



**The Moderating Effect of Human Resource Management Strategy on the Relationship Between E-Business Strategies and Competitive Advantage in Jordanian Commercial Banks**

by

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## LIST OF ABBREVIATIONS

BRP	Business Re-Engineering Process
ICT	Information Communication Technology
SMS	Short Message Service
ERP	Enterprise Resource Management System
SMES	Small And Medium Enterprises
HRMS	Human Resource Management Strategy
SCM	Supply Chain Management
PMS	Performance Management System .
ROA	Return On Assets
ROE	Return On Equity
B2B	E-Commerce
SGHRM	The Strategic Resources of The Firm
NPOs	Non-Profit Organizations
ARBK	Arab Bank
ABCO	Arab Banking Corporation
AJIB	Arab Jordan Investment Bank
UBSI	Bank Al Etihad
BOJX	Bank of Jordan
CABK	Cairo Amman Bank
EXFB	Capital Bank of Jordan
INVB	Invest bank
AHLI	Jordan Ahli Bank
JCBK	Jordan Commercial Bank
JOKB	Jordan Kuwait Bank
SGBJ	Societe Generale de Banque Jordanie
THBK	The Housing Bank for Trade and Finance
JOIB	Jordan Islamic Bank
JDIB	Jordan Dubai Islamic Bank

**Kesan Moderat Strategi Pengurusan Sumber Manusia Terhadap Jalinan Antara  
Strategi E-perniagaan dan Kelebihan Daya Saing Dalam Kalangan Bank  
Komersial Jordan**

**ABSTRAK**

Kelebihan daya saing selalunya ditakrifkan dan ditafsirkan berdasarkan ukuran kewangan. Hanya beberapa kajian empirikal yang direkodkan menggunakan ukuran bukan kewangan bagi mengkaji kelebihan daya saing perbankan, walaupun terdapat keperluan untuk mengukur nilai tidak ketara yang berkaitan. Terdapat juga keperluan untuk menengahkan kelebihan daya saing industri perbankan bagi menyelaraskan ia dengan pengaruh pelaksanaan strategi, terutamanya strategi yang berorientasikan perniagaan berasaskan teknologi. Strategi yang berorientasikan perniagaan berasaskan teknologi dalam kajian ini bermaksud strategi e-perniagaan, dan dikenal pasti sebagai e-perdagangan, e-pemasaran, e-pengendalian, dan E-sistem. Kesemuanya ini merupakan strategi perniagaan tradisional yang boleh dilaksanakan pada masa kini melalui penggunaan teknologi masa kini disebabkan kepesatan teknologi maklumat dan zaman digital yang berevolusi. Pada masa yang sama, strategi pengurusan sumber manusia telah dikenal pasti sebagai salah satu faktor *antecedent* bagi kelebihan daya saing, serta mempunyai hubungan langsung dan signifikan dengan prestasi organisasi, ia juga dilaporkan tidak mempunyai hubungan signifikan dengan strategi daya saing dan kecekapan. Selain itu, terdapat beberapa kajian yang mengkaji impak strategi e-perniagaan ke atas kelebihan daya saing Bank Komersial Jordan, dan juga peranan moderat strategi pengurusan sumber manusia juga diambil kira disebabkan peranannya yang tidak konsisten sebelum ini. Kajian ini mengisi jurang kosong dari sudut praktikal dan teoretikal menggunakan metodologi kuantitatif yang melibatkan pengujian hipotesis menggunakan data yang dikumpulkan daripada 168 pengurusan tertinggi daripada 10 buah bank di Jordan menggunakan pensampelan rawak sistematik. Data digunakan untuk mengkaji pengaruh positif e-perdagangan, e-pemasaran, e-pengendalian dan E-sistem ke atas kelebihan daya saing dan dianalisis menggunakan *Partial Least Square-Structural Equation Modelling* (PLS-SEM). Pengaruh positif sub-dimensi setiap konstruk *exogeneous*; e-perdagangan (penjualan dan pembelian), e-pemasaran (pemasaran Internet dan pemasaran telefon pintar), e-pengendalian (analisis data, audit dan pelaporan) dan E-sistem (ERP, sistem pintar, sistem berasaskan pengetahuan) ke atas kelebihan daya saing juga dikaji. Dapatan kajian berdasarkan 11 hipotesis yang diterima dan 3 hipotesis yang ditolak, menunjukkan bahawa (a) e-pemasaran, e-pengendalian, dan E-sistem memberi pengaruh positif kepada kelebihan daya saing, (b) penjualan, pemasaran telefon pintar, analisis data, audit dan pelaporan, ERP, sistem pintar dan sistem berasaskan pengetahuan mempunyai pengaruh positif kepada kelebihan daya saing, dan (c) strategi pengurusan sumber manusia mempunyai kesan moderat ke atas kelebihan daya saing. Kajian ini dengan ini mencadangkan bahawa produk berterusan dan pembangunan perkhidmatan; tindak balas kepada pelanggan; dan peningkatan berasaskan pelanggan boleh digunakan sebagai ukuran bukan kewangan bagi kelebihan daya saing perbankan. Selain itu, kerajaan Jordan secara spesifik, sebagai tunggak utama sektor perbankan, perlu melebarkan jambatan digital dan penembusan Internet untuk meningkatkan pengalaman perkhidmatan perbankan oleh pelanggan-pelanggan bank.

**Kata Kunci:** Sektor Perbankan Jordan, kelebihan persaingan, strategi pengurusan sumber manusia, strategi e-pemasaran.

# The Moderating Effect of Human Resource Management Strategy on the Relationship Between E- Business Strategies and Competitive Advantage in Jordanian Commercial Banks

## ABSTRACT

Competitive advantage has mostly been defined and conceptualized based on financial measures. There is record of few, or no, empirical investigations of non-financial measures that investigated banking competitive advantage, despite its necessity in measuring the associated intangible values. There is also a need for the conceptualization of banking industry's competitive advantage in view of aligning it with the influence of strategy implementation, especially technology-based business-oriented strategies. These technology-based business-oriented strategies are thus, in this study, conceptualized as e-business strategy, and investigated as e-commerce, e-marketing, e-operations, and E-system. These are hitherto traditional business strategies that can now be implemented through the use of technology due to the emergence of information technology and the evolution of digital age. In the same light, human resource management strategy which has been reported as one of the antecedent factors of competitive advantage, with direct and significant relationship with organizational performance, is also reported to be of insignificant relationship with competitive strategy and competence. Also, there have been limited, if any, studies that investigated the impact of e-business strategies on the Jordanian Commercial Banks competitive advantage, and also with the consideration of the moderating role of human resource management strategy due to its previous inconsistent roles. This study attends to these practical and theoretical gaps using a quantitative methodology that involves hypotheses testing with data collected from 168 from the top management of 10 Jordanian banking using systematic random sampling. The data is to investigate the positive influence of e-commerce, e-marketing, e-operation and E-system on competitive advantage and analyzed using Partial Least Square-Structural Equation Modelling (PLS-SEM). Being a higher order construct model, the positive influence of the sub-dimensions of each of the exogenous constructs; e-commerce (sales and purchase), e-marketing (internet marketing and mobile marketing), e-operation (data analysis, audit and reporting) and E-system (ERP, intelligent system, knowledge-based system) on competitive advantage are also investigated. The findings, based on 11 accepted and 3 rejected hypotheses, showed that (a) e-marketing, e-operations, and E-system positively influence competitive advantage, (b) sales, mobile marketing, data analysis, Audit and Reporting, ERP, intelligent system and knowledge-based system positively influence competitive advantage, and (c) human resource management strategy moderates the influence on competitive advantage. This study, therefore, recommended that continuous product and service development; responsiveness to customers; and increase in customer's base can be used as non-financial measures of banking competitive advantage. Also, in specifics, The Jordanian government, as an extension of the banking sector players, should further extend its digital bridge and internet penetration so as to improve banking service experience by the banks' customers.

**Keywords:** Jordanian banking sector, competitive advantage, human resource management strategy, e-business strategy

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Jordan is a country of small size, officially the Hashemite Kingdom of Jordan, is an Arab country in Western Asia, on the East Bank of the Jordan River. The capital, Amman, is Jordan's most populous city as well as the country's economic, political and cultural center. Her economic growth had been positive over the years especially when there is financial and political stability. Jordan has showcased its ability to remain resilient, maintain internal cohesion, and reinvent itself in the face of adversity (Economic Policy Council, 2018).

Banking sector plays an important role in an economy to improve stability and increase economic growth. Banks play a central role in the money creation process and in the payment system. Moreover, bank credit is an important factor in the, financing of investment and growth. Therefore, regulators have a special interest in maintaining banking system stability. However, a recent strand of literature maintains that stronger competition may improve stability. the banking sector industries have been extensively built on private ownership, and The country' financial sector benefited from the country's policies in terms of avoidance of extensive state ownership. (Jordan Banking Report, 2017).

The banking system in Jordan is relatively small in comparison with others in the Middle East, but it had been faring well with increasing performance in their operating revenues, deposits and credit facilities. However, the financial market forecast indicated higher credit loss due to 2008 global financial crisis and over the past three years, has undertaken significant political reforms against a backdrop of social economic and security

challenges resulting from regional turmoil and external shocks. and this affected the banks' profitability. This essentially has called the attention of the Jordan's Amman Stock Exchange to the possibility of lower trading income and brokerage fees (Jordanian Economic Outlook, 2016; Travel and Tourism Jordan Economic Impact, 2015). This experience necessitates strengthening the banking sector's competitive advantage.

Organizational competitive advantage in the banking sector, according to general studies, can be achieved through strategy implementation. Few of suggested strategic models in this regard are Business Re-engineering Process (BRP), Strength-Weakness-Opportunity-Threat (SWOT), Harry Potters' model, among others (Ward & Peppard, 2010). Most importantly, since the advent of technology, especially information communication technology (ICT), researchers and practitioners of managerial studies have been studying and proposing models on the impact of ICT on organizational growth (Basheer & Sahedd, 2011; Hana, 2013; Krell & Matook, 2009). Business strategies have, therefore, evolved and deployed with the aid of technology, and are now conceptualized as electronic business strategies (Basheer & Sahedd, 2011).

In this chapter, the problem statement, both theoretical and practical, which highlighted the domain and literature issues addressed, is discussed. Based on this, the research questions to be answered and research objectives to be accomplished are listed. This chapter also describes the significance of this study, and its scope which delineates the boundary of the study. This chapter is concluded by a description of the structure of the thesis and its summary.

## **1.2 Background of the Study**

Within the last two decades, there has been increasing awareness among firms across global cultures about the importance of knowledge in achieving and sustaining

organizational competitive performance, as a broad concept, deals with (BRP) Business Re-Engineering Process which puts the organization in a lead, among other competitors within their sectors (Ibidunni et al., 2017). In banking sector, especially in Jordan, the banks are expected to be up to requirements of modern banking, with solid financial basis, modest risk profiles, and inclination to offer most basic financial instruments (Khammash, 2012; Al-Fayoumi, 2009). The Jordanian banking sector has been a supporting pillar to the Jordanian economy with a record of about 19 % of the gross domestic product (GDP). The recorded outstanding growth of 2.3 % in 2018 is one of the instances that proved the contribution of the banking sector to the national economy of Jordan (BOJ Annual Report, 2018). Therefore, Jordanian banks' global competitiveness provides continuous support for the national growth and economic development (OECD, 2015; IMF, 2014).

Jordanian banking sector is considered to be one of the safest banking sectors in the Arab region, and The Jordanian banking sector occupies the 13th largest position in the Arab banking sector in terms of asset size which is equal to approximately 2% of the total assets of the entire Arab banking sector. In the meantime, three Jordanian banks have entered the list of the world's top 1,000 banks: Arab Bank, Housing Bank for Trade and Finance and Bank of Jordan. (BOJ Annual Report, 2017).

It has been noticed that the focus competition's level in the Jordanian banking sector continued to decline throughout the year 2017, whereas the assets of the five Largest banks, out of the 25 banks, reached up to 53.37% of the total assets of licensed banks combined by the end of 2017, in comparison to nearly 60% 10 years ago. This improvement is due mainly to the banks that have sought to develop its business and products for the purpose of enhancing its competitive advantage. (Association of Jordanian Banks,2018)

Competitive advantage specifically addresses what the organisation has in stock that will achieve edge, over others, in the competitive market. From the literature, constructs like strategic planning, competitive intelligence, corporate social responsibility, innovation, and creativity, among others, are used interchangeably with competitive advantage, and their respective measuring constructs (Epetimehin, 2011; Heinz-Theo & Tim, 2009; Krell & Matook, 2009; Sigalas, Economou & Georgopoulos, 2013; Basheer & Sahedd, 2011). However, on another end, competitive advantage is also defined as a performance construct which shows a phenomenon of organisational progress. In this instance, constructs like organisational performance, operational efficiency, financial performance, financial sustainability, among others, are used (Sadia, 2011; Agha, 2012; Vahid et al., 2013; Heinz-Theo & Tim, 2009). With this, varying, but valid, factors have been identified as antecedents to competitive advantage.

Marketing innovation and creativity (Barrett, Davidson, Prabhu, & Vargo, 2015; Epetimehin, 2011), cost, innovation and differentiation (Manlio Del Giudice, & Rosaria Della, 2016; Heywood & Kenley, 2008), quality of service or/and management (Yong, Luo, & Shihua, Ma Ke, 2016; Salah, 2013), and product value, effective cost, e-service quality, product customization, customer service, customer satisfaction and usability (Hammed et al., 2010), among others, are recorded antecedents of competitive advantage. In this study, competitive advantage is assessed from the organisational progress perspective. Therefore, organisational performance, operational efficiency, financial performance, and financial sustainability are judged as accurate measurements in capturing competitive advantage, as the construct under investigation.

As noted by Hammed et al. (2010), one of the prominent concepts of information and communication technology (ICT) strategy to actualize competitive advantage is e-business strategy. It explains the evolution and adaptation of technologies in rendering

traditional business strategies (O'Brien & Marakas, 2011; Ward & Peppard, 2010). E-business strategy encapsulates the involvement of computer hardware, software, telecommunication and networks, for the improvement of the business environment. Assessing business organizations competing with information technology, cases of adopting of smartphones and short message service (SMS) for marketing have been recorded. Also, the use of data resource management, tele-presence systems, enterprise resource management system (ERP), e-commerce systems, and decision support systems have been appraised as strategies that have influenced organizational competitive advantage (O'Brien & Marakas, 2011; Bogdan & Marinela, 2007; Petter, 2006).

The need for Jordanian banking sector, being the prime mover of Jordan's economy, to employ strategic implementation of competitive advantage-driven e-business strategies, is therefore one of the focuses of interested researches. For instance, technology advancement and e-business capacity have been argued to influence efficiency in Small and Medium Enterprises (SMEs) and contributed to strategic development e-business. The measuring dimensions, however, had not been clearly defined. The influence of e-marketing, as a sub-division of e-business strategy, on banks' competitive advantage, is yet to have clear conceptualization in the finance sector (Macik, Jozwik & Nalewajek, 2012).

In the same vein, the role of human resource management strategy in actualizing organizational competitive advantage is also noteworthy. Human resource management practices which deal with employees' management, recruitment process, in-service training and capacity development, among others, influence organisational performance (Buller & McEvoy, 2012; Ayse & Fulya, 2006, Nijolè, et al., 2017, Saakshi, 2016). It presents a strategic role in harnessing human capacity for organisational growth, operational efficiency, and competitive advantage (Darwish, 2013; Buller & McEvoy,

2012; Mukulu et al., 2012; Nigam et al., 2011). This study, therefore, stems from the necessary understanding of the inter-dependent relationship of e-business strategy, within its varying sub-divisions and measuring dimensions, and human resource management strategy in the actualization of commercial banks' competitive advantage. The specific case, as investigated in this study, is the Jordanian commercial banks.

### **1.3 Problem Statement**

The gaps, which are the sub-problems that culminated to the statement of problem, attended to by this study are in four folds. First is the non-financial conceptualization of competitive advantage and its valid measurements for financial organisation performance. Second is strengthening of empirical studies investigating the influence of technology-based business strategies (operationalized as e-business strategies) on banking competitive advantage. Third is the role of human resource management strategy in the impact of e-business strategies on banking competitive advantage, due to the recorded inconsistent findings. Lastly, the record of lagging performance of Jordanian banking sector generally, and its commercial banks specifically, due to inadequate deployment of e-business strategies. This is further contextualised into a broader understanding of Jordanian economy and the role of its commercial banks.

Based on the conceptual characterization of banking industries' competitive advantage (Macik, Jozwik & Nalewajek, 2012; Hamed et al., 2010), which are mostly based on financial measures, empirical investigations of non-financial measures for banking competitive advantage is necessary. This will broaden the theoretical understanding of the organizational construct; competitive advantage, beyond the narrow prism of return on assets (ROA) and return on equity (ROE) that have been allegedly overused (Rana, Zu'bi, Ayman & Mahmoud, 2016). It will also create the need for primary

data-based organizational researches that seek to capture human perception of organizational performance constructs that financial measures cannot justly do. Furthermore, there is a low record of study that investigated competitive advantage in banks with organisational performance (Basheer & Sahedd, 2011). There is also a need for the conceptualization of banking industry's competitive advantage in view of aligning it with impact of strategy implementation (Kekwaletswe & Mathebula, 2014; Kasina, 2012).

Several scholarly papers have attempted to conceptually discuss banking institutions' competitive advantages with respect to its causative factors generally, and strategy implementation factors specifically (Firth, Li, & Wang, 2016; Sharma & Gounder, 2015; Perren, 2013; Sigalas, Economou & Georgopoulos, 2013; Caniato & Cagliano, 2009; Chadwick, Doherty & Anastasakis, 2007). The strategy implementation factors are the factors that are to be implemented in view of actualizing competitive advantage. Some of these studies (Sharma & Gounder, 2015; Perren, 2013; Sigalas, Economou & Georgopoulos, 2013) touched the traditional methods of strategy. There are other studies that have identified particular strategies as factors that affect banking industry competitive advantage and their significant relationships (Vlatka, Bosnjak, & Cizmic, 2016; Bamiatzi, Bozos, Cavusgil, & Hult, 2016). Specifically, Firth, Li, and Wang (2016), Perren (2013), Sigalas, Economou and Georgopoulos (2013), Caniato and Cagliano (2009) and Chadwick, Doherty and Anastasakis (2007) investigated business strategies and their influence of competitive advantage.

Numerous studies in the e-business literature demonstrate various measures that have been adapted extensively to measure e-business strategy. These measures were product value, effective cost, e-service quality, customer services, usability, and website design and product customization (Hammed et al., 2010). In addition, e-design, e-

collaboration, e-distribution and e-services were also used as primary measures for the e-business strategy in business organizations with little or no attention paid to the financial measures that are pivotal in the case of e-business strategy implementation (Cao, Ye & Yuan, 2006).

With the advancement of internet-based technologies, researchers have increasingly shown an interest in supporting the supply chain management with such technologies. However, practitioners had no obvious way to implement e-business strategies in the supply chain of high-tech and software-oriented products (Cao, Ye & Yuan, 2006). In spite of the progression of technology and the capabilities e-business, which have proved to yield generous benefits to organizations such as influencing efficiency of Small and Medium Enterprises (SMEs) and contributing to the strategic development e-business and supply chain management (SCM), they have not been utilized enough and extended to the financial sector (Yuen, 2010).

Additionally, e-marketing strategy, which is primarily an e-business strategy accompanied with ICT deployment to assist business firms to achieve competitive advantage especially for those seeking for internationalization, has shown no or little conceptualisation in the financial sector (Macik, Jozwik & Nalewajek, 2012). Moreover, Chang and Graham (2012) concluded that any business firm has to pay attention to the implementation of its e-business and global SCM strategies. However, their study was mainly applied on the manufacturing companies with little attention to the SCM in its relationship with e-business strategy.

Few of the studies that have investigated electronic business strategies, in one form or the other, are Huong, Thanh, and James (2016), Nima and Zeynab (2016), Afsaneh (2012), Blackman et al. (2010), Kirkpatrick (2009) and Mohamad and Ismail (2009), among others. These few studies are empirical investigations of impact of e-business

strategies on competitive advantage, but not in the banking sector. This highlights lack of studies that have investigated the impact of e-business strategies on banking sector generally, and commercial banks specifically. Also, the specifics of the sub-variables that make up e-business strategy, their appropriateness to the domain under study, and the associated measuring dimensions of the component sub-variables of e-business strategy, are research issues in the investigation of competitive advantage's antecedents (Vlatka, Bosnjak, & Cizmic, 2016; Afsaneh, 2012).

For instance, majority of the studies on e-operations, as a sub-variable of e-business strategy, are on supply chain management (SCM). These studies were mostly applicable in production industries, and their measuring dimensions are not applicable to banking industries where e-operations like electronic data analysis, data auditing and reporting, as acknowledged by Afsaneh (2012), Koo et al. (2006), Coltman et al. (2006), and Bhandari et al. (2004), and Lai and Wong (2000) are exclusively applicable. This signifies an important need for banking industries-based e-operations to be investigated as e-business strategy sub-variable, and by extension, its influence on banking industries' competitive advantage. The other outlined sub-variables of e-business strategies like e-marketing and e-commerce have fair mention in studies that investigated antecedent factors of organisational competence and performance (Chadwick, Doherty & Anastasakis, 2007; Augusto et al., 2012). However, despite the high use of internet-based technologies, the application of e-business strategies to examine internet and mobile marketing (for e-marketing) and online transaction for sales and purchases of products and services (for e-commerce) are yet to be well defined and empirically investigated. In the same vein, there have been upsurge in the adoption of banking software (for e-systems), in form of enterprise resource planning (Ahmad, Ibrahim, & Garba, 2015; Abbas, 2015; Carolin, Ralf, Dirk, & Susanne, 2007), intelligent systems (Rao & Dey, 2012; Bodgan, & Emina,

2011), knowledge-based systems (Rao & Dey, 2012), and yet, their impacts on banking competitive advantage have not been empirically investigated. This, summarily, informs the need to investigate e-operation (with data analysis, data auditing and reporting as sub-variables), e-marketing (with internet and mobile marketing as sub-variables), e-commerce (with sales and purchase as sub-variables) and e-systems (with ERP, intelligent and knowledge-based systems as sub-variables) as sub-components of e-business strategies.

This summarily presents huge attention of past works on e-business strategy in domains that are unrelated to finances and banking, despite the applicability and need for such study. Therefore, it can be safely concluded that more researches are needed on investigating the emerging contexts of the impact of e-business strategies on competitive advantage across multiple organisations and the diverse performance metrics. Notably, however, the studies on strategy implementation factors that actualise competitive advantage paid no special attention to the business-oriented strategies. Those that investigated the business strategies did not consider how they can be aided with the use of technology. In conclusion, there are sparing studies that investigated the impact of e-business strategies despite the emergence of information technology and the evolution of digital age.

Human resource management strategy has been reported as one of the antecedent factors of competitive advantage (Buller & McEvoy, 2012; Miller, 2006), and significantly related to firm strategy and organisational performance (Saravanan & Vasumathi, 2015; Ologunde, Monday & James-Unam, 2015; Nigam et al., 2011). Human resource management strategy has also been reported to have direct and significant relationship with organisational performance (Ologunde, Monday & James-Unam, 2015; Darwish, 2013 Saakshi,2016), financial performance and turn over (Darwish, 2013;

Gurbuz & Mert, 2011), but insignificant relationship with competitive strategy and competence (Hsieh & Chen, 2011; Othman, 2009; Mukulu et al., 2012). Strategic human resource management is also reported to have positive correlation with the perceived financial and market performance but has no relationship with turnover as a measure of organizational performance (Ologunde, Monday & James-Unam, 2015; Buller & McEvoy, 2012).

On the other end, there are few works on technology-enabled human resource management (HRM) (Emily, 2015; Stanton & Nankervis, 2010; Marler, 2009), and they are largely non-empirical. Emily (2015) studied the recent technological changes in human resource practices and advocated for empirical study to duly examine its role in organisational performance. Marler (2009) developed a model of e-HRM strategy formulation and the efficacy of its function is aimed at exploring the links between strategic HRM, performance management system (PMS). Stanton and Nankervis (2010) conceptually explained factors that might mitigate successful implementation of e-HRM. These non-empirical studies on technology-enabled HRM strategy highlighted the role of human resource practices in the actualization of organisational performance, or competitive advantage, and its antecedents. It also indicated the prosperity of technology-based HRM strategies which have not been duly included in competitive advantage model of banking institutions.

The need to test the moderating effect of human resource management strategy in the influence of e-business strategies on competitive advantage, apart from the recorded inconsistency from past related studies, is justified by the imports of resource-based theory and AMO theory (Savaneviciene, & Stankeviciute, 2012; Boselie, Dietz, & Boon, 2005, Nijole, et al., 2017). These theories –resource-based and AMO –suggest that human resource management strategy moderates the effect of organizational strategy (which in

this study is e-business strategies). The strategies, even though they are technology-driven, are ultimately handled by the employees. Resource-based theory (also called resource-based view) of competitive advantage has implications on strategy formulation and harnessing human resource capacity (Grant, 2001). Also, AMO theory suggests that ability, motivation, and opportunity for workers are three independent work system components that shape employee characteristics and contribute to the success of the organization.

These records show inconsistency in the role of human resource management strategy in the actualization of competitive advantage, especially in the face of different but closely-related constructs of organizational performance. It is on this basis that this study investigates the moderating role of human resource management strategy in the actualization of competitive advantage, specifically when technology-enabled strategies (conceptualized in this study as e-business strategies) are antecedent factors.

Generally, and from the practical problem perspective, the poor growth of banking industries has been attributed to ineffective implementation of competitive advantage strategies (Peter, 2015; Lawrence et al., 2011). Specifically, the performance of Jordanian banking sector, especially the commercial banks, can be traced to the inadequate deployment of e-business strategies. Jordan banking sector is posited to be healthy, risk-resisting and steadily growing (MIS, 2009; BSR, 2009). The growth of Jordan sector has a record of JD37.69 billion in assets, during the millennium turn. The yet-to-be saturated financial market of the country is giving opportunity for expansion, and new entrants are attracted to the financial and capital market (BOJ Annual Report, 2014; Khammash, 2012). The Central Bank of Jordan, 2016 has also been enabling the sector's agility against global financial crisis through its prudent regulation. The Jordanian banks are well-capitalised with capital adequacy ratios that are more than the much required Basel II ratio.

Also, the apex bank restriction on lending culture had also availed the banks the much needed strength for a sustainable growth and development (BOJ Annual Report, 2014).

The Jordanian banking sector has been classified as stable due to its solid financial basis, modest risk profiles and inclination to offer most basic financial instruments (Khammash, 2012; Al-Fayoumi, 2009). This is despite the records of systemic risk sessions mainly due to the Jordanian banks' exposure to the Palestinian territories and political instability in the Middle East (BSR, 2009). The central bank of Jordan report stated that, in 2009, Jordan reduced the reserve equipment from 9% to 7%, and also decided not to issue certificate of deposit during this period to allow liquidity stay in the system. However, there have been improvements in the assets of Jordanian banks because of the adopted economic and retail lending growth. There have been yearly outstanding growths to 2.1% (JD 272.9 million) due to a total deposit growth to 12.1 percent (BOJ Annual Report, 2014).

This indicates the economic importance of banking institutions on national development and human capital growth. The banking sector is, therefore, an important focus of any genuine government (Bamiatzi, Bozos, Cavusgil, & Hult, 2016; Barrett, Davidson, Prabhu & Vargo, 2015). Most importantly, effective banking institutions are posited as panacea for economic recession (Brown & Knudsen, 2015). Therefore, every nation willing to build up against economic meltdown must develop effective banking institutions. In view of strengthening the banking sector and its institutions, banks are adopting all possible frameworks to remain aboard in the global competitive market (Giorno, 2016; Brown & Knudsen, 2015; Qaqaya, 2008; Singh, 2002). On this, the Central Bank of Jordan has instituted risk-aversion mechanisms, and these have been significant positive results, but consistent implementation of technology-based business strategies are highly encouraged (Sharma & Gounder, 2015; Macik, Jozwik & Nalewajek, 2012).

It is noteworthy that Jordanian banks are leading among other banks in the Middle East in the adoption of ICT tools to enhance operational activities (Rana, Zu'bi, Ayman & Mahmoud, 2016). Though internet banking, mobile banking, internet and mobile marketing, queue management system, auto response system to customers' enquiry, among others, are variegates of business technology tools that have been used, there are limited studies that have investigated their impacts on organisational competitive advantage (Rana, Zu'bi, Ayman & Mahmoud, 2016; Khammash, 2012; Afsaneh, 2012), and none on Jordanian banking competitive advantage. The overall influence of e-business strategies on banking sector's competitive advantage, and by extension, on the nation's economic growth, is of research importance (Barrett, Davidson, Prabhu & Vargo, 2015; Agarwal & Wu, 2015).

This study is necessary due to limitations recorded from past studies on organisational performance measurement, implementation of e-business strategy, the assessment of its impact on competitive advantage and the role of human resources management practices (Macik, Jozwik & Nalewajek, 2012; Chang & Graham, 2012; Hamed et al., 2010; Cao, Ye & Yuan, 2006). In summation, the need for this study is due to the record that few studies, if any, investigated competitive advantage as an organisational performance construct for banking industries using non-financial measure. Among recorded factors that are antecedents of competitive advantage, business strategies implementation is prominent, but e-business strategies is few, and none in the banking sector. There is also inconsistency in the findings of the studies that investigated the influence of human resource management strategy on competitive advantage, either in banking industries or not, with different measures for the organisational performance construct. This argues for the moderating role of human resource management strategy in the impact of e-business strategies to competitive advantage.

In conclusion, based on the vivid explanations on issues and arguments that necessitate this study, it is deemed imperative to state that this study aim to investigate the Impact of E- Business Strategies (i.e., e-commerce strategy, e-marketing strategy, e-operation strategy, and E-system strategy) on the competitive advantage of Jordanian commercial banks, with the consideration of The moderating effect of human resource management strategy. Therefore, the specific question (s) to be solved through the findings of this study will be clearly highlighted in the next section of this study.

#### **1.4 Research Questions**

The research questions of this study are:

- 1) Does e-commerce strategy influence the competitive advantage of Jordanian commercial banks?
- 2) Does e-marketing strategy influence the competitive advantage of Jordanian commercial banks?
- 3) Does e-operation strategy influence the competitive advantage of Jordanian commercial banks?
- 4) Does e-system strategy influence the competitive advantage of Jordanian commercial banks?
- 5) What is the moderating effect of human resource management strategy on the influence e-business strategies (e-commerce, e-marketing, e-operations and e-system) on competitive advantage among the Jordanian commercial banks?

#### **1.5 Research Objectives**

The main objective of this study is to investigate e-business Strategies impact on competitive advantage with due consideration to the moderating role of human resource

management strategy. To achieve this main objective, the following are the specific objectives to be accomplished by this study:

- 1) To investigate the influence of e-commerce strategy on competitive advantage of Jordanian commercial banks.
- 2) To investigate the influence of e-marketing strategy on competitive advantage of Jordanian commercial banks.
- 3) To investigate the influence of e-operations strategy on competitive advantage of Jordanian commercial banks.
- 4) To investigate the influence of e-system strategy on competitive advantage of Jordanian commercial banks.
- 5) To investigate the moderating role of human resource management strategy in the influence of the e-business strategy (e-commerce, e-marketing, e-operations and e-system) on competitive advantage among the Jordanian commercial banks.

#### **1.6 Significance of the Study**

This study, as evident in the issues and gaps highlighted in the problem statement, has theoretical, practical and methodological significances. The most instructing of these significances is its novel provision of the empirical evidence of the influence of e-business strategies on competitive advantage and the moderating role of human resource management strategy, specifically in the banking sector. This study also establishes a significant linkage between e-business strategies and human resource management strategy in developing economies, especially considering that such linkage has not been previously explored.

In addition, this study presents valuable deliverables to researchers in the field of business management, human resource management and other associated fields, and also

the professional practitioners. For the researchers and the academic community, it presents a conceptual model with valid and reliable measures and dimensions that depict antecedents and moderating variable for the actualization of competitive advantage in the banking sector. The practitioners are also armed with strategic provisions of e-business strategies that can be implemented in the banking sector to drive competitive advantage, and in the long run achieve national economic growth. The significances of this study are further explained in terms of practical, theoretical and methodological contributions.

### **1.6.1 Theoretical Contribution**

The theoretical contribution of this study is in four folds:

First, the presented conceptual model of this study, depicting the various e-business strategies, competitive advantage and the human resource management strategies, and their measuring dimensions, is a theoretical contribution. It is a model that can be adopted or adapted in investigating similar situations, even in different contexts and countries.

Second, the comparison of the empirical results by this study, with others from previous studies, extends the boundary of knowledge. It provides a new perspective to the understanding of the influence of e-business strategies on banking sector, and the plausible conceptualization of competitive advantage for financial organizations using non-financial measures. this study investigates the implications e-business strategies, human resource management strategy towards firm competitive advantage.

Third, the moderating effect of human resource management strategy between e-business strategies and competitive advantage is a major contribution adds to the literature since previous studies concluded that human resource management practices have been extensively studied as an antecedent to competitive advantage, organizational performance and operational efficiency, and as mediator, but not as a moderating variable.

The path of model interaction of this study suggests that human resource management practice is a moderator to certain e-business strategies.

Fourth, and the last note, this study presents a newly designed survey instrument, through adaptation of related works. And their respective items in a manner that make the new items consistent for the investigation of the impact of e-business strategies on competitive advantage among banks.

### **1.6.2 Practical Contribution**

The Empirical knowledge from investigating the impact of the e-business strategies and their sub-measures on banks' competitive advantage. Will practically contributes to strategic implementation of ideas by proffering methods of implementing e-business strategies among in the banking sector. Also bank professionals and human resource strategists would be able to formulate related implementation policies that will successfully work in achieving banking competitive advantage. And also, will identify which of the four e-business strategies lead to strong competitive.

Second, through the empirical investigation of the constructs of e-business strategies, this study situates the role of human resource management strategy in the impact of the e-business strategies in banks' competitive advantage appropriately. This will guide professionals in the employment and application of HRM practices and principles to drive organizational competitive advantage.

Third, the practical contribution of this study will benefit Banking sector and the researchers. the findings of this study will be neatly edited to ensure confidentiality, will be channelled to Banking sector in general and commercial banks Specifically, and Central Bank of Jordan and banking organizations and the Jordanian government the findings this study will be of high reference value to them. This information will be useful for them to

understand their e-business strategies and competitive advantage with dimensions that are non-financial, and to aid in their future competitive advantages moves.

### **1.6.3 Methodological Contribution**

Methodologically, this study investigates the influence of e-business strategy on banking sector competitive advantage and the role of human resource management strategy using PLS. PLS, as a structural equation modelling approach to testing model's goodness of fitness has been sparingly used in banking studies, especially since most of such studies employed secondary data of financial measures. This study, therefore, opens the frontier of investigating banking performance using non-financial measures, and with a SEM approach that adequately certifies the fitness of the proposed conceptual model.

### **1.7 Scope of the Research**

In consistent with any research, it is essential to indicate the scope or limitations (geographical, industry and time) in which this study needs to be carried out. The main scope of this study is to examine the influence of e-business strategies (E-commerce, E-marketing, and E-operation, E-Systems) on Competitive advantage in Jordanian commercial banks; with the consideration of the moderating effect of Human Resource Management strategy. Also, this study is limited to top management in Jordanian commercial banks.

The scope of this study, in terms of the subjects to be investigated, is Jordanian commercial banks. The choice of Jordanian commercial banks is due to the record that, few studies, if any, have investigated competitive advantage as an organizational performance construct among Jordanian banks generally, and its commercial banks specifically. This performance construct is, more importantly, a non-financial measure

that seeks to capture human perception of organizational performance constructs which financial measures cannot justly do (Macik, Jozwik & Nalewajek, 2012; Hammed et al., 2010).

In addition, another reasons, are banks have been reported as one of the leading banks in the implementation of e-business strategy, among the Middle East countries. The Jordanian banking sector is the leading sector for economic development in Jordan, and also the primary financier to Jordanian society's various classes which are individuals, small, medium and large companies, and government (Central Bank of Jordan's Annual Report, 2015). The country's financial sector and the national economy essentially rely on the banking industries (Jordan Banking Report, 2009). The Jordan's Amman Stock Exchange also reported the strategic moves and innovative practices of Jordanian commercial banks in lowering trading income and brokerage fees as means of supporting the capital markets (Jordanian Economic Outlook, 2016). It is therefore necessary to investigate the influence of e-business strategies on the banks' competitive advantage, with defined respective sub-variables and measuring dimensions, as a way of appraising the impact of e-business implementation among Jordanian banks. The findings would influence the formulation and implementation of e-business strategies in the banking institutions. The banks, generally, aim to provide comprehensive and integrated services to customers, and achieve profitability in the long run.

There is a high need to conduct the current study because, e-business strategies evolved from the traditional business strategies due to the explosion of technological advancement and the competitive advantage it brings into the sector, especially the influence on organisational growth (Hana, 2013; Basheer & Sahedd, 2011; Krell & Matook, 2009). However, this study exclusively investigates e-commerce, E-marketing,

E-operation, and E-Systems as the components of E-business strategies, and their respective dimensions, due to their relevance and application in the banking sector.

The traditional business strategies being adopted by banking institutions, accordingly to Macik, Jozwik and Nalewajek (2012), Chang and Graham (2012), Hamed et al. (2010), Cao, Ye and Yuan (2006), and Ayoob and Babak (2010), are sales, marketing and banking operational procedures. These are conceptualised into e-commerce, e-marketing, and e-operation, respectively. The inclusion of e-system as a means of contemporary business strategies is due to massive adoption of business information system in the banking industries, in recent times (Tat Huei, Yet Mee, Boon-Liat, & Teck Heang, 2016; Euripidis & Fotini, 2012). The theoretical contribution of this study, based on the reviewed gaps and limitations of past related studies, necessitated the inclusion of human resource management system (HRMS). HRMS, using employee motivation as core theoretical construct, measured by reward system, employee's capacity building and knowledge management capacity, influences organizational performance (Darwish, 2013; Buller & McEvoy, 2012; Miller, 2006). It is theoretically supported to be tested as a moderating variable in this study.

To achieve the objectives of the current study, a sample was selected from the top management employees of the banking institutions as respondents for the data collection because they are persons suitable in proffering answers to questions fielded in the survey instrument. Items that intend to measure the banks' competitive advantage, human resource management strategy, e-commerce strategy, e-marketing strategy, e-operation strategy, and E-Systems strategy can only be answered by the employees that implement those strategies and/or directly observe the impact of strategic implementation on the banking operational activities.

## **1.8 Banking Sector**

### **1.8.1 Corporation's Banking Services**

The corporation's banking services entail carrying out banking transactions to selected companies, corporations or other financial establishments. In simple terms, it can be defined as financial services provided to client companies. Such services include a wide array of commercial facilities with all types of credits, banking guarantees financial transfers (Swift) and banking insurance (Central Bank of Jordan's Annual Report, 2015).

The treasury and investment services and other electronic services are discussed under the corporation's banking services in sub-sections 1.8.1 and 1.8.2.

### **1.8.2 Treasury and Investment Services**

Investment can be defined as "setting aside currently available funds with an investor for certain period of time with the aim of having a large cash flow in future". Investment portfolio, on the other hand, means "a set of financial assets, such as stocks and bonds which are managed for the purpose of obtaining returns on investment". Operating banks of Jordan provide investment and investment portfolio management to their clients, through an agreement between the bank and the client. Therefore banks, according to the agreement, provide an integrated set of investment services to clients. Advisory services, consultation and guidance, set-up investment policies, assets' distributions in investment risk management, and follow up client's investment accounts with periodic reporting to clients are additional banking services to mutual investment funds management (Central Bank of Jordan's Annual Report, 2017).

### **1.8.3 Electronic and Other Services**

Banks have developed specific delivery channels for the provision of services to their clients in a way that compensates time, efforts, and cost. This is done via an electronic means and implies that the clients do not have to be physically present in the banking hall to transact. In addition to branches and offices, banks have adopted several electronic means that rely on modern information technology to expedite the delivery of services safely and comfortably. Electronic services are considered to be the primary delivery channels which banks rely on in performing their tasks. These channels allow easy access to banking services through electronic means, and customers can do banking affairs at their convenience.

The banks aim to provide comprehensive and integrated financial services to provide various types of banking service in one location (i.e. one stop shopping). Therefore, the banks continuously keep providing new services to existing clients, and the lead is insurance service. Banking insurance is a bank's strategy that includes selling insurance products through their branches network. These products consist of several types of insurance, for example, person's property and saving accounts insurance. Banks sell insurance product through lending programs and provide car and real estate loans. Banks, with their large geographic spread and their ability to reach a great number of clients, enable the sales of the insurance product on a large scale (Central Bank of Jordan's Annual Report, 2017).

### **1.9 Jordanian Banking System (Brief Review by the End of 2017)**

The number of operating banks in Jordan is 25. 16 are Jordanian banks, among which are three (3) Islamic banks and nine (9) are foreign banks. The services of these banks cover the entire Jordanian kingdom through their network system of (808) branches.

and 76 offices, (615) branches for commercial banks Table 1.1 presents detailed information of the banks in the Kingdom of Jordan. (Central Bank of Jordan's Annual Report, 2017).

Table 1.1: Banks in the Kingdom of Jordan.

Bank Name	Banks in Jordan		
	Ticker	Origin	Type
Arab Bank	ARBK	Local	Commercial
Arab Banking Corporation	ABCO	Local	Commercial
Arab Jordan Investment Bank	AJIB	Local	Commercial
Bank Al Etihad	UBSI	Local	Commercial
Bank of Jordan	BOJX	Local	Commercial
Cairo Amman Bank	CABK	Local	Commercial
Capital Bank of Jordan	EXFB	Local	Commercial
Invest bank	INVB	Local	Commercial
Jordan Ahli Bank	AHLI	Local	Commercial
Jordan Commercial Bank	JCBK	Local	Commercial
Jordan Kuwait Bank	JOKB	Local	Commercial
Societe Generale de Banque Jordanie	SGBJ	Local	Commercial
The Housing Bank for Trade and Finance	THBK	Local	Commercial
Jordan Islamic Bank	JOIB	Local	Islamic
Jordan Dubai Islamic Bank	JDIB	Local	Islamic
Islamic International Arab Bank	Not listed	Local	Islamic
Banque Audi	Not listed	Foreign	Commercial
Blom Bank	Not listed	Foreign	Commercial
CitiBank	Not listed	Foreign	Commercial
Egyptian Arab Land Bank	Not listed	Foreign	Commercial
National Bank of Abu Dhabi	Not listed	Foreign	Commercial
National Bank of Kuwait	Not listed	Foreign	Commercial
Rafidain Bank	Not listed	Foreign	Commercial
Standard Chartered	Not listed	Foreign	Commercial
Al Rajhi Bank	Not listed	Foreign	Islamic