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**EVALUATION OF BASIC CONCEPTS AND PRACTICES OF
STRATEGIC MANAGEMENT IN PARTICIPATION BANKING**

Erdal Alga (a)*, Mutlu Arman (b)
* Corresponding author

(a) Central Bank of Turkish Republic, 20010, Denizli, Turkey
(b) Pamukkale University, 20010, Denizli, Turkey

Abstract

Participation banks need to apply the strategic management and its basic concepts as they struggle with conventional banks for existence and growth in the same field. This study aims to determine the strategic management and its basic concepts in participation banking, and application of them and middle managers' knowledge on them by referring to the opinions of branch managers, since due to lack of any research related to the subject in the related literature For this purpose, four main questions were created and answers for these questions were sought. The study was a qualitative research, and the semi-structured interview technique was used as data collection technique. The sample of the study consists of 8 of the branch managers of 10 participation banks operating in Denizli. The data of the study were analyzed by categorization and tabulation. While the data of the study were being reported, it was tried to avoid as much as possible of the participants' expressions. When the data of the study were reported, a language appropriate to the expression of the participants was used. The results of the study show that participants generally have strategic management and its basic concepts in participation banks, and that participants can express strategic management and corporate values to a great extent and can not express vision, mission and strategic plans clearly. In addition, results of the study also revealed participants' views on the strengths, weaknesses, opportunities and threats of participation banks.

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Keywords: Participation banking, strategic management, strategic management concepts and practices.



1. Introduction

The existence of the economy, which means that unlimited human needs are met with scarce resources, and being a rational society consisting of rational humans and rational humans (*homo economicus*), requires the utmost benefit from existing resources. The existence of a society today and its continuing presence in the future depends on its ability to make high investments in efficiency. The prerequisite for these investments is to have adequate funding. This is precisely the reason for the emergence of banks as institutions that provide the funds that a society needs to invest. That is, they will provide funds to entrepreneurs who will invest. In order for banks to be able to provide funding to the investor, they must first own the funds. While one of the ways in which banks have funds is to get eligible loans from other large fund accountants, the other way is to create their own funds. Creating their own funds is one of the main functions of the banks. People with small amounts of money give up their current use of their money to get a return on interest in the future, and funds that reach a certain size in the banks are formed by depositing these money into the bank. Banks give loans to investors from these funds, on the one hand they earn income and on the other hand they finance the investments.

While conventional banks are trying to meet investors' funding needs; it has been realized that not all monetary resources in the society are involved in this banking system. This means that scarce resources are idle and not used efficiently. There can be many different reasons for these resources to remain idle. However, the fact that religious belief based interest sensitivity is an important factor in the outcome of participation banking. Participation banking has primarily emerged in the last 50 years as a kind of banking activity that aims to use idle funds owned by those who believes in Islam and calls themselves as Muslim and have high interest sensitivity in the national economy. Participation banking, which has emerged as an activity to fill a critical gap in the economy, has strategic priorities even with this feature alone. In addition, religious sensitivities tend to decrease and increase cyclically. The role of participation banking in the economy will play a much more important role during times of religious sensitivities. In times of religious sensitivities rise, the role of participation banking in the economy will be more important than before. This shows that conjuncture and outer environment are one of the important factors affecting participation banking; it is the natural outcome that strategic management and its applications are important for the participation banking.

The fact that strategic management and its basic concepts, strategic management processes and practices are known by all employees, especially managers, of participation banks will cause factors affecting participation banking in Turkey and the world positively or negatively and lead to objectives and activities of banks to be determined more realistically. Where an institution that does not have a vision statement will arrive in the future, where an institution does not have mission statement positions itself today, how an institution without a strategic plan will reach its goals, how an institution which does not systematically analyze the environment identify its opportunities and threats, and inner of organization will identify its strengths and weaknesses more accurately is a very important question that needs to be asked. For this reason, concepts related to strategic management such as strategic management, vision, mission, strategic plan should be known to the employees and managers of the participation banks first and then it should be applied to the extent of their applicability.

Although strategic management seems to be a concept related to senior management of organizations, middle and lower level managers and all employees can play an active role in defining the

concepts related to strategic management and in the preparation and implementation of strategic plans according to the understanding of organization. Insomuch as, all managerial levels in organization and employees' understanding of strategic management approach, their inclusion in strategic management preparations and their ability to participate in the implementation will facilitate achievement of objectives set by strategic management.

2. Literature Review and Theoretical Framework

2.1. Participation Banking

Participation banking is a type of banking, existing in the last 50 years in the world and 30 years in Turkey (Akyüz, 2017). Participation banking is a conceptualization of the interest-free banking approach that has not emerged directly under the name of participation banking. The interest-free banking approach is based on the understanding that interest should not be viewed positively or interest should be forbidden.

It is possible to take the concept of negative evaluation of interest up to the first-century philosophers. Plato has not evaluated interest positively since he finds interest to be unethical and interest does not suit the ideal plan (Terzi, 2013). Furthermore, Aristo (2002, p. 246) has not evaluated interest positively for the following reason in his important book "Politics": *“What deserves the most disgust is interest; because the gain from it comes directly from the very existence of the money itself, and is contrary to the thing that led to the birth of money. The money was created for exchange; whereas interest increases the amount of money. Therefore, this is the most incongruous way of making money in nature.”*

The negative evaluation of interest is not limited to only some philosophers, and the Semitic religions have not evaluated it for a long time positively. While evaluating the Jewish religious interest negatively, over time the Jews accepted that the interest was forbidden among themselves; but in relation to non-Jews, the notion that interest is not forbidden is settled. The rise of economic pressures parallel to the strengthening of capitalism after the 16th century brought concessions on the negative evaluation of interest in the Christian world. The first person allowing interest in Christianity is Jean Calvin and the denomination is Calvinist Protestantism. (Terzi, 2013) It is seen that the understanding of negative evolution of interest has relaxed considerably over time in the Jewish and Christian world.

Negative evaluation of interest is also mentioned in Islam. It is possible to find traces of the negative evaluation of interest in the Qur'an, the main source of Islam. 275., 276. and 278. of Surah al-Bakar, 160. and 161. of Surah al-Nisa and 3/130. of Surat al-Ali Imran are the verses in the Qur'an concerning the negative evaluation of interest and the prohibition of interest (Kızıltepe & Yardımcıoğlu, 2017).

Participation banks are institutions that are established with the understanding of profit and loss partnership in order to put the savings of the depositors into the production process in the form of gold, foreign exchange, building, land and not investing their savings in conventional banks because they do not want interest on their savings (Takan, 2001). Participation banks are organizations that offer alternative financing methods, operate in the financial sector, finance the real economy and provide banking services (Özulucan & Deran, 2009).

Today, interest-free banks are active in more than 75 countries and more than 500 institutions with their subsidiaries and branches. There are also Western banks and institutions that set up working units in accordance with non-interest-based principles. Examples are banks such as Citibank, HSBC, Union Bank of Switzerland, Kleinwort Benson, ANZ Grindlays and Goldman Sachs. The first independent and interest-

free bank established by Western banks was the Islamic Investment Bank established in Bahrain in 1996 by Citibank, with a capital of USD 20 million (Albaraka Türk, 2018).

As of 2018, five participation banks operate in Turkey. Three of these participation banks are in the nature of private participation banks; two of which are public participation banks. Private participation banks are Albaraka Türk Participation Bank, Türkiye Finans Participation Bank and Kuwait Türk Participation Bank. Public participation banks are Vakıf Participation Bank and Ziraat Participation Bank.

There are economic, social and political reasons as well as negative evaluation of the interest due to the Islamic belief system which is the main reason for the establishment of participation banks. Economic reasons (Kalaycı, 2013) are: 1) The high oil revenues that Islamic countries have gained in the 1970s flow to Western economies under the name of petro-dollars, and thus Islamic countries are experiencing difficulties in development; as well as the need for economic cooperation between capital-rich and capital-deficit Islamic countries. 2) Conventional commercial banks' preferences of short-term loans for commercial purposes instead of long term investment project loans and as a result of this, the delay of macroeconomic development. 3) Participation banks, unlike conventional banks, are able to use their funds on partnership basis and therefore control whether or not firms operate efficiently. Social reasons are contributing to social peace and social cohesion (Ustaoglu, 2014), the combination of idle funds and labor power, justice in income distribution and strengthening of social state principle (Akcan, 2012). Political reasons are that they can make more use of their resources by establishing political relations with Islamic countries and societies in the place and center of interest-free banking activities.

In recent years, participation banks have grown very rapidly. Key factors in achieving this rapid growth are: more robust legislation of participation banking, expansion of the infrastructure and customer portfolio of the sectoral infrastructure (Özsoy, 2012).

After 2000, Participation banks' efforts to improve the size of their assets, their market shares, the number of branches and their employees gradually, and the political authority's efforts to improve the participation banking have greatly increased the importance of participation banking. The strategic goals being put by political authority of Turkey and The Union of Turkish Participation Banks have made the presence and awareness of strategic management, concepts and practices even more important in participation banking.

2.2. Strategic Management and Its Basic Concepts

Strategy was first used mainly in the military field, and it was started to be used in management field over time (Gültekin & Mazi, 2016). This has led to the creation of what has been called strategic planning, and then strategic management.

Strategic management, an organizational analytical approach that analyzes the goals that an organization wants to achieve in the future and how it will achieve those goals (Barry, 1986). Bryson (1988, p. 5) has added the current situation dimension to the definition of Barry, which is largely focused on the future, and made the following definition: “*Strategic management is a management technique that reveals what an organization is doing, why it is, and what goals it wants to reach in the future.*”

Strategic management is a management technique that includes vision, mission, strategy and action concepts. According to this, the vision means goals and objectives that can be realized for the future, and the mission means the task and determination for the vision. Strategy is a general plan that shows how and

in what ways the future will be reached, and action is the roads to be tracked within the framework of defined strategies. There are three phase in strategic management. In the first phase, the development of strategies and the creation of planning takes place. In this phase, SWOT analysis is carried out first, followed by vision and mission statement. In strategic planning, which is an important element of this phase, the most important thing is to make strategic decisions and make strategy choices. In the second stage, strategies and action plans, determined in cooperation with middle management levels by senior management are implemented. In the last stage, the strategies applied are reviewed and if necessary, changes are made in strategic plans (Aktan, 2008).

Strategic management plays an integral role in all other management processes. In this context, strategic management enables the organization to concentrate on the objectives and subjects of various levels and functional departments. Strategic management ensures that programs address the desired outcomes in the external environment and engage in internal governance processes. Strategic management also links operational, tactical and everyday short-term decisions with longer-term strategic objectives. (Poister & Streib, 1999)

A well-defined strategy motivates all employees and managers to achieve organizational goals. A good strategy is to develop communication first. The development of communication allows employees to understand how organizations work and how they achieve their goals. This increases the commitment of employees. It also allows managers and employees to understand each other. Thus, employees become more industrious and creative. (Fred, 2011)

Organizational strategies can be divided into corporate strategies, business strategies, and functional strategies, all of which are coherent together (Huiru, 2011). While corporate strategies are all about where the organization is headed, business strategies are organizational units or specific business related strategies, and functional strategies are also those related to resource use of organizations.

Investigations on businesses in Turkey show that the first five objectives of strategic planning are growth and to increase its market share (29.8%), to improve efficiency (24.2%), to increase prestige of market (11.4%), to create innovation (% 10.6) and market diversification (8.0%) (Eren, Aren & Alpan, 2000).

Organizations use similar tools to achieve similar goals, whether they are a public organization or a private sector organization. However, there are some differences that need to be taken into consideration when determining the strategies of public organizations and private sector organizations. These (Acar, 2003) are as followings: 1) Competition rules cannot be operated on public organizations because public organizations are mostly monopolistic. 2) Public organizations are service-oriented and private sector organizations are profit-oriented. 3) Private sector organizations are more autonomous than public organizations because their public organizations are tightly bound by laws and other legal regulations. 4) Private sector organizations have different approaches in personnel management and are more liberal than public organizations in finding different remuneration.

3. Research Method

3.1. Purpose of Research

The purpose of the research is to determine the strategic management approach in the participation banks by referring to the opinions of the middle managers. For this main purpose, it was aimed to reveal

the level of knowledge of the basic concepts of strategic management of middle managers in the research, where these concepts are positioned in their participation banks, and the reflection of strategic management practices at branches. In line with the purposes of the research, the following questions have been raised:

1) Do branch managers of participation banks know whether strategic management approach is implemented in their participation banks and their participation banks have a strategic unit, written strategic plan, vision, mission and institutional values?

2) Can the participation bank branch managers express the strategic management approach? and if there exist, can they clearly express the vision, mission and institutional values of their banks? If they can, to what level can they express?

3) What are the strengths and weaknesses of participation banks according to branch managers of participation bank?

4) What are the opportunities and threats of participation banks, according to the branch managers of the participation bank?

3.2. Research Method and Data Collection

This research is a qualitative one. The choice of the qualitative research methodology has been influenced by the fact that the subject will be analyzed according middle level manager' opinions and semi-structured interview technique as the most heartfelt and easy way to reach the middle level manager' views. A semi-structured interview form consisting of 15 questions has been prepared for this. According to the answers given to the questions, it has been tried to move to an advanced stage with the question of "how and why" and to determine some functions and causes related to the subject.

In the study, first of all, 8 out of 10 branch managers of participation banks operating in Denizli in Turkey have been reached by phone and appointments have been made at a later date. During the appointment phase, the research topic was submitted to the participant and an appointment was requested for an interview lasting about 45 minutes. On the day of appointment, interviews with branch managers and two researchers participated for an average of 45 minutes-1 hour.

4. Findings

Branch managers interviewed within the scope of the research are trained at the undergraduate level and graduated from the faculty of Economics and Administrative Sciences and Business faculties of universities. Eight of the branch managers are male and married and are in the age range of 30-45 years. All branch managers are of participation banking origin. Branch managers in public participation banks have passed private participation banks and the managers in the private participation banks have become managers from their subordinate staff.

4.1. Findings related to Strategic Management, Vision, Mission, Corporate Values and Strategic Plan

It is important for an organization that the strategy unit, the vision statement, the mission statement, the corporate values and a written strategic plan indicate that there is a strategic management approach to that organization. As a result of the semi-structured interviews conducted by 8 managers of the 10

participating banks branch in Denizli province, eight of the 8 branch managers of the participation banks stated the vision statement, mission statements and corporate values of their banks. In order to ask whether there are written strategic plans of participating banks, 2 participation bank branch managers answered "yes" and 6 branch managers answered "no". The two participation banks, which have a written strategic plan, are public participation banks. Only 3 of the branch managers stated that there is a strategy unit among the general directorate units. The question of whether the strategic management approach is implemented in the participation banks is answered by 5 branch managers giving the answer "Applying", 3 branch managers stated that they do not know.

Table 01. Statements of Participants on the Concept of Strategic Management

Participants	Strategic Management Approach	Strategy Unit	Vision	Mission	Corporate Values	Strategic Plan (Written)
P1	Unknown	-	Exist	Exist	Exist	Absent
P2	Applying	Exist	Exist	Exist	Exist	Absent
P3	Applying	-	Exist	Exist	Exist	Exist
P4	Applying	Exist	Exist	Exist	Exist	Absent
P5	Unknown	-	Exist	Exist	Exist	Absent
P6	Applying	-	Exist	Exist	Exist	Exist
P7	Applying	Exist	Exist	Exist	Exist	Absent
P8	Unknown	-	Exist	Exist	Exist	Absent

None of the 8 participating bank branch managers who have participated in the research clearly expressed their visions, missions and strategic plans. However, all 8 branch bank branch managers mentioned the value of the participation banks' corporate values and participation banking in detail. While 5 branch managers participated the interview were able to express what strategic management is and strategic management approach in their participation banks or strategies clearly, 3 branch managers cannot express.

Table 02. Expression of Participants on the Concept of Strategic Management

Participants	Strategic Management	Vision	Mission	Corporate Values	Strategic Plan
P1	x	X	x	✓	X
P2	✓	X	x	✓	X
P3	✓	X	x	✓	X
P4	✓	X	x	✓	X
P5	x	X	x	✓	X
P6	✓	x	x	✓	X
P7	✓	x	x	✓	X
P8	x	x	x	✓	X

The 8 participant banks participating in the survey were informed about the values of participation banks and participation banking. Participants often use expressions as if they refer to the same values without distinguishing between the values of their own participation banks and the values of participation banking. In other words, participants do not distinguish between their own participation bank values and general participation banking values. Here, only one bank manager has expressed opinion that two participation banks from five participation banks have occasionally deviated from the values and principles

of participation banking and approaching traditional banking mentality to affect the confidence in participation banking in a negative way.

Another remarkable point in terms of the value of participation banking is the emphasis on the different aspects of participation banking from traditional banking. As the values of participation banking, the values that the participants mainly emphasize are: “To comply with interest-free banking or Islamic banking values and principles, contracting and acceptance of compliance with contract, priority of goods and receipts at the beginning of transactions, honesty, transparency, ethical values, customer and employee values.”

Participants in relation to strategic management pointed to a future-oriented dimension of strategic management unlike normal management understanding and mentioned about business strategies rather than general corporate strategies because of being an administrator an implementing unit.

4.3. Findings about the Strengths and Weaknesses of Participation Banking

According to the views of the branch managers participating in the survey, the strengths and weaknesses of participation banks are shown separately on the participant basis in Table 3. However, when we look at the strengths and weaknesses of participation banking as a whole and evaluate them as strengths: “1) The existence of the contract and the entity of the invoice is the basis of participation banking 2) The functioning system of participation banking prevents tax evasion 3) Priority of interest-free banking approach 4) Sensitivity to customer values 5) Understanding that participation banking is more conscientious than traditional banking 6) Ethical values are superior to market values 7) Partnership structure” as weaknesses: “1) Low market share of participation banking 2) The functioning of participation banks is more procedural (bureaucratic) than traditional banks 3) Absence of a common constitution of participation banking (Non-formation of common Islamic principles for all participation banks) 4) Not a joint regulatory organization for participation banking 5) The absence of market maker power of participation banking and in the position following the market 6) Should not withdraw the profitability of private participation banks easily competitive with traditional banking 7) Participation banks cannot act jointly with the Participation Banks Association 8) Past bad examples in participation banking may disturb customer perception against participation banking, Bank Asya example 9) Customers can not be informed sufficiently about participation banking and lack of publicity.”

Table 03. Strengths and Weaknesses of Participation Banking

Participants	Participation Banking	
	Strengths	Weaknesses
P1	<ul style="list-style-type: none"> - Staff with a conscientious and warm approach - Partnership structure (with Arab-based partners) 	<ul style="list-style-type: none"> - Past partnership structure
P2	<ul style="list-style-type: none"> - More conscientious and more humanistic than traditional banking. - In the event of worsening market conditions, the conditions are aggravated and the customer does not suffer unlike traditional banks - More ethical values than traditional banks 	<ul style="list-style-type: none"> - Absence of a common constitution of participation banking (Non-formation of common Islamic principles for all participation banks)
P3	<ul style="list-style-type: none"> - Participation bank employees are young and therefore changeable - The contract and invoice are essential in the loaning of participation banking. Therefore, 	<ul style="list-style-type: none"> - Low market share of participation banking - The absence of market maker power of participation banking and in the position following the market - Should not withdraw the profitability of private

	companies operating with participation banks are less likely to bankrupt. - The functioning system of participation banking prevents tax evasion	participation banks easily competitive with traditional banking - Being more procedural (bureaucratic) - Not a joint regulatory organization for participation banking
P4	- Protect the essence - Efforts to build corporate culture through training	
P5	- To be transparent and honest - Partnership structure (The main financier of the NCW from Saudi Arabia)	- The excess of procedures - Customers can not be informed sufficiently about participation banking - Participation banks can not act jointly with the Participation Banks Association.
P6	- The functioning system of participation banking prevents tax evasion - Social responsibility and public good thinking is a priority in public participation bank. - Rapid change of the bank	- Low market share of participation banking - Lack of publicity - Lack of information in the community about participation banking - Being more procedural (bureaucratic)
P7	- The value of employees - Customer dialogue	- Past bad examples in participation banking may disturb customer perception against participation banking, Bank Asya example
P8	- Real transactions	- Long duration of transactions

4.4. Opportunities and Threats of Participation Banks

According to the views of the branch managers participating in the survey, the opportunities and threats of participation banks are shown separately on the participant basis in Table 4. When we look at and generally evaluate the opportunities and threats perceptions of the participation managers of participating banks regarding participating banks, opportunities are as follows: “1) *In the last period (last 10-15 years), the state has more favorable approach to participation banking than the previous periods and establishing public participation banks with the understanding of social statism.* 2) *Legal arrangements for participation banking and establishment of public participation banks.* 3) *Likelihood of lumped capital inflows from the Middle East.* 4) *Market share in the country with a Muslim population is very low.* 5) *Establishment of Participation Banks Association of Turkey.* 6) *Approach to evaluate new and good ideas and to be a financier.* 7) *Evolving participation banking in the direction of digital participation banking.* 8) *Participation banks act together to form structures such as joint pension, joint insurance and POS systems.* 9) *Participation banks can establish strong capital and business partnerships.* 10) *Participation banks can increase their profitability by attaching importance to leasing.*”; threats are as follows: “1) *Long-established conventional banking structure in Turkey,* 2) *People's habits and facilitations,* 3) *The interest rate given by ordinary banking to deposits is high due to the profit share of participation banks.* 4) *Some negative examples of past and present participation banking practices.* 5) *The sector entrance of new participation banks and competition among participation banks.* 6) *Participation banking practices can not be brought to a certain standard.* 7) *The contradiction between the values of the market and the ethical values of participation banking.*”

Table 04. Opportunities and Threats of Participation Banks

Participants	Participation Banking	
	Opportunitis	Threats
P1	-Market share in the country with a Muslim population is very low.	-Interest lobby -Negative traces remaining in people's minds due to past practices of participation banking.
P2	-Legal arrangements made for participation banking and the establishment of public participation banks can lead to a massive capital inflow from the Middle East.	-Market rules -Long-established conventional banking structure in Turkey
P3	-In the last period (last 10-15 years), the state has more favorable approach to participation banking than the previous periods and establishing public participation banks with the understanding of social statism.	-People's habits and facilitations -Conventional banking has the 70-80 year history in Turkey -The interest rate given by ordinary banking to deposits is high due to the profit share of participation banks -Some negative examples of past and present participation banking practices.
P4	-Establishment of Participation Banks Association of Turkey. -Approach to evaluate new and good ideas and to be a financier. -The effort to set up a digital bank in Europe.	-Participation banking practices can not be brought to a certain standard.
P5	-Participation banks can increase their profitability by attaching importance to leasing. -A joint pension system can be established between participation banks. -A common POS (Point of Sales Terminal) system can be established between participation banks.	-Participation banks start to see each other as opponents and try to compete with each other. -Interest lobby -The perception that 2 participation bank will enter the sector in 2019.
P6	-Establishing capital and business partnerships with major companies. -Depending on the risk premium, participating banks may create a common insurance pool. -Studies on digital banking	-The interest rate given by ordinary banking to deposits is high due to the profit share of participation banks
P7	-Almost all of the society is Muslim	-Difficulty in changing society's habits
P8	-Participation banks have a market share of only 5.5% on a large market together.	-The profit share we give is lower than the interest rates on deposits of traditional banks.

5. Conclusion and Discussions

In the study, we have examined the strategic management approach in participation banking according to the results of semi-structured interviews conducted with 8 branch managers of 10 participating banks operating in Denizli, and some empirical and detailed results about the operation of strategic management approach in participation banking have been reached.

According to the findings of the research, firstly, in the participation banks, the strategic management is applied to certain extent but the applications related to strategic management are carried out by the top administrations or central administrations; it has been determined that the branches as practicing units do not have any significant knowledge about general corporate strategic management understandings but have knowledge about business and market strategies. It is understood that although views of branch managers and employees are sometimes taken by indirect mechanisms, active and conscious participation is not ensured. In other words, it is possible to say that a participatory strategic management concept is not applied in the participation banks. This result is parallel to the understanding of centralized and bureaucratic management in Turkish management culture.

Although participation banks indicate that branch managers of participation banks are aware that their vision and mission statements are on the internet pages and that they have known vision and mission statements, these statements are not clearly expressed in the way that "*Our vision or our mission is this, this and this*". Perhaps this means that they do not adequately internalize vision and mission statements, they did not find it convincing or found it to be realistic, or that these statements were not functional. Indeed, the same managers should make satisfactory and internalized corporate value disclosures about corporate values of participation banks or participation banking; This means that they have internalized institutional values and find them meaningful and functional, which confirms our evaluation of vision and mission statements.

It is understood that branch managers are generally young managers and graduated from business and economics-like departments and therefore are not far from the concept of strategic management; but the fact that branch managers do not know the institutional strategic management conception of participation banks at a certain depth and that they know only certain level of business and market strategies cannot fulfill the unifying function of organizational units of strategic management.

According to branch managers of participation banks, only public participation banks have written strategic plans. This can be explained by the fact that public institutions have a specific set of experience in strategic management understanding and strategic planning in general and with the sensitivity to act within the framework of legislation which may mean that legal-rational authority of Weber's bureaucracy approach is more embraced by publicly-held organizations. On the other hand, the inability of branch managers of public participation banks to provide sufficient and clear information on strategic plans is sending us to make an assessment as to whether strategic planning and strategic management is not internalized, strategic plans are not perceived as functional and are formally carried out with the aim of acting in accordance with the legislation.

Three participants of the survey stated that their participation bank has a strategy department in general directorates and two different participants stated that theirs has a written strategic plan, which can be the reason for them to express their opinion that participation banks are implementing strategic management. Because there is no clear and detailed information about the application of strategic management approach in participation banks. Although branches are practicing units, it is understood that they are not informed about the strategic management approach to see present situation of the organizations as a whole and where their organization will go in the future. It is obvious that this will create a significant shortcoming and disconnection for participation banks which can reach their targets only through the activities of their branches.

In the study, the knowledge and evaluation of participants about corporate values, strengths, weaknesses, opportunities and threats of participation banks or participation banking are not very systematic but they are able to implement some principles of strategic management and set specific parameters.

Participation banks must take into account their own vision and mission statements, strengths and weaknesses, opportunities and threats, while setting their strategies and making their strategic plans. It can be said that the strategies that participation banks need to apply when considering opinions of participants in the survey and all of the strategic components are as follows: 1) They should take advantage of the positive approach of the present state administration on accession banking. 2) They should increase their

market share. 3) They should constitute constitution of common values of participation banking. 4) They must act in solidarity against traditional banking. The Muslim community should describe the meaning of interest-free banking within the economics and belief system in the context of rational and ethical values. 6) Apart from the traditional banking system, they should form a structured, joint regulatory and supervisory institution. (Such as Central Bank of Participation). 7) They should benefit from academic studies on participation banking. 8) Participation banks with national capital with strong capital should be established and participation banks with national capital should organize in the countries where the Muslim population is intense and provide capital flow to the countries. 9) By describing the interest system and therefore the drawbacks of the capitalist system, it is necessary to ensure that non-Muslim or non-Islamic segments are included in the participation banking system.

Participation banks should prepare their written strategic plans. Vision and mission statements should be revised and prepared together with all unit/department managers and employees. Participation banks should ensure that all unit managers and employees understand the vision and mission statements, strategic plans of their strategic management approach and what they mean for the organization. The vision and mission statements, strategic plans and institutional values of participation banks should be established in the minds of all unit managers and employees.

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