

THE IMPACT OF STRATEGIC CAPABILITIES ON INSTITUTIONAL EXCELLENCE IN ISLAMIC BANKS- A SURVEY-BASED STUDY

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Abstract

This study aims to measure and analyze the impact of strategic capabilities on institutional excellence in Islamic banks, where the study population consisted of workers in Islamic banks located in the city of Madaba. Of the workers in Islamic banks, the researcher retrieved (107) questionnaires with a recovery rate of (87%), all of which were valid for statistical analysis. The analytical descriptive approach was used, and many statistical methods were used, the most prominent of which were the arithmetic means, standard deviations, the t-test for an independent sample, and the simple and multiple regression analysis. After conducting the data analysis of this study and testing its hypotheses, the study reached a number of results, the most prominent of which were: The presence of a statistically significant effect for all dimensions of strategic capabilities represented in (administrative capabilities, cognitive capabilities, technological capabilities, marketing capabilities) in institutional excellence in its dimensions represented in (human excellence, service delivery, leadership excellence) in Islamic banks, and accordingly, the researcher presented a set of recommendations that would raise the level of the study.

Keywords: strategic capabilities, institutional excellence, Islamic banks

1. INTRODUCTION

Our current era is characterized by intense competition between business organizations in providing their services and products, in addition to the changing attitudes of customers who receive services and users of products, which requires those organizations to keep abreast of developments and changes in the environment in which they operate in order to meet the changing needs and requirements of customers. The strategic capabilities in our time in which we live are considered a point of strength and a fundamental pillar for the organization that seeks to make it occupy the first positions among its competitors, as the superiority of the organization over competitors is not limited to low costs and high quality only, but rather

requires the achievement of goals efficiently and effectively through the availability of strategic capabilities in the organization that is considered A means and approach to the work of organizations that seek continuously to compete and always obtain precedence in their field of work, and here it is not possible to ignore the results that are achieved in the markets as a result of strategic capabilities, as it is impossible to take into account that the profitability of the organization and the competition of other organizations are not related to the application of methods of strategic capabilities in its work, and accordingly It is difficult for an organization that does not take into account the application of strategic capabilities to measure the degree of implementation of its objectives and the efficiency of its work, and this often leads to a decrease in its competitive capabilities and obtaining precedence, and even allows its competitors to get ahead of it and its inability to keep up with it. Hence, everyone must realize that the main objectives of the strategic capabilities revolve around each of the administrative capabilities, knowledge capabilities, technological capabilities, and marketing capabilities, and one of those axes must be related to institutional excellence, which receives great attention from modern organizations that are looking for the ability to reserve a seat in The ranks of organizations with advanced positions in the local and global markets, and institutional excellence is a necessity of administrative development because of its great role in raising levels of performance by organizing the work of the institution and effective leadership that undertakes setting standards and controls for implementing the institution's plans and policies and developing the capabilities and skills of its employees to reach the end The matter is in achieving the objectives of the institution and its success and distinction from others. This research presents the findings of a comprehensive data analysis conducted on various concepts discussed in this chat. The analysis includes descriptive statistics, reliability tests, correlation analysis, and regression analysis. The purpose of this report is to provide a clear understanding of these concepts and their relationship with each other [1]. Descriptive analysis is the first step in the data analysis process. It provides an overview of the data and describes the main features of the dataset. In this analysis, descriptive statistics were used to summarize the data and provide insights into the central tendency, variability, and distribution of the variables [2]. Reliability tests were also conducted to determine the consistency and stability of the measures used in the study. The reliability of the measures was assessed using Cronbach's alpha, a commonly used method for assessing internal consistency. This test helps ensure that the data collected are reliable and can be used to make valid inferences [3]. Correlation analysis was used to examine the relationship between different variables in the dataset. This analysis helped identify the strength and direction of the relationship between the variables. A scatter plot was used to visualize the relationship between the variables, and a correlation coefficient was calculated to quantify the strength of the relationship [4]. Finally, regression analysis was conducted to examine the relationship between the dependent variable and one or more independent variables. This analysis helped identify the factors that influence the dependent variable and the nature of the relationship between them. The analysis also provided insights into the predictive power of the independent variables on the dependent variable [5].

2. PROBLEM STATEMENT

What is the impact of strategic capabilities on institutional excellence (Islamic banks)? Each of the following questions stems from this question:

1. What is the level of employees' understanding and awareness of the strategic capabilities applied in Islamic banks according to the directives of managers, heads of departments, and divisions in them?
2. What is the level of employees' understanding and awareness of the institutional excellence applied in Islamic banks according to the directives of managers, heads of departments, and divisions in them?
3. What is the impact of strategic capabilities on human excellence as a dimension of institutional excellence?
4. What is the impact of strategic capabilities on providing services as a dimension of institutional excellence?
5. What is the impact of strategic capabilities on leadership excellence as a dimension of organizational excellence?

3. RESEARCH IMPORTANCE

The importance of this study is evident in the following:

1. This study sheds light on the concept of each of the independent variables represented by strategic capabilities and its various dimensions, as well as the dependent variable represented by institutional excellence and its various dimensions.
2. This study contributes to measuring the impact of strategic capabilities on institutional excellence, according to the recent information obtained that increases knowledge and supports future researchers in this field.
3. To highlight the weaknesses in Islamic banks, to address and improve them, and to indicate their strengths and development in terms of strategic capabilities and institutional excellence.
4. This study is expected to provide recommendations to the concerned authorities in Islamic banks, to help decision-makers implement the recommendations of the study and invest the available resources more efficiently and effectively.
5. Contribute to enriching the Arab library on this study.

4. PREVIOUS STUDIES

Yahya Ahmed Sharif et. al. [6]. Authors have stated that Saudi Arabia's 2030 Vision aims to establish a stronger and more balanced educational leadership structure that will enable women to participate in key decision-making positions in the country. This is done through the establishment of a variety of programs and initiatives that will encourage them to participate

in the labor market and in senior positions. The objective of the study was to identify the role that women play in the Saudi Arabian government's efforts to maintain its strategic transformation. It was conducted through a qualitative and quantitative analysis, which utilized a descriptive method and a questionnaire to gather data. The objective of this study was to identify the 44 female leaders in the Sabya Department of Education's El-Darb teaching office. They were surveyed during the first semester's academic year 1441-1442 AH. The results of the study were analyzed and indicated that there were no significant differences in the administrative capabilities of women when compared to their male counterparts. The study also analyzed the demographic factors that influence the number of women leaders. The study yielded several recommendations. One of these is to enhance the administrative capabilities of women to serve as leaders in schools within the El-Darb teaching office to ensure that the country's strategic transformation continues to be carried out. In addition, these recommendations are aimed at ensuring that the training programs that are offered to women are compatible with the roles and responsibilities of the El-Darb teaching office's female leaders [6].

AS per Jihan Salman [7]. Cognitive decisions are an approach for companies, due to the rapid changes in the external environment, as well as Intense competition, so the value of existing capabilities within the company will quickly fade, leading to shortages of competitiveness, it is necessary for companies to focus on constantly developing their knowledge capabilities to achieve growth and survival In the market. The research aims to test the effect of cognitive abilities in achieving the blue ocean strategy. And done the questionnaire was used as a tool to collect data that was distributed to the research sample of managers and officials in Sections and divisions (32 individuals) in the Baghdad Soft Drinks Company. Using the statistical program SPSS Issue 23 to analyze the research results, several results have been reached, including the existence of a significant correlation. The effect between cognitive abilities and blue ocean strategy. One of the most important recommendations of the research is to increase the company's interest In cultural capabilities and an orientation towards continuous innovation in order to achieve growth and get out of the red oceans And competitors, and that enhancing cognitive capabilities and understanding of the impact of organizational culture will enhance the company's response to complexities environmental.

Otero, I., Salgado et. al [8]. The paper presents an extensive meta-analysis of the relationship between cognitive reflection and various cognitive abilities. It also explores the possibility that CR is a related factor or an independent factor in a hierarchical framework of cognitive intelligence. The goal of the study was to analyze the relationship between cognitive ability levels and CR using a path meta-analysis model. The results revealed that the CR variance was mainly due to the second stratum and cognitive intelligence factors. The bifactor analysis of verbal and numerical CRTs yielded similar results. It did not find proof of a cognitive factor. The path meta-analytic revealed that numerical ability and cognitive intelligence contribute to 69% of the variance in CR. The path model revealed that numerical ability and cognitive intelligence have direct and indirect effects on CR. The implications of this study are discussed, and further research is suggested.

Heredia, J [9]. The goal of this study is to explain how digital capabilities can affect the performance of firms in the new normal context. It also explores the mediating role of the Human Development Index and technological capabilities in this regard. The study was conducted using data from the World Bank's 2020 enterprise surveys. The PLS-SEM method was used to test the hypothetical framework. The results revealed that technological capabilities can only positively affect a firm's performance. We also found that in low-HDI economies, digital skills have a more indirect effect than in high-HDI countries. The findings of this study suggest promising new directions for future research and provide policymakers and managers with valuable insights.

Volzhenin, et al [10]. The authors proposed a minimal architectural framework that can be used to build these levels. The first one focuses on local nonconscious processing, while the second one unifies information from multiple sources in a global manner. The third and highest level of cognitive processing is responsible for handling information both globally and consciously. This is based on the GNW theory, which suggests that the information is stored in a global workspace. We tested the two levels using the delay and trace conditioning tasks. The results show that the importance of epigenesis is acknowledged as a component of the network's ability to solve the first two problems. At the global level, it is necessary for dopamine to provide credit assignments even though the reward and perception time have since gone by. At the GNW, it is also important to have interneurons to maintain a representation of the region. While the balanced spontaneous activity promotes epigenesis at both global and local scales, it also increases performance. We discuss the possibility of the model in terms of both AI and neurodevelopmental aspects.

Tolstoy, et. al [11]. The rapid emergence and evolution of international e-commerce have been attributed to the increasing number of policies and technological advancements that have resulted in a stronger global trend. This study aims to identify the factors that influence the performance of Swedish small and medium-sized enterprises (SMEs) when it comes to operating in this channel. Through a combination of qualitative and quantitative methods, the study was able to analyze the multiple aspects of the industry's performance. Despite the importance of online marketing, it is not enough to improve the performance of these companies. The study revealed that the ability to leverage the power of marketing ambidexterity is very important to improve the efficiency of these organizations.

Dheer, et. al [12]. Although entrepreneurial intent is important to understand the psychology behind new ventures, there is not a lot of knowledge about its cognitive antecedents. This paper aims to provide a comprehensive understanding of these factors, including how cognitive adaptability can predict an individual's likelihood of starting a business. The goal of this study is to explain the link between entrepreneurial passion and self-efficacy, and how these factors influence the development of an entrepreneurial mindset. Through structural equation modelling, we were able to analyze the data and come up with a conclusion. The paper presents a summary of our findings, as well as future research suggestions.

Huikkola, et.al [13]. The study explores how a company can transform its strategic capabilities by utilizing its dynamic abilities. A manufacturer can transform its operations by implementing

a strategic alignment that involves shifting its focus from product development to service-based software development. This can be done through the establishment of new processes and capabilities that are focused on improving customer productivity. The study analyzed six leading manufacturing organizations and found that their strategic capabilities were renewed through the use of dynamic capabilities. In addition, manufacturers should consider the dynamic alignment between their resource modes. This can be done through the establishment of new processes and capabilities that are focused on improving customer productivity. They should also develop a reinforcing mechanism that enables them to converge their offerings. The study also highlighted several practices that managers can use to benchmark how their organizations can improve their strategic capabilities.

Hussain Mahdi [14]. The study aimed to reveal the role of technological capabilities as a mediating variable between both the ability to innovate and the performance of teachers in Palestine. Appropriate statistics were reached: The reality of information technology capabilities of teachers in educational institutions in Palestine came with a relative weight of (71.06) and to a large degree, and the reality of the ability to innovate with a relative weight of (80.58) and to a large degree, and the reality of teachers' performance with a relative weight of (87.39) to a very large degree. On the other hand, it was found that: the information technology strategy does not affect the mediating variable between each the ability to innovate and performance, while the knowledge, application, and infrastructure of information technology affect it as a mediating variable between both the ability to innovate and performance. In light of these results, the study presented a set of recommendations, including The need to enhance the capacities of teachers concerning information security and how to take countermeasures for the components of information and communication technology risks, and to enhance the awareness of teachers about intellectual property related to information technology for enterprise information systems, and to develop the capabilities of teachers on how to employ the capabilities of information technology in the educational process, such as employing content and learning management systems and skills Personal knowledge management. And training teachers to benefit from the capabilities of information technology in developing their abilities to innovate and improve their teaching practices.

According to Bognor Tomi, et. al [15]. The objective of this study is to provide a comprehensive analysis of the technological capabilities of the Algiers Telecom Co.-Ouargla Directorate to enhance the service quality of its communications services during the corona pandemic. It also shows the steps that the company is taking to improve the service during the outbreak. This study, study will help the public understand the various steps that the company is taking to improve service quality during the pandemic. The study was conducted on the employees of Algeria Telecom Company and the Ouargla Telecommunications Directorate. It analyzed the various technological capabilities of the two organizations. The study revealed that the telecommunications company's technological capabilities have significantly enhanced the service provided by the Ouargla Directorate. The technological capabilities of Algeria Telecom and the Ouargla Operational Directorate are directly linked to the improvement of the service provided by the country's telecommunications industry.

5. METHODOLOGY

Quantitative data were entered and aggregated into EXCEL. For the purposes of data analysis, the data were transferred to SPSS (version 23). SPSS (Statistical Package for the Social Sciences). The number of responses to this survey was 107 participants from different Islamic Banks in Jordan. The process of the methodology is as follows:

A. Analytical methodology: Descriptive analytical

A descriptive analysis was conducted on the biodata of the respondents, including age, gender, and job position. This was done using Microsoft Excel to create visualizations, such as bar charts and pie charts, to provide an overview of the demographic characteristics of the respondents. Also, the responses to the questions on strategic capabilities, technological capabilities, marketing capabilities, cognitive capabilities, human excellence, service excellence, and leadership excellence were presented in Microsoft Excel. The responses were first converted to numerical values to facilitate analysis, with "strongly disagree" coded as 0, "disagree" as 1, "neutral" as 2, "agree" as 3, and "strongly agree" as 4. The responses were then tallied and converted to percentages to provide an overview of the respondents' perceptions of their organization's capabilities. The results were presented in a comprehensive table that included the percentage of respondents who selected each response option for each question.

B. Data sources:

The data was collected through an online survey that was distributed to employees of Islamic banks in Jordan. The survey consisted of questions related to the various capabilities of the organization, including strategic capabilities, technological capabilities, marketing capabilities, cognitive capabilities, human excellence, service excellence, and leadership excellence. In addition, respondents were asked to provide their biodata, including age, gender, and job position. The data sources are divided into two categories as the following:

- 1- The primary sources through the questionnaire as a main tool for the study
- 2- Secondary Sources: We refer to secondary sources for data collection, which are previous studies obtained from peer-reviewed scientific research journals, electronic libraries of Jordanian universities, and published peer-reviewed periodicals.

C. Limits of the study:

1. Spatial boundaries: The study is limited to Islamic banks, in their main management and branches.
2. Time limits: It is expected that this study will be completed in 2022/2023.
3. Human limits: represented by managers, heads of departments, and heads of divisions in Islamic banks.

D. Study Structure

This study was divided into three sections, the first section deals with the theoretical framework of the study and previous studies, the second section deals with the reality of strategic

capabilities and institutional excellence, and the third section discusses the results and recommendations.

1. Reliability Test:

A reliability test was conducted on the survey questions related to the various capabilities of the organization. This was done to ensure that the questions were consistent and reliable in measuring the respective capabilities. The test was conducted using Cronbach's alpha, and a score of 0.7 or above was considered acceptable.

2. Data Cleaning:

The data were cleaned to remove any incomplete or inaccurate responses. This was done by carefully checking each response and removing any that were deemed unreliable or irrelevant to the study.

3. Correlation Analysis:

Correlation analysis was conducted to explore the relationships between the different capabilities of the organization. This was done using the statistical package for social science (SPSS) version 23 to analyze the correlation coefficients and create scatter plots to visualize the relationships.

4. Regression Analysis:

Regression analysis was conducted to determine the impact of the different capabilities on the overall performance of the organization. This was done using Microsoft Excel to create regression models, and regression coefficients and R-squared values were calculated to determine the strength and significance of the relationships.

Overall, the methodology involved collecting data through an online survey, cleaning the data, and conducting descriptive, reliability, correlation, and regression analysis.

Research Flow Chart

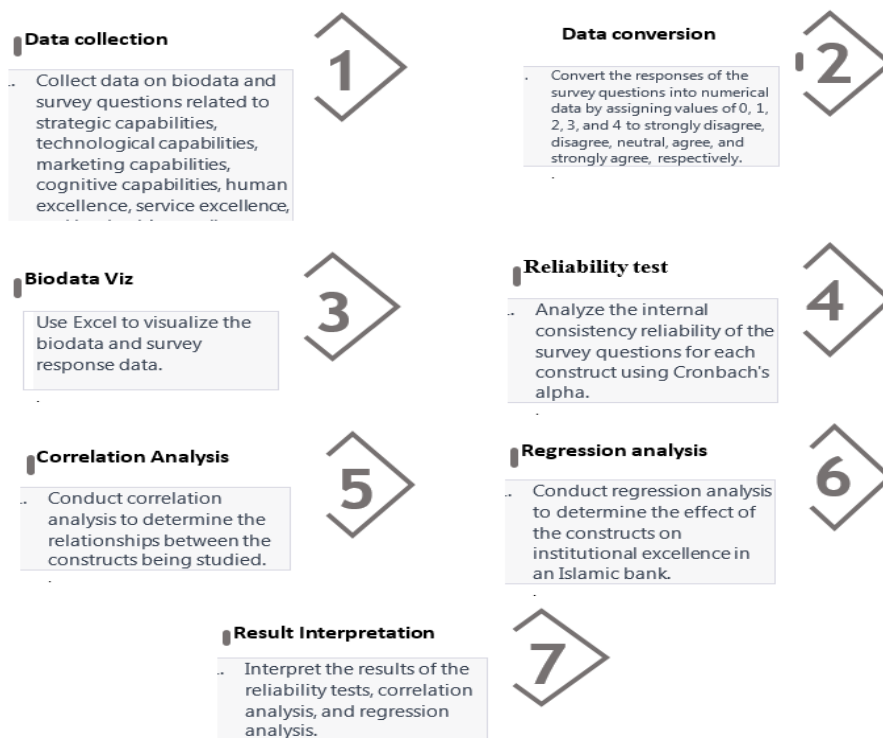


Figure 1: Research Flowchart

6. DESCRIPTIVE ANALYSIS

A descriptive analysis is a process utilized to identify trends in data. It is commonly referred to as the "Simplest Data Analysis" due to how it describes the relationships and trends between various elements. The below steps describe the process of the research results.

1. Biodata/Employment data

Gender:

Table 1, illustrate the cumulative percentage of the gender of the responses

Table 1: Cumulative Percentage of Responses Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	41	38.3	39.8	39.8
	1	62	57.9	60.2	100.0
	Total	103	96.3	100.0	
Missing	System	4	3.7		
Total		107	100.0		

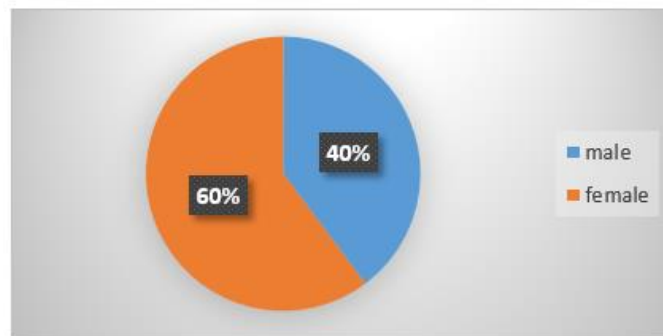


Figure 2: Gender Chart.

Based on the chart above in Figure 2, shows that 39.8 % of the respondent are female while 60.2 % are male

Age:

Table 2: Cumulative Percentage of Responses Ages

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-25 years old	13	12.1	12.1	12.1
	26-35 years old	31	29.0	29.0	41.1
	36-45 years old	27	25.2	25.2	66.4
	46-55 years old	26	24.3	24.3	90.7
	56 years old and above	10	9.3	9.3	100.0
	Total	107	100.0	100.0	

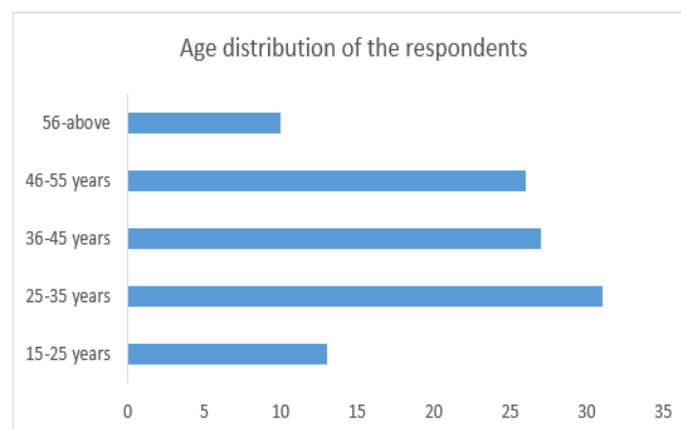


Figure 3: Responses Ages

The ages of the respondents have represented above with 12.1% between 15-25 years, 29.0% between 26-35 years, 25.2% between 36-45 years, 24.3% between 46-55 years, and = 9.3 % for 56 and above.

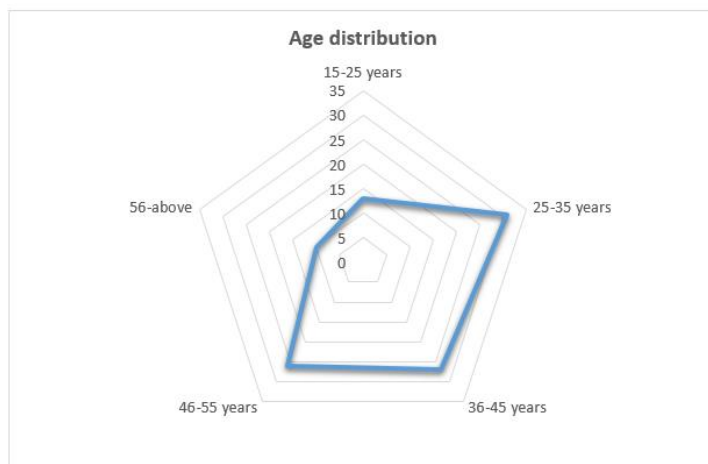


Figure 4: Ages Distribution

Level of Education:

Table 3: Cumulative Percentage of Responses Ages

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	18	16.8	16.8	16.8
	1	36	33.6	33.6	50.5
	2	31	29.0	29.0	79.4
	3	22	20.6	20.6	100.0
	Total	107	100.0	100.0	

Results of the level of education have shown that 0=Secondary: 16.8%, 1=University: 33.6%, 2= Master degree 29.0%, 3= Ph.D.: 20.6%.

Job title:

Table 4: Role status (Job Title)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	8	7.5	7.5	7.5
	1	42	39.3	39.6	47.2
	2	23	21.5	21.7	68.9
	3	7	6.5	6.6	75.5
	4	10	9.3	9.4	84.9
	5	7	6.5	6.6	91.5
	6	8	7.5	7.5	99.1
	7	1	.9	.9	100.0
	Total	106	99.1	100.0	
Missing	System	1	.9		
Total		107	100.0		

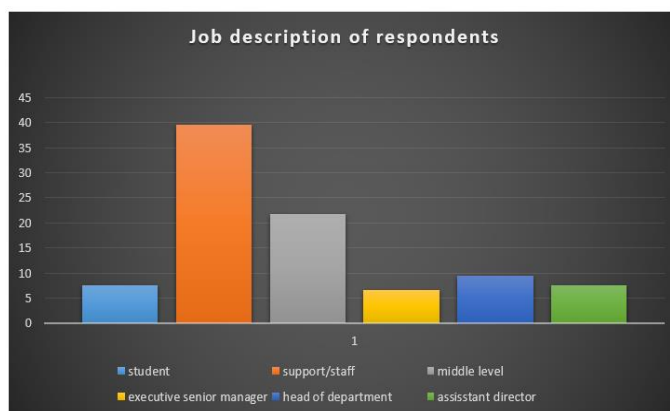


Figure 5: Job Description

From the description, it is clearly shown that the responses jobs were 0=students: 7.5%, 1=Support/staff: 39.6%, 2= Middle level 21.7%, 3= Executive senior manager: 6.6%, 4= Head of departments: 9.4 %, 5= Assistant director: 6.6%, 6= Director: 7.5%, 7= Pharmacist: 0.9%.

Response to survey questions:

Table 5, shows the comprehensive distribution of how questions were answered

Table 5: Comprehensive Distribution of Answers to the questionnaire

Question type	SD (%)	D (%)	N (%)	A (%)	SD (%)
Cognitive capabilities	1.12	8.62	17.94	48.22	23.95
Administrative capabilities	2.06	7.10	18.88	52.71	19.25
Technological capabilities	1.87	9.35	20	48.22	20.37
Marketing capabilities	1.87	9.81	17.06	47.07	21.96
Human excellence	0.93	7.30	17.01	47.85	26.92
Service Excellence	2.06	10.47	17.57	48.60	21.31
Leadership Excellence	2.43	8.97	19.44	48.04	21.12

The scale of measurements were as SD=strongly disagree, D=disagree, N=Neutral, A=Agree and SA=strongly agree

7. ANALYSIS AND RESULTS

RELIABILITY TEST

Reliability test on strategic capacities questions

A. Cognitive capabilities

Table 6: Reliability Statistics Cognitive capabilities

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.813	.816	5

Interpretation from reliability statistics and inter-item correlation matrix

For the cognitive capabilities questions, Cronbach's Alpha values are .813 and .816, based on non-standardized and standardized items respectively, indicating good reliability. The inter-item correlation matrix shows moderate to high correlations between the items within this category, ranging from .207 to .655 as shown in Table 6 above.

i. Administrative capabilities

Table 7: Reliability Statistics Administrative capabilities

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.804	.807	5

For the administrative capabilities questions as can be seen in Table 7 above, Cronbach's Alpha values are .804 and .807, based on non-standardized and standardized items respectively, indicating good reliability. The inter-item correlation matrix shows moderate to high correlations between the items within this category, ranging from .247 to .644.

ii. Technological capabilities

Table 8: Reliability Statistics Technological capabilities

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.839	.840	5

For the technological capabilities questions, Cronbach's Alpha values are .839 and .840, based on non-standardized and standardized items respectively, indicating good reliability. The inter-item correlation matrix shows moderate to high correlations between the items within this category, ranging from .359 to .591.

iii. Market Capabilities

Table 9: Reliability Statistics of Market Capabilities

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.783	.782	4

Cronbach's Alpha = 0.783, Cronbach's Alpha based on standardized items = 0.782. The inter-item correlation matrix shows that all four questions have moderate correlations with each other, ranging from 0.305 to 0.538. This suggests that the questions are measuring a similar construct, but the scale may be less reliable than the other sets of questions due to the lower Cronbach's Alpha values.

iv. Human Excellence

Table 10: Reliability Statistics of Human Excellence

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.833	.833	5

For the human excellence questions, Cronbach's alpha was .833, indicating good internal consistency among the five items. The inter-item correlation matrix shows that all five items are positively correlated with each other, ranging from .347 to .629.

v. Excellence in Service Delivery

Table 11: Reliability Statistics of Excellence in Service Delivery

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.861	.861	5

For the service excellence questions, Cronbach's alpha was .861, indicating good internal consistency among the five items. The inter-item correlation matrix shows that all five items are positively correlated with each other, ranging from .369 to .658.

vi. Leadership Excellence

Table 12: Reliability Statistics of Leadership Excellence

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.837	.837	5

For the leadership excellence questions, Cronbach's alpha was .837, indicating good internal consistency among the five items. The inter-item correlation matrix shows that all five items are positively correlated with each other, ranging from .414 to .564.

8. CORRELATION ANALYSIS BETWEEN STRATEGIC CAPABILITIES AND INSTITUTIONAL EXCELLENCE

Looking at the table, we can see that there are varying degrees of correlation between the variables.

From the correlation result, management's cognitive abilities to control costs associated with the variety of services provided have a significant positive correlation with all the dependent variables. This suggests that the better a bank is at managing costs, the more likely it is to have excellence in human resources, service provision, and leadership.

Table 13: Correlation between the Variables Management's Cognitive Abilities

Dependent variables	Pearson correlation	Sig. value
Human excellence	0.368**	<0.001
Excellence in providing services	0.24*	0.12
Leadership Excellence	0.346**	<0.001

Similarly, administrative capabilities shown below have a significant positive correlation with all dependent variables, indicating that better knowledge of the bank's business is associated with better performance in terms of human excellence, service provision, and leadership.

Table 14: Correlation between Administrative Capabilities

Dependent variables	Pearson correlation	Sig. value
Human excellence	0.491**	<0.001
Excellence in providing services	0.380**	<0.001
Leadership Excellence	0.332**	<0.001

Also, technological capabilities shown below have a s positive correlation with all dependent variables, indicating that better use and knowledge of technology might lead to better performance in terms of human excellence, service provision, and leadership.

Table 15: Correlation between Administrative Capabilities

Dependent variables	Pearson correlation	Sig. value
Human excellence	0.369**	<0.001
Excellence in providing services	0.266**	0.006
Leadership Excellence	0.281**	<0.003

Overall, the analysis suggests that the strategic capabilities, Administrative capabilities and technological capabilities of Islamic banks are positively correlated with their institutional excellence, implying that improvements in strategic capabilities may lead to better institutional performance. However, it is important to note that correlation does not necessarily imply causation, as such regression analysis is done to know the strategic variables that directly affect institutional excellence.

9. REGRESSION ANALYSIS

i. Showing the strategic factors that contributed most to Human excellence

The correlations between four strategic capabilities of Islamic banks (cognitive abilities, administrative capabilities, technological capabilities, and marketing capabilities) and human excellence. The correlation coefficients range from 0.299 to 0.525, indicating moderate to strong positive relationships. The correlation analysis also shows that all correlations are statistically significant at the 0.001 level (except for one correlation at the 0.01 level), indicating that the relationships are not likely due to chance. The model summary shows that the combination of the four strategic capabilities explains 29.8% of the variance in human excellence. Overall, the results suggest that investing in strategic capabilities, particularly

technological and administrative capabilities, can positively impact human excellence in Islamic banks.

ii. Showing the strategic factors that contributed most to excellence in service delivery

The correlation analysis between strategic capabilities factors and excellence in service measures the relationship between several capabilities of Islamic banks and their ability to provide excellent services. The analysis shows the correlations between each capability and excellence in service, as well as the significance level and sample size. The analysis indicates that all four capabilities have a positive correlation with excellence in service, meaning that they are positively associated with providing excellent service. **The strongest correlation is between the third capability (technological capabilities) and excellence in service (0.475)**, followed by the fourth capability (marketing capabilities used to know the behavior of competitors in the banking market) with a correlation of 0.250. The first capability (cognitive abilities) has the weakest correlation with excellence in service (0.242). Finally, the model summary and coefficients provide additional information about the relationship between capabilities and excellence in service. The model summary shows that the four capabilities explain 16.1% of the variance in excellence in service. **The coefficients indicate that the third capability (technological capabilities) and the fourth capability (marketing capabilities systems used to know the behavior of competitors in the banking market) have the strongest impact on excellence in service**, while the first capability (cognitive abilities) has the weakest impact.

iii. Showing the strategic factors that contributed most to leadership excellence

The Model Summary shows that the four predictors explain 29.8% of the variance in leadership excellence, as indicated by the R-squared value. The analysis suggests that technological capabilities and marketing capabilities are more important predictors of leadership excellence in Islamic banks than cognitive and technological capabilities. However, the relationships between the predictors and leadership excellence are not very strong, suggesting that other factors may also play a role in determining leadership excellence in Islamic banks. Overall, it can be seen that the two main factors responsible for the increase in institutional excellence are technological factors and marketing factors.

10. DISCUSSION

Reliability Tests

The reliability tests conducted on the survey questions using Cronbach's alpha showed that all the constructs, namely strategic capabilities, technological capabilities, marketing capabilities, cognitive capabilities, human excellence, service excellence, and leadership excellence, had good to excellent internal consistency reliability. This indicates that the questions used to measure these constructs were reliable and consistent in their measurement.

Correlation Analysis

The correlation analysis showed that there were significant positive correlations between cognitive capabilities, technological capabilities, human excellence, and leadership excellence. This indicates that these constructs are interrelated and that an improvement in one construct may lead to improvements in other constructs as well. Specifically, the highest correlations were found between service excellence and marketing capabilities.

Regression Analysis

The regression analysis showed that technological capabilities and marketing capabilities had a significant positive effect on institutional excellence in Islamic banks. This suggests that improving these capabilities can lead to improvements in these areas. However, it is important to note that administrative capabilities had a weaker effect on human excellence, service excellence, and leadership excellence.

Overall, the results of the reliability tests, correlation analysis, and regression analysis provide valuable insights into the relationships between the constructs being studied. These insights can help organizations identify areas for improvement and develop strategies to enhance their capabilities and overall performance.

Reliability of Strategic Capabilities Questions

In summary, the reliability tests indicate that the questions within each capability category are reliable and internally consistent, and can be used to assess the corresponding capabilities of Islamic banks.

Reliability of Institutional Excellence Questions

These three sets of data provide information on the reliability of the questions used to assess human excellence, service excellence, and leadership excellence. Reliability refers to the consistency and stability of the measurements obtained from a set of questions or items. Cronbach's alpha is a commonly used measure of reliability, and it ranges from 0 to 1, with higher values indicating greater internal consistency among the items.

Overall, these data suggest that the questions used to assess human excellence, service excellence, and leadership excellence are reliable and internally consistent measures.

11. RECOMMENDATION

It is recommended that organizations focus on improving their technological and marketing capabilities as these were found to have a significant positive effect on institutional excellence in Islamic banks. This can be achieved through investments in technology and marketing initiatives, training and development of employees in these areas, and strategic partnerships with experts in these fields. Additionally, it is recommended that organizations continue to prioritize the development of cognitive capabilities, human excellence, service excellence, and leadership excellence, as these constructs were found to be positively correlated with each other. Improvements in these areas can lead to a more well-rounded and successful

organization. Finally, while administrative capabilities were found to have a weaker effect on some of the constructs studied, it is still important for organizations to focus on improving this area as it can contribute to overall efficiency and effectiveness. This can be achieved through streamlining processes, implementing effective systems, and training and developing employees in administrative roles.

12. CONCLUSION

In summary, the analysis conducted in this study has revealed crucial insights into the constructs under study, namely strategic capabilities, technological capabilities, marketing capabilities, cognitive capabilities, human excellence, service excellence, and leadership excellence. The reliability tests indicate that the questions used to evaluate these constructs were reliable and consistent. The correlation analysis revealed that certain constructs are interrelated, implying that improvements in one area can lead to advancements in others. Additionally, the regression analysis showed that technological and marketing capabilities significantly affect institutional excellence in Islamic banks, highlighting the importance of focusing on these areas to enhance performance.

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