


Figure 5. 3: Explain the lower and upper level of the bootstrapped confidence interval

To calculate the bootstrapped confidence interval (lower and upper level), this study used the template below for mediation calculation.

Original sample = standard beta

	IV- -> Mediator	Mediator --> DV	Automatic calculation	Standard deviation	Automatic calculation	Bootstrapped Confidence Interval	
	Path a	Path b	Indirect Effect	SE	t-value	95% LL	95% UL
Mediator 1							
Mediator 2							
Mediator 3							

Note: Zero must not cross the Bootstrapped Confidence Interval values

Figure 5. 4: Template for Mediation Calculation

Original sample = standard beta

	IV- -> Mediator	Mediator --> DV	Automatic calculation	Standard deviation	Automatic calculation	Bootstrapped Confidence Interval	
	Path a	Path b	Indirect Effect	SE	t-value	95% LL	95% UL
Med P EO → SDME	0.057	-0.083	-0.005	0.058	-0.082	-0.118	0.109
Med P ISV → SDME	0.024	-0.083	-0.002	0.058	-0.034	-0.116	0.112

Note: Zero must not cross the Bootstrapped Confidence Interval values

Table 5. 13: Results of the Mediation Calculation to this study

According to Table 5.13, the bootstrapped confidence interval (lower and upper level) of H_x (which refers to politicisation in strategic decision-making as a mediator between entrepreneurial orientation and strategic decision-making effectiveness), found that 0 crossed the Bootstrapped Confidence Interval values, where the lower level was -0.118, while the upper level was 0.109. This meant it did not achieve the second request step for the mediator analysis. Likewise, the bootstrapped confidence interval (lower and upper level) for Med P ISV → SDME (which refers to politicisation in strategic decision-making as a mediator between adherence to Islamic financial values and strategic decision-making effectiveness), also found that 0 crossed the Bootstrapped Confidence Interval values, where the lower level was -0.116)

and the upper level was 0.112, which meant it did not achieve the second request step for the mediator analysis. Thus, to surmise, there is no statistically significant role of politicisation in strategic decision-making as a mediator between adherence to Islamic financial values and strategic decision-making effectiveness, as well as between entrepreneurial orientation and strategic decision-making effectiveness. However, this study shows that the mediator role of politicisation in strategic decision-making between adherence to Islamic financial values and strategic decision-making effectiveness, as well as between entrepreneurial orientation and strategic decision-making effectiveness is as hypothesized, but that the nature of the interactions is not.

Moderator Analysis

Baron and Kenny (1986) defined the moderator as a variable that affects the direction and/or strength of the relationship between an independent variable and a dependent variable. To achieve the role of the moderator as a variable between an independent variable and a dependent variable, they identified two main steps. The first step, is that a moderating effect should be significant, and the second step is that the moderator should assist the intention increase or decrease (Baron and Kenny, 1986). Accordingly, as shown in the above table (5.12) and figure (5.1), the DM moderating effect $P \rightarrow SDME$ and DU moderating effect $P \rightarrow SDME$ are not statistically significant, in which the p-values for all of them were more than 0.05. In other words, the strategic decision-specific factors (decision importance, decision motive and decision uncertainty) did not have any moderator role between politicisation in strategic decision-making and strategic decision-making effectiveness. Thus, this study was not able to apply strategic decision-specific factors as moderators between politicisation in strategic decision-making and strategic decision-making effectiveness, because the first step was not met.

Control Variables Analysis

Table 5. 14: Total effects of the control on adherence to Islamic financial values, entrepreneurial orientation and politicisation

No	Relationships	Sample	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
1	Sectors → EO	-0.132	-0.130	0.049	2.703	0.007*
2	Sectors → ISV	0.091	0.090	0.054	1.684	0.093
3	Sectors → P	-0.030	-0.023	0.056	0.539	0.590
4	Co Age → EO	-0.216	-0.218	0.053	4.058	0.000**
5	Co Age → ISV	-0.199	-0.199	0.056	3.556	0.000**
6	Co Age → P	0.207	0.209	0.060	3.477	0.001**
7	Co Size → EO	0.433	0.433	0.051	8.466	0.000**
8	Co Size → ISV	-0.082	-0.084	0.061	1.344	0.180
9	Co Size → P	0.090	0.091	0.068	1.313	0.190

* Significant at $p < 0.05$, ** Significant at $p < 0.01$

This study also exam the effects of the control variables (type of sectors, companies age and companies size) on adherence to Islamic financial values, entrepreneurial orientation and politicisation.

In order to test the control variable (type of sectors), the study tested the total effect of type of sectors on adherence to Islamic financial values, entrepreneurial orientation and politicisation in strategic decision-making. The total effect of type of sectors on entrepreneurial orientation obtained p-value (0.007), as shown in the above table (5.14) and figure (5.1), which means the p-value obtained statistically significant at the (0.05) percent level of significance, thereby confirmed the positive effect of the type of sectors on entrepreneurial orientation. However, the total effect of type of sectors on adherence to Islamic financial values, and politicisation in strategic decision-making obtained p-values more than (0.05) percent level of significance, which are (0.093 and 0.590) as shown in the above table (5.14) and figure (5.1), which means the p-values not obtained any statistically significant, thereby this finding confirmed the negative effect of type of sectors on adherence to Islamic financial values and politicisation in strategic decision-making.

Moreover, in order to test the control variable (companies age), the study tested the total effect of companies age on entrepreneurial orientation, adherence to Islamic financial values and politicisation in strategic decision-making. The total effect of companies age on entrepreneurial orientation, adherence to Islamic financial values and politicisation in strategic decision-making obtained p-values (0.000, 0.000 and 0.001), as shown in the above table (5.14) and figure (5.1), which means the p-values obtained statistically significant at the (0.01)

percent level of significance, thereby this finding confirmed the positive effect of companies age on entrepreneurial orientation, adherence to Islamic financial values and politicisation in strategic decision-making.

Finally, in order to test the control variable (companies size), the study tested the total effect of companies' size on entrepreneurial orientation, adherence to Islamic financial values and politicisation in strategic decision-making. The total effect of companies' size on entrepreneurial orientation obtained p-values (0.000), which means the p-values obtained statistically significant at the (0.01) percent level of significance, thereby this finding confirmed the positive effect of companies' size on entrepreneurial orientation. However, the total effect of companies' size on adherence to Islamic financial values, and politicisation in strategic decision-making obtained p-values more than (0.05) percent level of significance, which are (0.180 and 0.190) as shown in the above table (5.14) and figure (5.1), which means the p-values not obtained any statistically significant, thereby this finding confirmed the negative effect of companies' size on adherence to Islamic financial values, and politicisation in strategic decision-making.

Model Fit

In PLS path modeling, variance explained (R²) has been used to evaluate the study model fit. Recently, some studies have added further assessment measures of model fit such as predictive relevance (Stone-Geisser's Q²) (Hair Jr et al., 2016) and formula of the goodness of fit (GoF) (Wetzels et al., 2009, Vinzi et al., 2010, Henseler and Sarstedt, 2013).

In this study, upon explaining the validity and reliability of the measurement model, the conceptual model of the research was tested using the path coefficients (or standard regression weights) and the explained variance (R²) of the endogenous (dependent) variables. R² indicates the model's in-sample explanatory power. R² values are range between 0 and 1 with higher values indicating higher levels of explanatory power (Shmueli, 2010, Shmueli and Koppius, 2011, Hair et al., 2019). Cohen (1988), describes the effect size for R² as a large effect if the value is 0.26, medium effect if the value is 0.13, and a small effect if the value is 0.02. Table 5.15 indicates that politicisation achieved a small effect, while strategic decision-making effectiveness achieved a large effect.

Latent variable	R ²	Classified
Politicisation	0.068	Small
Strategic Decision-Making Effectiveness	0.382	Large

Table 5. 15: Explained variance for dependent variables

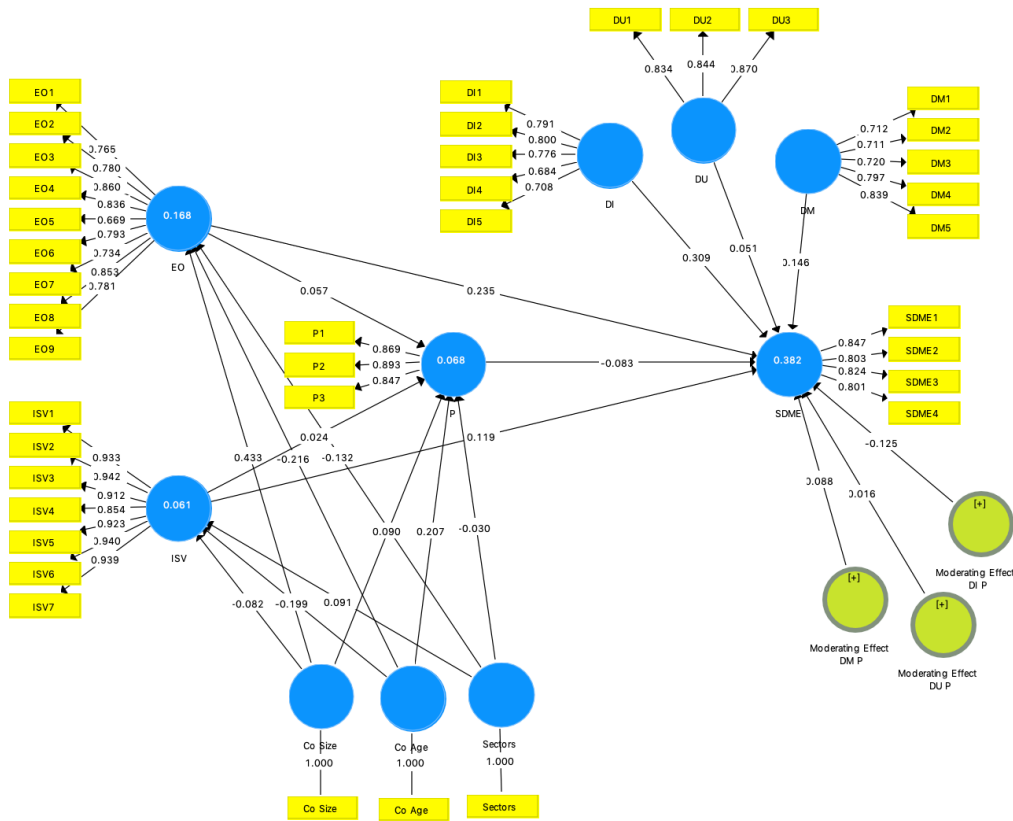


Figure 5. 5: The Structural Model With Estimated Parameters

As shown in Figure 5.1, the model of this study significantly explains 38.2% variation in the SDME construct. Further, the model of this study significantly explains only 06.8% variation in the P construct.

As regards the predictive relevance (Stone-Geisser’s Q²), Chin (1998) pointed out that a Q² value of greater than zero has predictive relevance. Table 5.16 indicates that politicisation achieved 0.040 while strategic decision-making effectiveness achieved 0.226. Accordingly, Q² values in this study are greater than zero which means the study model exhibits an acceptable fit and high predictive relevance.

Construct	SSO	SSE	Q ² (=1-SSE/SSO)
Politicisation	1092	1048	0.040
Strategic Decision-Making Effectiveness	1456	1127	0.226

Table 5. 16: Stone-Geisser's Q²

As regards the goodness of fit (GoF). This study checked and evaluated the goodness of fit of the measurement model. The finding confirms that the model fit is acceptable. Vinzi et al. (2010), defined GoF as the global fit measure. It is the geometric mean of both average variances extracted (AVE) and the average of R² of the endogenous (dependent) variables. The purpose of GoF is to account on the study model at both levels, namely measurement and structural model with a focus on the overall performance of the model (Wetzels et al., 2009, Vinzi et al., 2010, Henseler and Sarstedt, 2013). The calculation formula of the GoF is as follow:

$$GoF = \sqrt{(R^2 \times AVE)}$$

$$GoF = \sqrt{(0.225 * 0.680)} = \sqrt{0.153} = 0.391$$

The criteria of the goodness of fit values are less than 0.1, between 0.1 and 0.25, between 0.25 and 0.36 and greater than 0.36 signify no fit, small, medium, or large respectfully to be consider as global valid PLS model have been given by (Wetzels et al., 2009). According to the value of the GoF (0.391) which is greater than (0.36), which means the goodness of fit model of this study is large to considered sufficient global PLS model validity.

Also, this study used the Standardized root mean square residual (SRMR) value to checked and evaluated the goodness of fit of the measurement model. Standardized root means square residual (SRMR) means the Squared discrepancy between the observed correlations and the model-implied indicator correlations. Should be close to zero and below to (0.08) (Henseler et al., 2014). The finding of this study showed that the SMRS is (0.055) close to zero and below to (0.08), which means the finding of this study providing support for model fit.

5.5. Hypothesis Testing

The interests of this study concerns with examining the effects of politicisation as a mediator between adherence to Islamic financial values and strategic decision-making effectiveness as well as between entrepreneurial orientation and strategic decision-making effectiveness. Additionally, examining the effects of strategic decision-specific factors (decision importance, decision motive and decision uncertainty) as moderators on the relationship between politicisation and strategic decision-making effectiveness.

The results from the above table (5.12) affirm that adherence to Islamic financial values in the organisations has statistically significant effects on their strategic decision-making effectiveness. Similarly, the results also found that entrepreneurial orientation in the organisations has statistically significant effects on their strategic decision-making effectiveness. However, the results also found that adherence to Islamic financial values has no statistically significant effects on politicisation. Likewise, the results also found that entrepreneurial orientation has no statistically significant effects on politicisation. Moreover, politicisation has no statistically significant effects on strategic decision-making effectiveness. Additionally, the also results found that, there is no statistically significant role of politicisation in strategic decision-making as a mediator between adherence to Islamic financial values and strategic decision-making effectiveness, as well as between entrepreneurial orientation and strategic decision-making effectiveness. However, this study shows that the mediator role of politicisation in strategic decision-making between adherence to Islamic financial values and strategic decision-making effectiveness, as well as between entrepreneurial orientation and strategic decision-making effectiveness is as hypothesised, but that the nature of the interactions is not. Furthermore, the also results found that decision importance as moderators have no statistically significant effects on the relationship between politicisation and strategic decision-making effectiveness. Likewise, the also results found that decision motive as moderators have no statistically significant effects on the relationship between politicisation and strategic decision-making effectiveness. Similarly, the also results found that decision uncertainty as moderators have no statistically significant effects on the relationship between politicisation and strategic decision-making effectiveness. The results summary of hypothesis testing in this study is given in Table 5.17.

Table 5. 17: Summary of Hypothesis Testing

No	Research Hypotheses	Results
H ₁	The higher adherence to Islamic financial values, the better will be strategic decision-making effectiveness.	Supported
H ₂	The greater entrepreneurial orientation, the better will be the strategic decision-making effectiveness.	Supported
H ₃	The higher adherence to Islamic financial values, the weaker will be politicisation.	Supported
H ₄	The weaker the politicisation, the better will be strategic decision-making effectiveness.	Not supported
H ₅	Politicisation mediates the relation between Adherence to Islamic financial values and strategic decision-making effectiveness.	Partially supported*
H ₆	The greater entrepreneurial orientation, the weaker will be politicisation.	Supported
H ₇	Politicisation mediates the relation between entrepreneurial orientation and strategic decision-making effectiveness.	Partially supported*
H ₈	The higher decision importance, the stronger will be the relationship between politicisation and strategic decision-making effectiveness.	Not supported
H ₉	The higher decision motive, the weaker will be the relationship between politicisation and strategic decision-making effectiveness.	Not supported
H ₁₀	The higher decision uncertainty, the weaker will be the relationship between politicisation and strategic decision-making effectiveness.	Not supported

*The mediator role of politicisation in strategic decision-making between entrepreneurial orientation and strategic decision-making effectiveness, as well as between adherence to Islamic financial values and strategic decision-making effectiveness is as hypothesized, but that the nature of the interactions is not.

As this study mentioned earlier, the data analysis was based on 364 questionnaires. This study also used the mean of responses from 162 companies to analysis the data. however, there was no difference found in the results.

5.6. Chapter Summary

This chapter has presented the research findings for this study. It first provided a data screening and preliminary analyses before the actual analysis of the study data. Following this, the Exploratory Factor Analysis (EFA) and the Confirmatory Factor Analysis (CFA) were presented with their subsequent results. Lastly, the hypothesis testing and the results summary of the hypothesis testing in this study was provided. The next chapter shall provide a discussion of the study findings that were presented in this chapter, and also address any insights and implications of these findings.

Chapter Six: Discussion and Implications

Chapter Six: Discussion and Implications of the Study Findings

6.1. Introduction

As shown in Chapter 3, this thesis sets out to find answers to four research questions in the context of Saudi Arabian companies. These questions are:

1. “What effects do intangible resources for organisations, which are captured in this study by an adherence to Islamic financial values and by entrepreneurial orientation, have on the effectiveness of strategic decision-making?”
2. “How do these resources (an adherence to Islamic financial values and entrepreneurial orientation) affect the behavioural approach, which is captured by the politicisation?”
3. “What effects does the behavioural approach as mediators between the intangible resources for organisations in this study (an adherence to Islamic financial values and entrepreneurial orientation) have on strategic decision-making effectiveness?”
4. “Do strategic decision-specific factors enhance the effects of politicisation on the effectiveness of strategic decision-making?”

The aim of this chapter is to provide an insightful discussion and to delve into the implications of the study’s findings that were analysed and revealed in Chapter Five. This chapter is therefore divided into three main sections: the first section provides a summary of the study findings based on what was observed in the previous chapter, the second section presents a discussion and the implications of the study findings, and the final section summarises this chapter.

6.2. Summary of the Study Findings arising from the Hypothesis Testing

The aim of this section is to provide a summary of the study findings, in order to further the discussion that these findings are based upon, and also present the important implications that were identified accordingly. This section therefore provides a summary of the estimates of the path coefficients between the study variables under examination, as shown in Table 6.1. From this, a summary of the study findings arising from the hypothesis testing is presented, as shown in Table 6.2.

Table 6.1: Path Coefficiency between the Variables under Examination

No	Relationships	Sample	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
H ₁	ISV → SDME	0.119	0.117	0.051	2.342	0.020*	Supported
H ₂	EO → SDME	0.235	0.229	0.061	3.849	0.000**	Supported
H ₃	ISV → P	0.024	0.022	0.068	0.351	0.725	Not supported
H ₄	P → SDME	-0.083	-0.081	0.048	1.719	0.086	Not supported
H ₅	ISV → P → SDME	-0.002	-0.002	0.007	0.306	0.760	Not supported
H ₆	EO → P	0.057	0.057	0.067	0.850	0.396	Not supported
H ₇	EO → P → SDME	-0.005	-0.004	0.007	0.696	0.487	Not supported
H ₈	Moderating Effect DI P → SDME	-0.125	-0.113	0.080	1.565	0.118	Not supported
H ₉	Moderating Effect DM P → SDME	0.088	0.068	0.108	0.817	0.414	Not supported
H ₁₀	Moderating Effect DU P → SDME	0.016	0.026	0.076	0.212	0.832	Not supported

* Significant at $p < 0.05$, ** Significant at $p < 0.01$

As highlighted in Table 6.1, the salient findings of this study revealed that there is a strong relationship between the adherence to Islamic financial values in organisations and strategic decision-making effectiveness. Likewise, a strong relationship between the adherence to Islamic financial values in organisations and politicisation in strategic decision-making was also found, in which, the higher the level of the adherence to Islamic financial values in organisations, the more it will reduce the level of politicisation in the strategic decision-making. However, the study findings also showed that there was no significant relationship between a low level of politicisation in strategic decision-making and strategic decision-making effectiveness. Moreover, the findings indicated that there was no statistical significance for politicisation in strategic decision-making as a mediator between an adherence to Islamic financial values in organisations and strategic decision-making effectiveness. Conversely, it did reveal that the mediator role of politicisation in strategic decision-making between adherence to Islamic financial values in organisations and strategic decision-making effectiveness was as hypothesised, but that the nature of the interactions was not.

In relation to entrepreneurial orientation in organisations and strategic decision-making effectiveness, the findings also showed a strong relationship between them. This was also the case for an entrepreneurial orientation in organisations and politicisation in strategic decision-making, of which, the higher the level of entrepreneurial orientation in organisations, the more it will reduce the levels of politicisation in strategic decision-making. However, the study findings did show that there was no significant relationship between the low level of politicisation in strategic decision-making and strategic decision-making effectiveness. Moreover, there was no statistical significance for politicisation in strategic decision-making as a mediator between an entrepreneurial orientation in organisations and strategic decision-making effectiveness. Similar to an adherence to Islamic financial values, this study also showed that the mediator role of politicisation in strategic decision-making between an entrepreneurial orientation and strategic decision-making effectiveness was as hypothesised, but that the nature of the interactions was not.

Additionally, the findings of this study showed that there was no significant effect of strategic decision-specific factors (i.e. decision importance, decision motive and decision uncertainty) on the relationship between politicisation and strategic decision-making effectiveness. Moreover, a strong relationship between decision importance and strategic decision-making effectiveness was found, but there was no significant effect of decision motive and decision uncertainty on strategic decision-making effectiveness.

6.3. Discussion and Implications of the Study Findings

This section provides a discussion of and the implications of the study findings, which is conducted in the following manner: 1) a discussion on the study findings relating to the relationship between the adherence to Islamic financial values and strategic decision-making effectiveness, followed by the important implications drawn from these findings. This structure is then repeated for 2) the relationships between entrepreneurial orientation and strategic decision-making effectiveness (discussion followed by implications), 3) the study findings on the relationship between an adherence to Islamic financial values, politicisation in strategic decision-making and strategic decision-making effectiveness (discussion then implications), 4) the study findings on the relationship between entrepreneurial orientation, politicisation in strategic decision-making and strategic decision-making effectiveness (discussion and then implications), and, lastly, 5) the study findings on the relationships between politicisation in strategic decision-making, strategic decision-specific factors and strategic decision-making effectiveness (discussion followed by implications). In addressing all these points, it is envisaged that the research questions shall be answered effectively and accordingly.

6.3.1. The Adherence to the Islamic Financial Values and Strategic Decision-Making Effectiveness (Research Question 1 - Part 1)

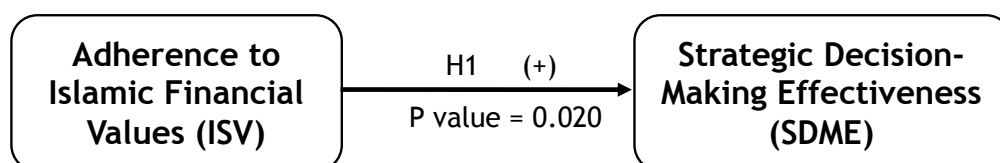


Figure 6. 1: The relationship between an Adherence to Islamic Financial Values and Strategic Decision-Making Effectiveness

To answer the first part of Research Question 1 (RQ1), the discussion revolved around what effects an adherence to the Islamic financial values, as an intangible resource for organisations, has on strategic decision-making effectiveness. This study used the resource-based theory regarding an adherence to the Islamic financial values in organisations (Hove et al., 2014, Zin and Adnan, 2016, Zin et al., 2017).

Using resource-based theory regarding an adherence to Islamic financial values in organisations (Hove et al., 2014, Zin and Adnan, 2016, Zin et al., 2017), the Islamic financial values were treated in this study as an intangible resource that helps to create competitive advantage and achieve greater outcomes for organisations. It was hypothesised that an adherence to the Islamic financial values within organisations would relate positively to the organisations'

strategic decision-making effectiveness. As for the findings, it was revealed that the p-value between an adherence to Islamic financial values and strategic decision-making effectiveness was 0.020 (as shown in Figure 6.3), which means that the relationship between them is statistically significant. In other words, a positive relationship between an adherence to the Islamic financial values and organisations' strategic decision-making effectiveness was found. In turn, this study found that, the higher the level of an adherence to the Islamic financial values in organisations, the more this will lead to good, effective strategic decision-making by their strategic decision-makers. Overall, this study provides consistent evidence for positive associations between an adherence to the Islamic financial values and strategic decision-making effectiveness within organisations.

In light of this, there are a number of important implications that can be drawn. The positive relationship between an adherence to Islamic financial values and the outcomes of an organisation's strategic decision-making suggests that the Islamic financial values will help decision-makers to take distinctive and effective strategic decisions, which are achieved by following two main critical principles as explained in the earlier chapters; namely, halal (lawful) and haram (unlawful). Therefore, Muslim decision-makers will interpret any information that they come across within the framework of these two terms. This means that Islamic financial values act as a filter through which information flows, and are subject to interpretation in the Muslim strategic decision-makers' minds. In this regard, the interpretation of information that is based on Islamic financial values is of critical importance to the organisation's overall strategic decision-making process. In addition, it may play an important role in encouraging strategic decision-makers to explore any information that may help their values to find or create better strategies that are both profitable and that adhere to the Islamic financial principles.

Thus, Islamic financial values will have an effect on the economic practices and strategic decisions of those who adhere to it, by observing the principle of protecting money; that is, through the avoidance of participating in activities prohibited by Islamic law (i.e. interest-based loans and gambling). In doing so, they will ensure that their monetary transactions are fair and ethical, and through real economic activities that will yield economic benefits to their organisations and to the wider society, as well as through the practice of clear economic activities that are not based on ignorance or a lack of knowledge.

In light of this, adherence to these values will promote corporate development and internal structural reform, which results in making better decisions for the organisation. According to Arslan (2009), religious values can create a distinctive perception that influences the interpretation of information, which, in turn, will lead to the making of distinctive decisions and the taking of appropriate action. In other words, in the strategic decision-making process, the same information is likely to be processed differently by different decision-makers depending on their values, perception and interpretation of the information. This, in turn, affects the outcomes of strategic decision-making (Arslan, 2009).

Supporting this, past global financial crises, such as financial crisis in 2007, have shown how the non-compliance of financial ethical values by global organisations subsequently led to negative effects on those organisations. That said, the 2007 crisis also showed that the global organisations that adhered to Islamic financial values were protected from the crisis, and their performance was stable and better than those who were not in adherence to these values, specifically in terms of profitability, resource use, cost-effectiveness, asset quality, capital adequacy and liquidity ratios (Parashar, 2010, Olson and Zoubi, 2011, Hasan and Dridi, 2011, Alexakis et al., 2018, Salih et al., 2018).

In summary, the previous studies have shown that the reason behind most financial crises amongst organisations in the past is because of a failure to comply with ethical values in their business (Derbel et al., 2011). Moreover, previous studies show that decision makers have always tried to take into account all possibilities and the smallest of details in their choices. However, they would prefer not to adhere to ethical financial values and insist on making unethical decisions in order to achieve their personal interests (Trabelsi, 2011). At first glance, it appears that non-compliance to ethical values does achieve some gains in the near term, but just as it is not guaranteed the consequences, its consequences are doomed to failure. As for commitment to commercial principles, ethics and values, it is the safe way to continue success (Derbel et al., 2011).

This is natural for those type of decision makers because their classical economic school of thought believes in individual utilitarianism, in pursuit of profit, while ignoring social and ethics utility (Riley, 2016). It seeks purely to maximise personal interests in order to remain competitive within the market. However, this is contrary to the nature of humans, with different affiliations, whether religious or secular. In this context, Wilson (1975) showed that humans, by their very nature, are inclined to cooperate and abide by ethical standards. Similarly, Causse (2012) points out that the most ethical frameworks, whether secular or

religious, share the same goal - to encourage people to adopt social characteristics and curb their selfish and aggressive qualities. Likewise, the teachings within Islam do not view individual profits as the only compelling force to get involved in business but, rather, it encourages its adherents to regard wealth as a trust from God, so they do not have an unlimited claim on resources (Chapra, 1992, Arslan, 2009).

This study findings reflects similar findings in previous studies, which show that an adherence to the Islamic financial values is the basis of strategic decision-making in organisations, particularly among Saudi Arabian organisations. For example, Algumzi (2017) showed that ethics, identity and a strong religious belief, are the fundamental components influencing Saudi Arabian organisations. However, prior studies also confirm that, in order to improve the decisions of organisations and make them more effective, it depends on the extent of how committed they are towards adhering to such values (Kammer et al., 2015, Haniffa and Hudaib, 2007).

Although there is some evidence in the existing literature that supports the findings of this study, there is a lack of current literature that clearly and explicitly examines the relationship between an adherence to the Islamic financial values and strategic decision-making effectiveness within organisations (as mentioned earlier in Chapter 3). This study also argues that this finding is a notable contribution, since it is considered to be one of the first studies that has focused on studying the relationship between an adherence to the Islamic financial values and strategic decision-making effectiveness, and that has also shown the effects of adhering to these values on organisations' strategic decision-making effectiveness.

6.3.2. Entrepreneurial Orientation and Strategic Decision-Making Effectiveness (Research Question 1 - Part 2)

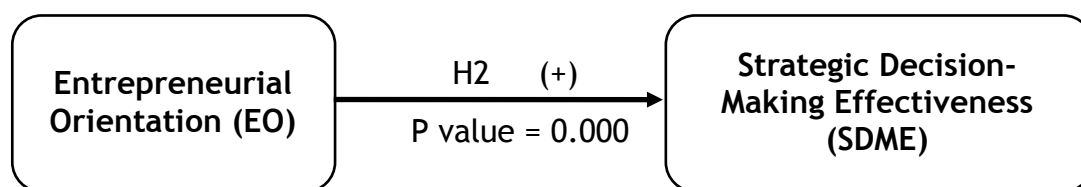


Figure 6.2: The relationship between an Entrepreneurial Orientation and Strategic Decision-Making Effectiveness

To answer the second part of RQ1, which is concerned with identifying what effects an entrepreneurial orientation, as an intangible resource for organisations, has on strategic decision-making effectiveness, this study used the resource-based theory (Barney, 1991).

Using the resource-based theory (Barney, (1991), an entrepreneurial orientation was treated in this study as an intangible resource that helps to create an organisation's competitive advantage. Therefore, an entrepreneurial orientation was hypothesised to be related positively to an organisation's strategic decision-making effectiveness. The findings of this study indicated that the p-value between entrepreneurial orientation and strategic decision-making effectiveness was 0.018 (as shown in Figure 6.1), which means that the relationship between them is statistically significant. In other words, this study found a positive relationship between entrepreneurial orientation and organisations' strategic decision-making effectiveness, which in turn implies that, the higher the level of entrepreneurial orientation within organisations, the more this will lead to good, effective strategic decision-making in an organisation by their strategic decision-makers.

Overall, this study provides consistent evidence for a positive association between an entrepreneurial orientation, as an intangible resource for organisations, and strategic decision-making effectiveness within organisations. Moreover, since the empirical setting of this study was Saudi Arabian-based companies, the decision to focus exclusively on them is consistent with recent calls to broaden the geographic focus by collecting data from other cultural groups, such as Arab countries (Thanos et al., 2017). Saudi Arabia is considered to be one of the most important Arab countries in the Middle East, whose economy is ranked ahead of other advanced economies (Business, 2017, Bank, 2011). Moreover, Saudi Arabia encourages entrepreneurship, in which many successful entrepreneur companies have subsequently flourished as a result (Hassan et al., 2013, Yusuf and Albanawi, 2016).

Drawing upon the study findings as discussed above, there are a number of important implications for this theory. The positive relationship between an entrepreneurial orientation, as an intangible resource for organisations, and the outcomes of organisations' strategic decision-making suggests that the continuous pursuit of new opportunities ahead of the competition, the adoption of innovative ideas, and the willingness to act on risky decisions for organisations, are all major components that can help organisations to make distinctive, effective strategic decisions. This finding reflects similar findings from prior studies that support an entrepreneurial orientation as the key driver for strategic initiatives intended to enhance firm performance. In other words, they found an entrepreneurial orientation to be the basis for strategic decision-making and actions in organisations (Lumpkin and Dess, 1996, Wiklund and Shepherd, 2005). Prior studies also show how, the higher the entrepreneurial orientation in organisations, the more it improves their organisations' performance. They further indicate an indirect way for the role of an entrepreneurial orientation to improve the

decisions of organisations and make it more effective, and then how making these decisions had improved their organisations' performance.

For example, Uncapher (2013) confirmed that organisations with a strong entrepreneurial orientation (i.e. involving innovativeness, proactiveness and risk-taking), will be able to make better decisions to achieve a sustainable competitive advantage and superior performance, where these organisations focus on value creation and results, as well as concentrating on leveraging the available resources to achieve maximum results. Likewise, the study by Martin and Javalgi (2016) concerning entrepreneurial orientation, marketing capabilities and performance, also confirmed that increasing the entrepreneurial orientation levels in organisations enhances performance. That said, their study did show that higher performance can only occur when the managers of international new ventures are willing to make good, effective strategic decisions concerning important resource allocation. They indicated that increasing the entrepreneurial orientation levels require significant resource investment (Wiklund, 1999), and strategic decision-makers need to be sure that their investments will gain suitable rewards. Although there is some evidence in the existing literature that supports the findings of this study, there is a lack of current literature that clearly and explicitly examines the relationship between entrepreneurial orientation and strategic decision-making effectiveness in organisations, especially amongst Arab companies in Arab countries (as mentioned earlier in Chapter 3).

This study therefore argues that this is a notable contribution, since it is considered to be one of the first studies to focus on studying the relationship between entrepreneurial orientation as an intangible resource for organisations and strategic decision-making effectiveness. In addition, it has shown the effect that entrepreneurial orientation can have on strategic decision-making effectiveness. Moreover, this study has broadened the geographical country base of origin for entrepreneurship-related studies since the previous studies were 'culture-free' (Wales et al., 2013, Vu, 2017). On a related note, this particular finding (a positive relationship between entrepreneurial orientation and strategic decision-making effectiveness for Arab companies) is important for one additional reason. That is, by their nature, these companies are resource-constrained, because they lack resources; thus, they need to deploy their capabilities internally in order to survive in the contemporary markets. As the distinguishes of Arab companies have relatively younger entrepreneurs, in comparison to some European and Latin American countries (Kshetri, 2014), it is easier for them to develop an entrepreneurial orientation in their companies and gain maximum benefits by making distinctive, effective strategic decisions (Gupta and Batra, 2016). The report by the World Bank

in 2015 showed that 40% of young Latin American managers have demonstrated high levels of entrepreneurial inclination, while 70-90% of managers in the Gulf countries are strongly inclined towards entrepreneurship.

For example, Saudi Arabia currently has a huge number of new breed entrepreneurs who are gradually shaping the country's economic landscape. With the help of their strong initiative, skills, drive and spirit of innovation, they have brought about significant changes to the process of economic growth (Hassan et al., 2013, Yusuf and Albanawi, 2016). In 2016, Crown Prince Mohammed bin Salman (aged 34) announced the new vision of the Kingdom of Saudi Arabia 2030. According to this new vision, the Kingdom of Saudi Arabia has launched multiple government initiatives to spur entrepreneurship and innovation in order to become the hub for entrepreneurship in the region. These initiatives include licensing opportunities for venture capital firms and start-ups, investment in local VC funds, funding platforms for SMEs, as well as incubators and accelerators, etc. (Saudi Vision 2030, 2019).

Moreover, in 2018, Saudi Arabia's Misk Innovation - a branch of the non-profit Misk Foundation, founded by Crown Prince Mohammed bin Salman to empower young people in Saudi Arabia and around the world to be active participants in the knowledge economy - announced a new partnership with U.S.-based early-stage venture fund and seed accelerator 500 start-ups to encourage entrepreneurship across the Kingdom of Saudi Arabia. Furthermore, Misk Innovation's support for entrepreneurship goes further, with its international platform, Misk Global Forum's Entrepreneurship World Cup, one of the biggest and most internationally diverse entrepreneurship programmes of its kind. Through the Entrepreneurship World Cup, 100,000 entrants from 170 countries are competing to reach national and regional finals and entry to the Global Final at the Misk Global Forum annual event in Riyadh, the capital of the Kingdom of Saudi Arabia, in November (Misk Foundation, 2019).

The analysis suggests that organisations in Arab countries need to direct their attention towards the constant development of their entrepreneurial orientation, which can subsequently improve the outcomes of their strategic decisions by enabling them to make distinctive, effective strategic decisions.

To summarise the answer of the first research question concerning what effect does intangible resources for organisations, which are captured by an adherence to Islamic financial values and entrepreneurial orientation, have on strategic decision-making effectiveness, this study confirms that the higher the level of these resources within an organisation, the more it will lead to good, effective strategic decision-making by strategic decision-makers. This finding

reflects similar findings of the resource-based theory, which confirms that intangible resources help to create a competitive advantage and achieve greater outcomes for organisations.

6.3.3. The Adherence to Islamic Financial Values, Politicisation and Strategic Decision-Making Effectiveness (Research Question 2- Part 1 and Research Question 3 - Part 1)

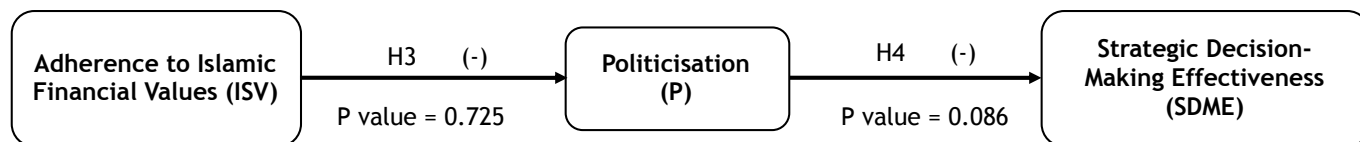


Figure 6. 3: The relationship between Adherence to the Islamic Financial Values, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness

To answer the first part of Research Question 2 (RQ2), as well as the first part of Research Question 3 (RQ3), the discussion is concerned with the relationship between an adherence to the Islamic financial values, as an intangible resource for organisations, and strategic decision-making effectiveness, and how this is influenced by the behavioural approach that is captured by the politicisation, such that an adherence to the Islamic financial values reduces the negative influence of politicisation. This study used the resource-based theory which suggests that an adherence to the Islamic financial values in organisations is considered an intangible resource that helps to create a competitive advantage for them (Hove et al., 2014, Zin and Adnan, 2016, Zin et al., 2017). Also, this study used the behavioural approach for organisations (Child et al., 2010), where politicisation was treated in this study as behaviour that is undesired by the decision-makers in organisations, as it usually has a negative effect on the process of strategic decision making. The findings of this study showed that the p-value between an adherence to the Islamic financial values and politicisation in strategic decision-making was 0.725 (as shown in Figure 6.4), which means that the relationship between them is not statistically significant. In other words, the findings of this study suggest a positive relationship, which means that increasing the level of adherence to the Islamic financial values will lead to organisations having a strong effect in limiting the negative impacts of politicisation on the process of strategic decision-making.

However, with regards to testing the effect of the decreasing levels of politicisation in the process of strategic decision-making on strategic decision-making effectiveness, the findings also revealed that the p-value between politicisation in strategic decision-making and strategic

decision-making effectiveness was 0.086 (as shown in Figure 6.4), which means that the relationship between them is also not statistically significant. The findings of this study suggested a negative relationship, which means that the low level of politicisation in strategic decision-making does not affect strategic decision-making effectiveness in a positive way. In other words, the low level of politicisation in the process of strategic decision-making, resulting from the influence of the high level of adherence to the Islamic financial values in organisations, did not improve the strategic decision-making process nor make the strategic decisions more effective.

Overall, this study provides consistent positive association evidence between an adherence to Islamic financial values as an intangible resource for organisations, and the behavioural approach that is captured by the politicisation in strategic decision-making, which confirms that high levels of adherence to the Islamic financial values in organisations diminish the level of politicisation in the process of strategic decision-making. Moreover, this study pointed out that it did not find significant results regarding the effects of the low levels of politicisation in the process of strategic decision-making, as a result of the effect of high levels of adherence to the Islamic financial values within organisations on strategic decision-making effectiveness. In light of this, there are important implications that can be drawn from these findings.

One of the important implications is that the positive relationship between a high level of adherence to the Islamic financial and low political behaviour in the process of strategic decision-making suggests that the political behaviour of certain decision-makers at the top of the management team conflicts with the values of Islamic finance, which does not allow individual interests to be acknowledged at the expense of the interests of the group. The Islamic financial values require all parties within an organisation to honour the principles of fair treatment and the sanctity of contracts (Kammer et al., 2015). Thus, by adhering to these values, it diminishes the level of politicisation in the process of strategic decision-making. One reason for the conflict between these constructs during the process of strategic decision-making is that Islamic financial values were developed to realise the principle of fairness in financial transactions, and thus improve the outputs of the organisations which adhere to them (Haniffa and Hudaib, 2007, Kammer et al., 2015). However, politicisation, in the process of strategic decision-making, is usually used by the decision-makers at the top of the management team to achieve, enhance or protect their interests, rather than the interests of the organisation, thus resulting in the behaviour of negative outputs for their organisations (Allen et al., 1979).

This finding reflects similar findings by previous studies, which highlighted that organisations that adhere more closely to the Islamic financial values have a minimum level of political behaviour in their organisations and, as a result, have better outcomes for their organisations when compared to those with a lower or even no adherence to the Islamic financial values (Arslan, 2009). This is what was alluded to in the previous section 6.3.1 as well as in Chapter 2, in reference to the global financial crisis of 2007, where non-compliance to the financial ethical values led to a negative outcome on those organisations (i.e. bankruptcy and collapse), while those that adopted financial ethical values (such as the Islamic values) were safeguarded and more stable (Alexakis et al., 2018, Salih et al., 2018). Studies have further revealed that the organisations that adhered to the Islamic financial values performed better than those that did not, specifically in terms of profitability, resource use, cost-effectiveness, asset quality, capital adequacy and liquidity ratios (Parashar, 2010, Olson and Zoubi, 2011, Hasan and Dridi, 2011).

While there is evidence in the existing literature that supports this study’s finding, there is a lack of research in the current literature that clearly and explicitly examines the relationship between an adherence to the Islamic financial values, politicisation in strategic decision-making and strategic decision-making effectiveness within organisations (as mentioned earlier in Chapter 3). Moreover, similar to the previous findings in this chapter, this study argues that this particular finding is a notable contribution, since it is considered one of the first studies to focus on the relationship between all of these components, as well as showing the effect of an adherence to the Islamic financial values in organisations on politicisation within the process of strategic decision-making.

6.3.4. An Entrepreneurial Orientation, Politicisation and Strategic Decision-making Effectiveness (Research Question 2- Part 2 and Research Question 3 - Part 2)

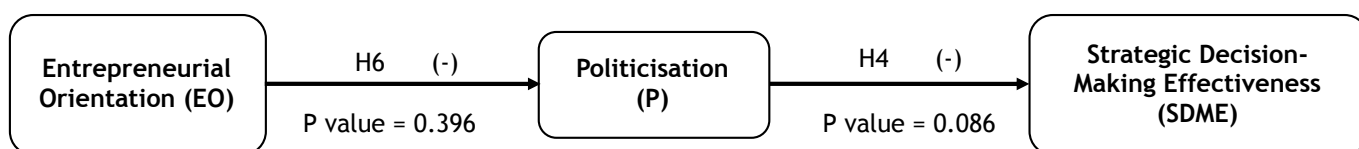


Figure 6. 4: The relationship between Entrepreneurial Orientation, Politicisation in Strategic Decision-making and Strategic Decision-making Effectiveness

To answer the second part of RQ3, as well as the second part of RQ4 of this study, the question is concerned with the relationship between an entrepreneurial orientation, as an intangible resource for organisations, and strategic decision-making effectiveness, as influenced by the behavioural approach that is captured by the politicisation, such that the entrepreneurial orientation reduces the negative influence of politicisation. This study used the resource-based theory, which suggests that an entrepreneurial orientation in organisations considered as an intangible resource that helps them to create a competitive advantage for them (Barney, 1991). Also, this study used the behavioural approach for organisations (Child et al., 2010). Politicisation was treated in this study as behaviour undesired by the decision-makers in organisations, which usually has a negative effect on the process of strategic decision-making. This study tested whether a high level of entrepreneurial orientation within organisations reduces the level of politicisation in the process of strategic decision-making. The results showed that the p-value between entrepreneurial orientation and politicisation strategic decision-making was 0.393 (as shown in Figure 6.2), which means that the relationship between them is not statistically significant. In other words, the findings of this study suggest a positive relationship, which means that increasing levels of entrepreneurial orientation has a strong effect of limiting the negative impacts of politicisation in the process of strategic decision-making.

However, with regards to testing the effect of decreasing the levels of politicisation in the process of strategic decision-making on strategic decision-making effectiveness, the findings of this study also found that the p-value between politicisation in strategic decision-making and strategic decision-making effectiveness was 0.086 (see Figure 6.2), which means that the relationship between them is also not statistically significant. The findings of this study also suggested a negative relationship, which means that the low levels of politicisation in strategic decision-making does not positively affect strategic decision-making effectiveness. In other words, the low levels of politicisation in the process of strategic decision-making, resulting from the influence of the high level of entrepreneurial orientation in an organisation, did not improve the strategic decision-making process or help to make strategic decisions more effective.

Overall, this study provides consistent positive association evidence between an entrepreneurial orientation as an intangible resource for organisations, and the behavioural approach that is captured by the politicisation in strategic decision-making, which confirms that high levels of entrepreneurial orientation in organisations will diminish the level of politicisation in the process of strategic decision-making. Moreover, this study pointed out that

it did not find significant results regarding the effect of low levels of politicisation within the process of strategic decision-making on strategic decision-making effectiveness. Consequently, based on this discussion, there are important implications that can be drawn from these findings.

One of the important implications from this study is that the positive relationship between a high level of entrepreneurial orientation and low political behaviour in the process of strategic decision-making, suggests that the political behaviour by some decision-makers at the top of the management team conflicts with the continuous pursuit of new opportunities ahead of the competition, as well as in the adoption of innovative ideas, and the willingness to act on risky decisions for their organisations. Hence, entrepreneurial orientation diminishes the level of politicisation in the process of strategic decision-making. One reason for this conflict is that an entrepreneurial orientation is the key driver for strategic decision-making and actions within organisations to enhance and improve their performance (Lumpkin and Dess, 1996, Wiklund and Shepherd, 2005). Nevertheless, political behaviour is usually used by the decision-makers at the top of the management team to achieve, enhance or protect their interests, as opposed to their organisations' interest (Allen et al., 1979). This finding reflects similar findings by prior studies (Meyer and Goes, 1988, Marshall and Vredenburg, 1992, Lewin and Stephens, 1994, Papadakis and Barwise, 2002, Papadakis, 2006), all of whom found that the decision-makers engaged in more proactive, risky, innovative strategic decisions, and would always aim to minimise the level of politicisation in their strategic decision-making process so that they could achieve their ideas or goals.

Another important implication drawn from these study findings is the negative relationship between the low levels of politicisation in the process of strategic decision-making and strategic decision-making effectiveness. Interestingly, this opposes the expected results of this study, which assumed that weakening the politicisation in the process of strategic decision-making would lead to good, effective strategic decisions for organisations. However, this finding reflects similar findings by prior studies, such as Wilson et al. (2010), as well as Elbanna et al. (2015), who showed that politicisation plays a negative role in the process of strategic decision-making by using its power and influence to achieve their interests. Moreover, the studies of Dean and Sharfman (1996), Elbanna (2006) and Pettigrew (2014) explained how the decision-makers use power and influence in negative ways, and they showed that politicisation might restrict and distort the information flow, as well as distract decision-makers' attention from their organisational goals towards their own self-interests. Thus, this study confirms that any

level of politicisation in the process of strategic decision-making will negatively affect the outcomes of strategic decisions.

While there is evidence in the existing literature that supports this study's finding, there is a lack of research in the current literature that clearly and explicitly examines the relationship between an entrepreneurial orientation, politicisation and strategic decision-making effectiveness within organisations (as mentioned earlier in Chapter 3). This study also argues that this is a notable contribution, since it is considered to be one of the first studies that has focused on studying the relationship between these components, and it also shows the effect of an entrepreneurial orientation in organisations on politicisation in strategic decision-making.

To summarise the answer to the first research question of this study concerning how the adherence to Islamic financial values and entrepreneurial orientation, as intangible resources for organisations, affect the behavioural approach that is captured by the politicisation, this study confirms that increasing the level of these resources will lead to organisations having a strong effect in limiting the negative impacts of politicisation on the process of strategic decision-making. The reason for this is because there is an inverse relationship between these intangible resources and political behaviour.

To summarise the answer to the first research question of this study that concerned with what effects the behavioural approach, which is captured by the politicisation, has on the intangible resources for organisations and strategic decision-making effectiveness, this study confirms that increasing the level of these resources for organisations (adherence to Islamic financial values and entrepreneurial orientation) will lead to organisations having a stronger effect in limiting the negative impacts of political behaviour on the process of strategic decision-making. However, with regards to the effect of decreasing the levels of politicisation in the process of strategic decision-making on strategic decision-making effectiveness, the findings of this study showed that the low levels of politicisation in the process of strategic decision-making, as a result of the influence from the intangible resources for organisations, did not improve the strategic decision-making process or help to make strategic decisions more effective. However, the results of this study on the negative relationship between the low levels of politicisation and strategic decision-making effectiveness were only statistically significant, not practically; that is, in reality and on a practical level, the weaker the politicisation, the better it will be for strategic decision-making outcomes.

6.3.5. Politicisation in Strategic Decision-Making, Strategic Decision-Specific Factors and Strategic Decision-Making Effectiveness (Research Question 4)

To answer Research Question 4 of this study, the discussion is concerned with whether or not the strategic decision-specific factors (i.e. decision importance, decision uncertainty and decision motive) enhance the effects of politicisation in strategic decision-making on strategic decision-making effectiveness. This study therefore discusses the role of each of these factors separately, as moderators between politicisation in strategic decision-making and strategic decision-making effectiveness.

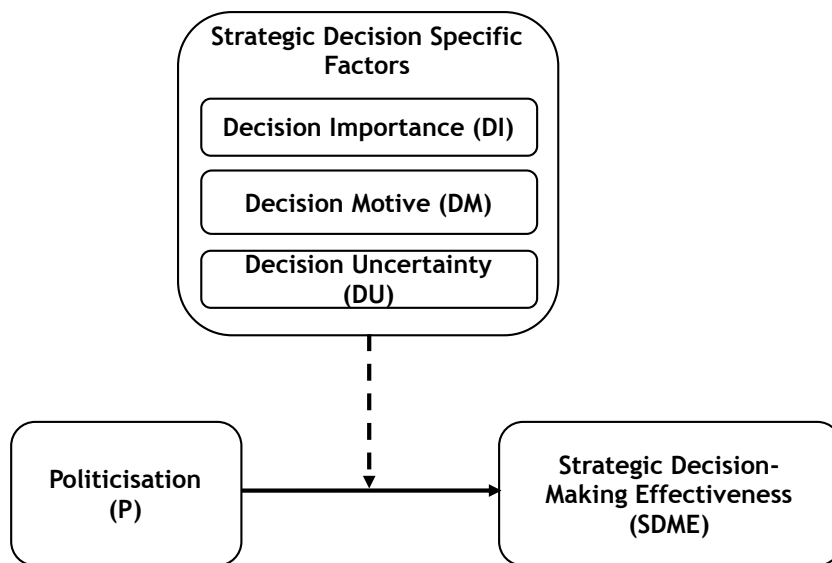


Figure 6.5: The relationship between the strategic decision-specific factors (decision importance, decision uncertainty and decision motive), Politicisation and Strategic Decision-Making Effectiveness

6.3.5.1. Decision Importance, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness

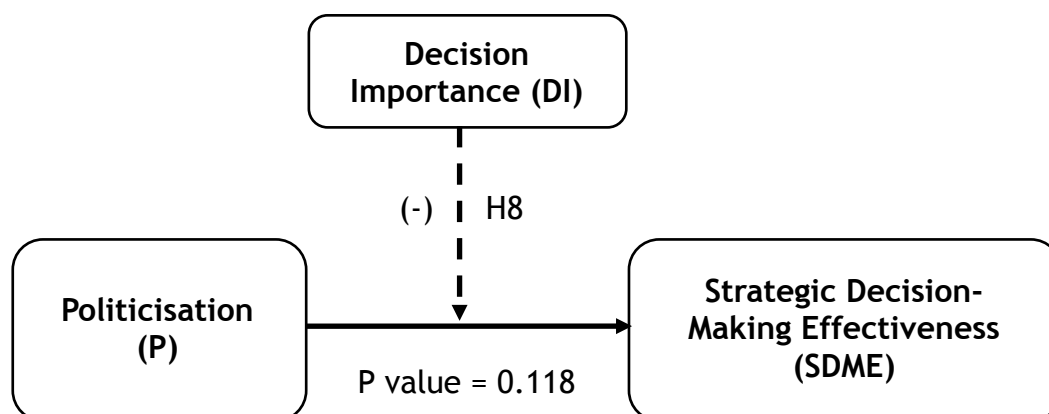


Figure 6.6: The relationship between Decision Importance, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness

Regarding the role of decision importance in enhancing the effects of politicisation in the process of strategic decision-making on strategic decision-making effectiveness, the findings of this study found that the p-value between decision importance, politicisation and strategic decision-making effectiveness was 0.118 (as shown in Figure 6.6), which means that there was no support for the moderating role of decision importance on the relationship between politicisation in strategic decision-making and strategic decision effectiveness. This lack of a moderating role of decision importance may be because, in Saudi Arabian culture, politicisation's direct effect cancels out any moderating/side effects. Supporting this, Alzeban (2015) showed, in his study concerning the impact of culture on Saudi Arabian companies, that high power and influence in organisations negatively affect the organisational outcomes. This finding reflects similar findings from previous studies, which shows that the difference in importance between decisions was insufficient significantly to influence the relationship between politicisation in the process of strategic decision-making and strategic decision effectiveness (Elbanna and Child, 2007a). However, the findings of this study suggest a positive relationship between the importance of strategic decisions and strategic decision-making effectiveness, which means that the level of importance pertaining to strategic decisions in organisations has a strong effect on the outputs of the process of strategic decision-making. In other words, the more important the strategic decisions, the more attention they will receive from the decision-makers, and thus the better and more effective will the decisions be.

6.3.5.2. Decision Motive, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness

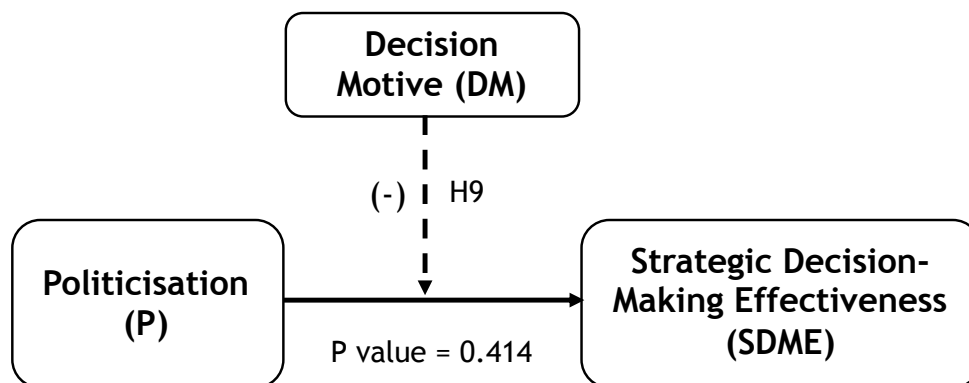


Figure 6.7: The relationship between Decision Motive, Politicisation and Strategic Decision-Making Effectiveness

Similar to the previous results on the factor of decision importance, the findings of this study also found the p-value between decision motive, politicisation in strategic decision-making and strategic decision-making effectiveness to be 0.414 (as shown in Figure 6.7), which also means that the decision motive factor did not play a moderating role in the relationship between politicisation in the process of strategic decision-making and strategic decision-making effectiveness. In other words, the motives for strategic decisions could not affect decision-makers as much as politicisation could, which means that, when strategic decisions have personal benefits or interest for decision-makers, their power and influence will affect the strategic decision-making process more than the motives of the strategic decisions, even if the motives for the strategic decisions serve the interests of their organisations. This study suggests that, in the Saudi Arabian context, the political tactics within organisations may be more than merely the desire of ambitious decision-makers to influence events according to their interests and enhance their power, influence and standing. In some situations, political activity may be a vital requirement for decision-makers to retain their current positions, or to avoid problems in their companies, such as a sudden drop in their organisation's income, downsizing and layoffs. Thus, the political tactics in Saudi Arabian organisations assume greater significance in such situations; and the decision-makers will be motivated to use such tactics not only to enhance their power and influence or obtain greater benefits but also to secure their current positions and the benefits they currently enjoy. Interestingly, this finding conflicts with the previous study by Elbanna and Child (2007a), which showed that decision motive significantly moderated the relationship between politicisation in strategic decision-making and strategic decision-making effectiveness. One may, therefore, postulate that there could have been a conflict in the results, because some decision-makers thought that their personal benefits or interests were more significant than their organisations' aims.

6.3.5.3. Decision Uncertainty, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness

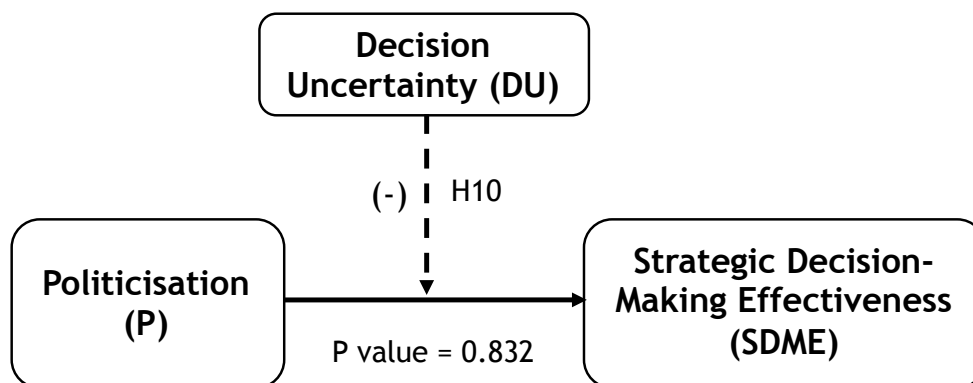


Figure 6.8: The relationship between Decision Uncertainty, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness

Regarding the role of decision uncertainty in enhancing the effects of politicisation in the process of strategic decision-making on strategic decision-making effectiveness, the findings were similar to those for the other two factors, in which the p-value between decision motive, politicisation and strategic decision-making effectiveness was 0.826 (as shown in Figure 6.8), which means that this study found no support for the moderating role of decision uncertainty on the relationship between politicisation and strategic decision effectiveness. This finding reflects similar findings from previous studies, which also showed no support for the moderating role of decision uncertainty (Elbanna and Child, 2007a).

To summarise this section, the findings of this study confirm that the impact of politicisation in the process of strategic decision-making is greater than the impact of strategic decision-specific factors (decision importance, decision uncertainty and decision motive), which means that the politicisation tactics in the process of strategic decision-making, with respect to the target organisations in this study and in relation to enhancing their power and standing, are more influential than decision importance, decision uncertainty and decision motive. In other words, political activity may be a vital requirement for decision-makers to retain their current positions and secure the benefits they enjoy.

6.4. Chapter Summary

This chapter provided a detailed discussion of the previous chapter, and sought to expound upon the implications that arose in light of such findings. The first section in this chapter provided a summary of the results and of the hypothesis testing that helped to discuss the findings of the study. The second section provided a discussion and implications of the study findings. In this section, the various relationships that this study sought to investigate were discussed (i.e. the intangible resources for organisations, which were captured by entrepreneurial orientation and an adherence to the Islamic financial values, in relation to the behavioural approach, which was captured by the politicisation and strategic decision-making effectiveness), followed by the implications for each of these. In addition, this section also discussed the findings on the relationships between politicisation in strategic decision-making, strategic decision-specific factors (decision importance, decision motive and decision uncertainty) and strategic decision-making effectiveness, then presented the important implications drawn from these findings. Lastly, a summary of all of the sections of this chapter was presented.

Chapter Seven: Conclusion

7.1. Introduction

The aim of this chapter is to provide a conclusion to this study. This chapter is divided into six main sections: the first section recaps this study, which is followed by a summary of the findings in the second section. The third section then provides a summary of the contribution of this study, while the fourth section considers the limitations that were identified within the overall study. Following this, the fifth section provides recommendations for future research and, lastly, the sixth section presents the study's conclusion.

7.2. Recap of the Study

This study sought to explore new factors that could affect and improve the outcomes of strategic decision-making for organisations, which would better complement our understanding of the processes of strategic decision-making within organisations. These new factors are an adherence to Islamic financial values and entrepreneurial orientation within organisations, which are seen as intangible resources for organisations. Thus, the objective of this study is to investigate the influence of the intangible resources for organisations that are captured by the adherence to Islamic financial values and entrepreneurial orientation on strategic decision-making effectiveness. It also seeks to investigate the mediating role of the behavioural approach that is captured by the politicisation between these intangible resources for organisations (adherence to Islamic financial values and entrepreneurial orientation) and strategic decision-making effectiveness. It also seeks to investigate the influence of the moderating role of the strategic decision-specific factors by that are captured by decision importance, decision uncertainty and decision motive between politicisation in strategic decision-making and strategic decision-making effectiveness. The investigation adopted a quantitative method approach to address four research questions. Questionnaires were designed for members of the top management teams within Arab financial companies in Saudi Arabia, who were closely involved in making the strategic decisions for their organisation. In turn, a structural equation modelling technique was used to analyse the data collected from the survey. Due to this, the study relied upon testing causal relationships that were hypothesised in the research framework consisting of multiple independent and intervening variables.

7.3. Summary of the Key Findings

The following sub-sections provide a summary of the findings related to each of the research questions.

7.3.1. The Relationship between an Adherence to the Islamic Financial Values and Strategic Decision-making Effectiveness (Research Question 1 - Part 1)

The first major finding of this study is that a high level of adherence to the Islamic financial values in organisations that seen as an intangible resource for organisations will improve their outcomes of strategic decision-making, which will make their strategic decisions more distinctive and effective. This indicates a strong relationship between an adherence to the Islamic financial values and strategic decision-making effectiveness.

7.3.2. The Relationship Between Entrepreneurial Orientation and Strategic Decision-making Effectiveness (Research Question 1 - Part 2)

The second major finding of this study is that a high level of entrepreneurial orientation in organisations that seen as an intangible resource for organisations will improve their outcomes regarding strategic decision-making, which will make their strategic decisions more distinctive and effective. This indicates a strong relationship between an entrepreneurial orientation and strategic decision-making effectiveness.

7.3.3. Summary of The Relationship Between the intangible resources for organisations that are captured by an adherence to Islamic financial values and entrepreneurial orientation has on strategic decision-making effectiveness (Research Question 1)

To summarise the answer of the first research question of this study concerning what effects an adherence to Islamic financial values and entrepreneurial orientation has on strategic decision-making effectiveness, this study confirm that the higher the level of these intangible resources (adherence to Islamic financial values and entrepreneurial orientation) within organisations, the more this will lead to good, effective strategic decision-making by their strategic decision-makers. This finding reflects similar findings of the resource-based theory, which confirms that intangible resources do help to create a competitive advantage and achieve greater outcomes for organisations.

7.3.4. The Relationship between an Adherence to the Islamic Financial Value, Politicisation in Strategic Decision-making and Strategic Decision-making Effectiveness (Research Question 2- Part 1 and Research Question 3 - Part 1)

The fourth major finding of this study is that a high level of adherence to the Islamic financial values in organisations that seen as an intangible resource for organisations will diminish the level of the behavioural approach that is captured by the politicisation in the process of strategic decision-making. However, the study showed that a low level of politicisation in the process of strategic decision-making did not affect the strategic decision-making effectiveness positively.

7.3.5. The Relationship between an Entrepreneurial Orientation, Politicisation in Strategic Decision-Making and Strategic Decision-Making Effectiveness (Research Question 2- Part 2 and Research Question 3 - Part 2)

The third major finding of this study is that a high level of entrepreneurial orientation in organisations that seen as an intangible resource for organisations will diminish the level of the behavioural approach that is captured by the politicisation in the process of strategic decision-making. However, the findings of this study agree with the existing literature, that politicisation in the process of strategic decision-making can affect the strategic decision-making effectiveness in a negative manner, even if the level of politicisation is weak within the process of strategic decision-making.

7.3.6. Summary of The Relationship Between the intangible resources for organisations (Adherence to Islamic Financial Values and Entrepreneurial Orientation) and the Behavioural Approach (Politicisation) (Research Question 2)

To summarise the answer of the first research question of this study concerning how the adherence to Islamic financial values and entrepreneurial orientation affect the behavioural approach that is captured by the politicisation, this study confirm that increasing the level of these intangible resources (adherence to Islamic financial values and entrepreneurial orientation) will lead to organisations having a strong effect in limiting the negative impacts of politicisation on the process of strategic decision-making. This is because there is an inverse relationship between these intangible resources and political behaviour.

7.3.7. Summary of The Relationship Between the intangible resources for (Adherence to Islamic Financial Values and Entrepreneurial Orientation), Behavioural Approach (Politicisation) and Strategic Decision-Making Effectiveness (Research Question 3)

To summarise the answer of the first research question of this study in relation to what effects the behavioural approach, which is captured by the politicisation as mediators, has between the intangible resources for organisations and strategic decision-making effectiveness, this study confirms that increasing the level of intangible resources for organisations (adherence to Islamic financial values and entrepreneurial orientation) will lead to organisations having a strong effect in limiting the negative impacts of political behaviour on the process of strategic decision-making. However, with regards to the effect of decreasing the levels of politicisation in the process of strategic decision-making on strategic decision-making effectiveness, the findings of this study showed that the low levels of politicisation in the process of strategic decision-making, as a result from the influence of intangible resources for organisations, did not improve the strategic decision-making process or help to make strategic decisions more effective. However, the results of this study on the negative relationship between the low levels of politicisation and strategic decision-making effectiveness were only statistically significant, but not practically; that is, in on a practical level, the weaker the politicisation, the better the strategic decision-making outcomes will be.

7.3.8. The Relationship between Politicisation in Strategic Decision-Making, Strategic Decision-Specific Factors and Strategic Decision-Making Effectiveness (Research Question 4)

The findings of this study agreed with the existing literature, as the strategic decision-specific factors (decision importance, decision uncertainty and decision motive) did not improve the outcomes of strategic decision-making. In other words, the effect of politicisation outweighed that of strategic decision-specific factors on strategic decision-making effectiveness. Thus, in turn, the strategic decision-specific factors as moderators did not enhance the relationship between politicisation and strategic decision-making effectiveness.

7.4. Contribution of the study

The aim of this section is to provide a summary of the contributions of this study.

This study adds to the body of knowledge on resource-based theory, the behavioural approach, strategic decision-specific factors and strategic decision-making effectiveness. Studies examining the effects of intangible resources, such as an entrepreneurial orientation and an adherence to the Islamic financial values, on strategic decision-making effectiveness are limited. Thus, although this is a crucial aspect for the development and improvement of organisations in relation to strategic decision-making, there is a scarcity of studies in this area. Therefore, the investigation of the relationships between the intangible resources for organisations and strategic decision-making effectiveness will help us to understand, at any level of either entrepreneurial orientation and adherence to the Islamic financial values, in the process of strategic decision-making that can improve the strategic decision-making outcomes. This is because, these better outcomes are dependent upon the degree to which the organisations are willing to adopt an entrepreneurial orientation and also adhere to these Islamic values.

Furthermore, there exists a gap between politicisation in the process of strategic decision-making as a mediator, and in the relationship between an entrepreneurial orientation in organisations and strategic decision-making effectiveness, as well as the relationship between an adherence to Islamic financial values in organisations and strategic decision-making effectiveness. As a result, these can lead to the management making strategic decisions that are distorted and incorrect which, in turn, result in ineffective strategic decisions. This study, therefore, enriches our knowledge concerning these aforementioned intangible resources for organisations, as well as the behavioural approach that is captured by the politicisation and strategic decision-making effectiveness.

Previous studies (Bell et al., 1988, Mintzberg et al., 1976) have shown that strategic decision-making is a process that is characterised by a series of iterative behavioural stages that occur over time. This process refers to what those involved in making the decisions do. Furthermore, behavioural theorists have focused on the decisions made by the decision-makers in their organisations (Dean and Sharfman, 1993b). According to behavioural theory, the decision-makers in their organisations pursue multiple and different goals that result from internal bargaining amongst the decision-makers at the top of the management team (Cyert and March, 1963). The behavioural theory of a firm is built around a political conception of the organisational goals (Simon, 1982), which means a bounded rationality conception of

expectations, an adaptive conception of rules and aspirations, and a set of ideas about how the interactions among these factors affect the decisions made within a firm (Cyert and March, 1963). Goals, within behavioural theory, are pictured as reflecting the demands of political coalitions, which change as the composition of these coalitions changes. Hence, the theory takes into account how the decision-makers in organisations make their decisions. In addition, the theory treats the different demands of the decision-makers in the top management team as components of the organisations' goals. Thus, decision-making, under behavioural theory, is seen as taking place in response to a problem, by searching for alternatives that are acceptable to the decision-maker team. The choice of decisions is influenced, therefore, by the problem definition, the rules of the organisation and the order of alternatives.

The resource-based theory (Barney, 1991) suggests that an entrepreneurial orientation and an adherence to the Islamic financial values in organisations are considered an intangible resource that helps organisations to create a competitive advantage and, thus, lead to good, effective strategic decision-making in organisations by their strategic decision-makers. Moreover, using the behavioural approach for organisations (Child et al., 2010), politicisation was treated in this study as a behaviour that was undesired by the decision-makers within the organisations, as it tends to have a negative effect on the process of strategic decision-making. Thus, this resource-based perspective and the behavioural approaches employed in this study enrich and complement one another.

Moreover, this study highlights the role of strategic decision-specific factors; namely, decision importance, decision motive and decision uncertainty, as moderators between politicisation and strategic decision-making effectiveness, in order to gain a better understanding of their effects on such relationships. This is necessary because there are no clear results and so, consequently, no clear picture in the existing literature that explains their effects as moderators between these variables (Rajagopalan et al., 1993, Elbanna and Child, 2007a, Elbanna et al., 2014). As mentioned in the previous chapter, the lack of the moderating role by the strategic decision-specific factors may be due to the fact that decisions in the cultural context in previous studies were not significant or because politicisation's direct effect cancels out any moderating/side effects. Thus, this study enriches the knowledge about the role of strategic decision-specific factors, politicisation and strategic decision-making effectiveness.

In addition, this study highlights the importance of considering different cultures when examining the study model. The arguments discussed in Chapters 3 and 4 support the idea of implementing the model of this study in a non-American or non-European country setting

(Papadakis et al., 1998, Whittington et al., 2002, Elbanna and Child, 2007a, Nakos et al., 2018). This is because prior studies in the existing literature specifically focused on Western, developed economies (Rauch et al., 2009, Martens et al., 2016) and, therefore, in order to enrich this area of the research, it is important to broaden the geographic focus by collecting data from other cultural groups, such as Arab countries like Saudi Arabia (Thanos et al., 2017).

In addition, this study is the first to provide basic data on the effect of the intangible resources for organisations that are captured by the adherence to Islamic financial values and entrepreneurial orientation on strategic decision-making effectiveness amongst Saudi Arabian companies, particularly banks, finance companies, insurance companies, investment companies, real estate development companies and Awqaf (endowments) companies. This could provide a starting point for assessing the current entrepreneurial orientation and adherence to the Islamic financial values in Saudi Arabian companies, to show their effect on strategic decision-making effectiveness and so provide recommendations for future research.

Lastly, as this study used a questionnaire for the data collection, it used multiple respondents from each company, in order to minimise the effects of systematic response bias. This is an interesting aspect of the research, as there are limited studies in the existing literature that adopt the multiple approach and, therefore, its usage adds a level of originality to this type of research (Miller, 2011, Wales et al., 2015, Wales, 2016).

7.5. Limitations of the Study

The aim of this section is to present the limitations of this study.

This study investigated two intangible resources for organisations (entrepreneurial orientation and an adherence to Islamic financial values), and how these resources affect the behavioural approach that is captured by politicisation. It then sought to determine how these resources and a behavioural approach can affect strategic decision-making effectiveness. It also investigated the moderating role of strategic decision-specific factors, in relation to politicisation and strategic decision-making effectiveness, based on the case of Saudi Arabian companies. Even though the study findings were generally relatively positive, it is possible that the data may have been affected by certain limitations, or that the study contains a number of limitations in general. What follows is a breakdown of these shortcomings.

The first limitation of this study relates to the sample employed, since this was selected only from those sectors that fall under the umbrella of the Saudi Arabian financial sector; namely, banks, finance companies, insurance companies, investment companies, real estate development companies and Awqaf (endowments) companies in Saudi Arabia, as explained in the methodology chapter (Chapter 4). The second limitation of this study is related to the inability to make comparisons between the sectors due to the variance in the original sample size of the sectors, as explained in the methodology chapter (Chapter 4). For example, in the Saudi Arabian market, there are fewer Saudi Arabian banks compared to the other sectors. Thus, the participation rate of the banks was slightly lower compared to the other sectors involved in the study. Banks only represent 9% of the study sample, while investment companies represent 23%. Thus, this study was unable to compare the banks sector to other sectors, such as the investment sector. The third limitation of this study was that the sample was only from Saudi Arabia, which means that the findings of this study cannot be generalised to the whole of the Middle East or all Arab countries. The fourth limitation of this study is related to the withholding of information by the participants in relation to their position within their company and the name of their company. As this study only focused on the decision-makers in the top management teams of the targeted companies, it was these individuals who participated in the study questionnaire. Nonetheless, this study faced some difficulties as a number of the participants were unwilling to disclose their position or the name of their company, which resulted in their responses being excluded from the study sample. This could have been a serious issue although, out of the 379 questionnaires, only 15 questionnaires were excluded (as explained in the study findings chapter).

7.6. Recommendations for Future Research

The aim of this section is to present recommendations for future research.

The investigation of the relationships between the two intangible resources for organisations investigated in this study (entrepreneurial orientation and an adherence to Islamic financial values), alongside the behavioural approach that is captured by the politicisation in the process of strategic decision-making and strategic decision-making effectiveness, is a fairly new area in the research literature. More specifically, it is an area of study that has not been explored previously in Arab countries, particularly Saudi Arabia. Thus, more studies on the effect of an entrepreneurial orientation, politicisation and strategic decision-making effectiveness are needed, in order to understand, at any low level of politicisation in the process of strategic decision-making, how the outcomes of strategic decisions can be improved, and how the outcomes of strategic decisions can become better and more effective.

This is also the case for the relationship between an adherence to Islamic financial values, the behavioural approach that is captured by the politicisation and strategic decision-making effectiveness. This requires further research and input in order to determine how strategic decisions can be improved and become more effective. Furthermore, since this study is focused on the behavioural approach that is captured by the politicisation as a mediator between an entrepreneurial orientation, as intangible resource for organisations, and strategic decision-making effectiveness, this study recommends that future research should focus on the behavioural approach as a moderator between them. Similarly, this also applies to the behavioural approach in the process of strategic decision-making as a moderator between an adherence to the Islamic financial values and strategic decision-making effectiveness.

Furthermore, since this study is focused on the outcomes of strategic decision-making, this study therefore, recommends that future research should focus on the effects of intangible resources for organisations, specifically those that are captured by entrepreneurial orientation and an adherence to Islamic financial values, on the quality of strategic decision-making. This also includes the effect of the behavioural approach on these resources and the quality of strategic decision-making, which, in turn, could help organisations to improve their strategic decision-making.

Additional suggestions for future research include, since this study collected only 379 questionnaires, the study sample could be increased in order to explore more fully the relationship between the different constructs under investigation. Furthermore, future studies could broaden the geographic focus by collecting data from other cultural groups, such as other Arab countries or Latin American countries, where limited studies exist on an entrepreneurial orientation and in relation to conducting cross-cultural comparisons. In addition, since the participants in this study are overwhelmingly male, a sample of both males and females might also yield interesting results. What may be significant in relation to this from the Saudi context is that, although the current participation of women within the Saudi Arabian labour market is relatively insignificant (as was particularly the case during the period of the data collection for this study), Saudi Arabia is currently undergoing reform as a result of the new government improvements, and the role of females is becoming more active and effective within the country, especially after the launch of the Saudi Arabia 2030 vision (Saudi Vision 2030, 2019, Ministry of Labor - Kingdom of Saudi Arabia, 2019). This means that there exists potential to conduct a similar study in the near future, which may include both male and female participants.

7.7. Conclusion

An entrepreneurial orientation and an adherence to Islamic financial values in organisations complement each other, thereby leading to distinctive, effective strategic decisions. Both are seen as the hidden mechanism behind the achievement of a sustainable competitive advantage and superior performance for organisations (Barney, 1991). As a result, organisations, especially in Saudi Arabia, must pay more attention to an entrepreneurial orientation and an adherence to the Islamic financial values in order to achieve their organisations' aims, particularly since there is evidence within the existing research literature of their positive impact on strategic decision-making outcomes and organisations. In doing so, organisations must adopt strict attitudes towards political behaviour in the process of strategic decision-making, in order to benefit from the advantages of an entrepreneurial orientation and an adherence to the Islamic financial values in the process of strategic decision-making.

This study provides a good starting point for future research on entrepreneurial orientation and an adherence to the Islamic financial values as intangible resources for organisations and their relationship with strategic decision-making effectiveness; however, this study and future studies need to think about the next step. It is evident that organisations, especially in Saudi Arabia, ought to adhere fully to the Islamic financial values, as well as create new ways to help organisations to get excited about adopting an entrepreneurial orientation to achieve a sustainable competitive advantage and, thus, maximise their performance. This demands serious planned actions from both organisations and their decision-makers, which can be best achieved by educating decision-makers about the importance of both the Islamic financial values and an entrepreneurial orientation. Moreover, this can also be best achieved through controlling the use of politicisation in the process of strategic decision-making. In Arab countries, particularly in Saudi Arabia, due to the “high power distance” culture (Hofstede, 1994), it may be the case that political behaviour in the process of strategic decision-making is more active amongst the top management teams; however, organisations must know how to use this wisely; in other words, they must be aware of when they should use politicisation and when they should avoid or stop using it.

In summary, this study showed how companies in Saudi Arabia (such as banks, finance companies, insurance companies, investment companies, real estate development companies and Awqaf (endowments) companies) can face future challenges, such as assurance making effective strategic decisions, in order to upgrade their performance and, therefore, improve their outcomes. As prior studies have stated, there is no particular effective style that is

appropriate for all organisations. Each organisation needs their own creative style to achieve their goals, but must also keep an eye on their values. Therefore, organisations should be more open to other organisations' experience - especially those that perform well - in order to understand how these organisations deal with future challenges (e.g., how other organisations deal with political behaviour in the process of strategic decision-making). Furthermore, organisations need to know how other organisations improve their strategic decisions through an adherence to Islamic financial values, and how they use their entrepreneurial orientation to make better, more effective strategic decisions, thus achieving a sustainable competitive advantage for their organisations which make them better equipped to deal with future challenges.

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Appendixes

28 June 2017

Dear Dr Canales

College of Social Sciences Research Ethics Committee

**Project Title: THE INFLUENCE OF BELIEFS, LAWS AND KNOWLEDGE ON STRATEGIC
DECISION MAKING: THE CASE OF THE SAUDI ARABIAN BANKING
SECTOR**

Application No: 400160197

The College Research Ethics Committee has reviewed your application and has agreed that there is no objection on ethical grounds to the proposed study. It is happy therefore to approve the project, subject to the following conditions:

- Start date of ethical approval: 2/07/2017
- Project end date: 03/10/2017
- Any outstanding permissions needed from third parties in order to recruit research participants or to access facilities or venues for research purposes must be obtained in writing and submitted to the CoSS Research Ethics Administrator before research commences. Permissions you must provide are shown in the *College Ethics Review Feedback* document that has been sent to you.
- The data should be held securely for a period of ten years after the completion of the research project, or for longer if specified by the research funder or sponsor, in accordance with the University's Code of Good Practice in Research: (http://www.gla.ac.uk/media/media_227599_en.pdf) (Unless there is an agreed exemption to this, noted here).
- The research should be carried out only on the sites, and/or with the groups and using the methods defined in the application.
- Any proposed changes in the protocol should be submitted for reassessment as an amendment to the original application. The *Request for Amendments to an Approved Application* form should be used:
<http://www.gla.ac.uk/colleges/socialsciences/students/ethics/forms/staffandpostgraduateresearchstudents/>

Yours sincerely,

Dr Muir Houston
College Ethics Officer

Muir Houston, Senior Lecturer
College of Social Sciences Ethics Officer
Social Justice, Place and Lifelong Education Research
University of Glasgow
School of Education, St Andrew's Building, 11 Eldon Street
Glasgow G3 6NH

Appendix 1: Ethics Application Approval Form



College of Social
Sciences

College Research Ethics

Request for Amendments - Reviewer Feedback

Ethics Committee for Non-Clinical Research Involving Human Subjects

Application Details

Staff Research Ethics Application

Postgraduate Student Research Ethics Application

Application Number: 400160197

Applicant's Name: Anas Hakeem

Project Title: The Influence of Adherence to Islamic Financial Values and Entrepreneurial Orientation on Strategic Decision-Making Effectiveness: The Case of Saudi Arabian Companies

Original Date of Application Approval: 28/06/2017

Original End Date of Application Approval: 03/10/2017

New End Date of Application Approval: 03/10/2019

Date of Amendments Approved: 06/12/2018

Outcome: **Amendments Approved**

Reviewer Comments

Insofar as the application for amendments are concerned they appear to be ethically innocuous involving some extensions of coverage of survey topics and widening participation. However since as intimated there have been changes in the personnel involved in reviewing might there not perhaps also be revisions to other documents e.g. nominated supervisors etc. For example I happen to know that Dr Canales has left Glasgow Univ. for Aberdeen; is he still involved? Suggest a check and updating if appropriate.

I also note that the risk assessment for research 'furth of Glasgow' had not been signed off but given the researcher is a Saudi national this aspect might not be relevant anyway.

As the original end date was too soon, it is agreed that the ethical approval end date should be until as noted above, allowing for the full span of the PhD. Any participant documents should be updated accordingly.

Please retain this notification for future reference. If you have any enquiries, please email socsci-ethics@glasgow.ac.uk.

University of Glasgow
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Florentine House, 53 Hillhead Street. Glasgow G12 8QF
The University of Glasgow, charity number SC004401

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Appendix 2: Ethics Application Approval Form

Appendix 3: Research Questionnaire

INVITATION TO PARTICIPATE

Dear Survey Participant,

I would like to welcome you to my survey on strategic decision making in Saudi Arabian companies. This survey is part of my PhD thesis entitled “The Influence of Entrepreneurial Orientation and Adherence to Islamic Financial Values on Strategic Decision-Making Effectiveness: The Case of Saudi Arabian Companies” at the University of Glasgow’s Adam Smith Business School, United Kingdom.

The purpose of this questionnaire is to obtain your views on strategic decision making in Saudi Arabian companies to study the effects of entrepreneurial orientation and adherence to Islamic financial values have on strategic decision-making’s effectiveness. Also, the effect of decision-specific characteristics such as (decision importance, uncertainty and motive) on the relationship between entrepreneurial orientation and adherence to Islamic financial values and strategic decision making characteristics (rationality and politicization).

There are several things you need to know about this survey before going further:

- All survey responses are anonymous. You do not have to sign or indicate your name or reveal any information which makes you directly and individually identifiable.
- Only demographic statistics such as age, educational background and work experience are being collected for purposes of analysing any differences among large groups across the entire survey population. We ask for your assistance in providing these data.
- Your participation is completely voluntary. You are free to withdraw at any time within four weeks.

Many thanks in advance for taking the time to complete the survey. In recognition of your participation, the researcher will send the results of this research to your company after the completion of the research. If you have any questions concerning this research, please do not hesitate to contact us at pavlos.dimitratos@glasgow.ac.uk.

Sincerely,

Anas Hakeem

PhD Student, Adam Smith Business School
University of Glasgow

Section 1

One aspects of this study are strategic decisions. Hence, I would like to ask you about your views on Strategic Decision. The strategic decision refers to “*one which is important in terms of the actions taken, the resources committed. It is ill-structured, non-routine and complex*”.

Please take these points as the frame of reference when answering the questions below:

(1) Strategic decisions refer to *new business investment decisions (e.g., new entry such as the launch of subsidiaries, acquisitions, mergers, joint ventures, company establishment)* your firm has made in the last five years.

(2) Group refer to *the top decision-making group in your firm.*

Please answer the questions below using the linear scale from 1 to 7.

No	Items		Scale							
1	How extensively did the top decision-making group in your firm look for information in making strategic decisions?	Not at all	1	2	3	4	5	6	7	Extensively
2	How extensively did the top decision-making group analyse the relevant information for decision before making a strategic decision?	Not at all	1	2	3	4	5	6	7	Extensively
3	How important were quantitative analytic techniques (such as net present value or discounted cash flow analysis, etc.) in making the strategic decision?	Not at all important	1	2	3	4	5	6	7	Very important
4	In general, how effective was the top decision-making group in your firm at focusing its attention on relevant information and ignoring irrelevant information for decision?	Not at all effective	1	2	3	4	5	6	7	Very important
5	How would you describe the process that had the most influence on top decision-making group's decision?	Mostly analytical	1	2	3	4	5	6	7	Mostly axiomatic
6	When your firm undertakes decisions to 'new business	Absolutely untrue	1	2	3	4	5	6	7	Absolutely true

	investment', there is/are no Extensive coalition formation among subsets of managers. When your firm undertakes decisions to 'new business investment', there is/are high degree of resistance in this decision-making process. When your firm undertakes decisions to 'new business investment', there is/are many interruptions in this decision-making process.												
7	investment', there is/are high degree of resistance in this decision-making process. When your firm undertakes decisions to 'new business investment', there is/are many interruptions in this decision-making process.	Absolutely untrue	1	2	3	4	5	6	7	Absolutely true			
8	investment', there is/are many interruptions in this decision-making process.	Absolutely untrue	1	2	3	4	5	6	7	Absolutely true			
9	In general, the top managers of my firm <u>do not favour...</u>	A strong emphasis on the marketing of tried and true products or services	1	2	3	4	5	6	7	A strong emphasis on technological leadership, and innovations			
10	How many new lines of products/services has your firm marketed in the past 5 years?	No new lines of products/services	1	2	3	4	5	6	7	Many new lines of products/ services			
11	Changes in product or service lines.....	Have been mostly of a minor nature	1	2	3	4	5	6	7	Have usually been quite dramatic			
12	In dealing with its competitors, my firm....	Typically responds to actions which competitors initiate	1	2	3	4	5	6	7	Typically initiates actions which competitors then respond to			
13	In dealing with its competitors, my firm...	Is very seldom the first business to introduce new products/services, new products/services, administrative technologies, etc.	1	2	3	4	5	6	7	Is very often the first business to introduce administrative techniques, operating techniques, operating technologies, etc.			
14	In dealing with its competitors, my firm...	Typically seeks to avoid competitive preferring a "live-and-let-live" posture	1	2	3	4	5	6	7	Typically adopts a very competitive, "undo-the-competitors" posture			

15	In general, the top managers of my firm have....	A strong proclivity for low-risk projects (with normal and certain rates of return)	1	2	3	4	5	6	7	A strong proclivity for high-risk projects (with chances of very high returns)
16	In general, the top managers of my firm believe that...	Owing to the nature of the environment, it is best to explore it gradually via timid, incremental behaviour	1	2	3	4	5	6	7	Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives Typically adopts a bold, aggressive posture in order to maximise the probability of exploiting potential opportunities
17	When confronted with decision-making situations involving uncertainty, my firm...	Typically adopts a cautious, 'wait-and-see' posture in order to minimise the probability of making costly decisions	1	2	3	4	5	6	7	
18	To what extent have the strategic decisions contributed to the turnover growth of your firm?	Not at all effective	1	2	3	4	5	6	7	Very effective
19	To what extent have the strategic decisions contributed to the profit growth of your firm?	Very effective	1	2	3	4	5	6	7	Not at all effective
20	To what extent the decision-making team were satisfied with the decision?	Not at all	1	2	3	4	5	6	7	Completely
21	To what extent the decision had led to the expected result?	Not at all effective	1	2	3	4	5	6	7	Very effective
22	To what extent were the strategic decisions affected by commitment in operating within Shari'ah principles/ ideals?	Not at all	1	2	3	4	5	6	7	Completely
23	To what extent were the strategic decisions affected by commitment in providing returns within Shari'ah principles?	Not at all	1	2	3	4	5	6	7	Completely

24	To what extent were the strategic decisions affected by the current direction of your firm in serving the needs of the Muslim community?	Not at all	1	2	3	4	5	6	7	Completely
25	To what extent were the strategic decisions <u>not affected</u> by the future direction of your firm in serving the needs of the Muslim community?	Not at all	1	2	3	4	5	6	7	Completely
26	To what extent were the strategic decisions affected by commitment to engage only in permissible investment activities according to the Shari'ah principles?	Not at all	1	2	3	4	5	6	7	Completely
27	To what extent were the strategic decisions affected by commitment to engage only in permissible financing activities according to the Shari'ah principles?	Not at all	1	2	3	4	5	6	7	Completely
28	To what extent were the strategic decisions affected by commitment to fulfil contracts (aquds) according to the Shari'ah principles?	Not at all	1	2	3	4	5	6	7	Completely
29	To what extent were the strategic decisions affected by set parameters for subsequent decisions?	Not at all	1	2	3	4	5	6	7	Completely
30	To what extent were the strategic decisions affected by the seriousness of the consequences if something went wrong?	Not at all	1	2	3	4	5	6	7	Completely
31	To what extent were the strategic decisions affected by the seriousness of delaying the decision?	Not at all	1	2	3	4	5	6	7	Completely
32	To what extent were the strategic decisions <u>not affected</u> by decision importance?	Not at all	1	2	3	4	5	6	7	Completely

33	To what extent were the strategic decisions affected by time pressure?	Not at all	1	2	3	4	5	6	7	Completely
34	To what extent were the strategic decisions affected by the clarity of the kind of information to be collected?	Not at all	1	2	3	4	5	6	7	Completely
35	To what extent were the strategic decisions affected by uncertainty about the actions to be taken?	Not at all	1	2	3	4	5	6	7	Completely
36	To what extent were the strategic decisions affected by the difficulty of predicting the outcomes?	Not at all	1	2	3	4	5	6	7	Completely
37	To what extent were the strategic decisions affected by adequate freedom in addressing the decision?	Not at all	1	2	3	4	5	6	7	Completely
38	To what extent were the strategic decisions affected by the initial perception of the decision?	Not at all	1	2	3	4	5	6	7	Completely
39	To what extent were the strategic decisions <u>not affected</u> by the motivation to make the decision?	Not at all	1	2	3	4	5	6	7	Completely
40	To what extent were the strategic decisions affected by confidence in making the right choice?	Not at all	1	2	3	4	5	6	7	Completely
41	To what extent were the strategic decisions affected by the clarity of the goals of the participants?	Not at all	1	2	3	4	5	6	7	Completely

Section 2 -Background Information

Finally, I need some general information about your firm and you as a respondent. These statistics are of descriptive nature and used to evaluate the demographics of participants.

Please tick the relevant box.

42. Please state your gender

- Male
- Female

43. Age (in years)

.....

44. Education Level

1. High School
2. Some College
3. Bachelor's Degree
4. Master's Degree
5. JD (Juris Doctor)
6. Doctorate
7. Other

45. What is your position within the firm?

.....

46. What is your overall job experience (in years)?

.....

47. Firm name

.....

48. Firm size

- Less than 500
- 501-1,000
- 1,001-5,000
- More than 5,000

49. Firm age (number of years in operation)

.....

Thank you a lot for taking part in this survey, I will send the results of this research to your company after the completion of the research.