

Strategic Planning Practices An Empirical Study in the State owned Banks. The Indonesian Case

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ABSTRACT

Although the importance of strategic planning practices has been recognized in academic and practitioner literature, for the Indonesian case no studies in the area of strategic planning practices have been done for both the government and private sector. To the best of the researcher's knowledge, it is the first study trying to analyze the issue under the Indonesian case. A qualitative research method (Merriam, 2002) was used as the framework for this study. It will investigate and write down the strategic planning practices at the state owned banks in Indonesia to study strategic planning practices. Founded on the previous study, this study developed a research model by combining key constructs of strategic management with those of organizational context. A multiple-case study (Yin, 2009) was adopted as a research strategy to comprehend a real-life phenomenon in depth. Investigation on business companies has often assumed the form of case studies (Yin, 2003). The field data were analyzed using the theoretical framework of the model. The six generic steps as suggested by Creswell (2009) were used to explain the process of data analysis of this investigation. Thematic analysis (Miles and Huberman, 1994) will be employed to analyze the data.

The findings provide researcher an comprehending concerning with stages, processes of planning practices at nine banks in the Indonesian context.

Key Words : *strategic planning practices, qualitative research, Indonesian banking.*

!.Introduction

In today's complex business world, corporate strategic planning is indispensable to achieving superior management. Strategic planning is a backbone support to strategic management and it is a major process in the conduct of strategic management (Steiner, 1979). Almost fifty years strategic planning has become a standard part of management thinking and practice in the business world and more than twenty five years it has become the standard practice of large numbers of public and non profit organization (Bryson, 2006). The first and perhaps most obvious benefit of strategic planning is the promotion of strategic thinking, acting, and learning (Van der Heijden, 1996). However, there is a gap between planning process including implementation and the extent to which organizational context supports or distracts from planning process (Rowley & Sherman, 2002). Other factors will impact on the relationship between strategic planning and performance (Rudd et.al, 2008). Strategic planning often fails due to problems or barriers encountered at the implementation stage (O'Regan and Ghobadian, 2002). Mixed evidence about the relationship between strategic planning and organizational performance makes the debate about its effectiveness as a tool of strategic management an on going one (Obeng and Ugboro, 2008). The linkage between strategic planning, organizational context, and firm performance needs analysis to get a better understanding how strategic planning is applied in practice and will improve organizational performance. For Indonesian

context, no studies in the area of strategic planning practices have been conducted for both private sector as well as public and non profit organization. To the best of the author's knowledge, this is the first study trying to analyze the issue under the Indonesian case.

I.1. Research Objectives

- To explore and document of the dynamics of planning practices (changes) at the state owned banks in the Indonesian context.
- To extend the knowledge of strategic planning practices and intends to fill the gap in the literature.

I.2. Research Questions

- How do managers in the Indonesian banking Industry develop and implement strategic planning in practice ?

II. The Literature Review

Strategic planning is inseparably connected into the entire fabric of management; it is not something split and distinct from the process of management (Steiner, 1979). Strategic planning is a function and concern of entirely managers at all levels in an organization. To take a broad view, according to Steiner, there are two types of management. That which is completed at the highest of an organizational structure is strategic management; everything else is operational management. 'Strategic planning is a backbone support to strategic management' (P.4), although, of course, strategic planning is not the wholeness of strategic management; it is a main process in the running of strategic management. Strategic planning is central to helping managers satisfy their strategic management everyday jobs. Just as strategic management is absolutely concerned with operational

management so as strategic planning linked with operations. But as with strategic management, the focus and highlighting of strategic planning is on strategy more than operations.

Further, Steiner presented that there are two primarily different ways for a manager to formulate strategic plans for the time ahead. The first, the intuitive-anticipatory approach. It has several main features, mostly it is made in the brain of one person and may not result in a written set of plans. Commonly it has a reasonably short time horizon and reaction time and 'it is based upon the past experience, the gut feel, the judgment, and the reflective thinking of a manager,' (P. 9). However, how many times are intuitives truthful in the judgements ? In contrast, the formal planning system is structured and developed on the basis of a set procedures. It is obvious in the sense that people understand what is going on. Regularly, manuals of operation are prepared to describe who is going to do what and when and what will occur with the information. It is based on research and engages the participation of many people. Support for the decision making in the process is regularly documented and the result of whole effort is a written set of plans.

Both of them can and should complement one another. A formal system can and should facilitate managers to sharpen their intuitive-anticipatory ideas into the planning process. At the very least, a formal system can and should give managers more time for reflective thinking. However, as Steiner has presented that formal planning system cannot be really effective unless managers at all levels shoot up their judgements and intuition into the planning process. Nor, conversely, will formal planning be effective if top managers refuse it in support of their own intuition. As Mintzberg(1994) said that to be effective, any organization has to combine analysis and intuition in its strategy making as well as other processes. In addition, Steiner explained that managers, in reality, do stick to diverse thought processes in decision making. The blueprint of a

formal planning system must understand and indicate these divergences if the system is to perform successfully.

One of the seminal works in strategic planning, Anthony's work (1965 : 24), defined strategic planning as "the process of deciding on objectives of the organization, on changes in these objectives, on the resources used to attain these objectives, and on the policies that are to govern the acquisition, use, and disposition of these resources." Here, strategic planning is a process to formulate strategic plans and policies transforming the character or direction of the organization. Further, Anthony explained that in an industrial firm this process comprises planning influencing the objectives of the firms, all types of policies, market and distribution channels, the acquisition and disposition of main facilities, new permanent capital sources, divisions, subsidiaries organization structure, research and development of new product lines, and so on. Another seminal work is Steiner's work (1979) that described strategic planning from several points of view, one of them is strategic planning is a structure. The concept of a structure is reflected in this definition: "strategic planning is the systematic and more or less formalized effort of a company to establish basic company purposes, objectives, policies, and strategies and to develop detailed plans to implement policies and strategies to achieve objectives and basic company purposes" (P. 15). The other seminal work is Lorange's work (1980) describing strategic planning as "the process of deciding on objectives of the organization, on changes in these objectives, on the resources used to attain these objectives, and on the policies that are to govern the acquisition, use, and disposition of these resources" (P.24). Further, Lorange(2010) presented that the aim of strategic planning is obvious: to be a management tool to aid in strategic decision making process of an organization. If an activity that runs under the strategic planning label and it does not help in strategic decision making of

the organization it is not strategic planning even though there are a lot of right planning components involved in the activity, such as details five-year plan documents. Another definition by Bryson (1995:4-5) described strategic planning as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it." The last and perhaps the most comprehensive and descriptive definition as also said by Ansoff (1965,1968) was provided by Peter Drucker (1959 : 240). He defined strategic planning (long range planning) as :

'The continuous process of making present entrepreneurial (risk taking) decisions systematically and with the best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions, and measuring the results of these decisions against the expectations through organized, systematic feed-back.'

Ansoff pointed out the Drucker's definition in three parts :

1. Making present decisions systematically
2. Organizing programmes for their implementation
3. Measuring actual performance of these decisions (the programmes).

The linkage of Drucker's definition to Ansoff's work (Corporate strategy) is their entire concern with 'making present entrepreneurial decisions' (Ansoff : P. 185). To broaden his results to Drucker's definition of strategic planning, Ansoff creates a document called a strategic budget which will organize systematically the attempt for execution the decision. In addition, Drucker presented that it is easier to define long-range planning by what it is not rather than by what it is, namely :

1. It is not 'forecasting.' It is not engineering the future and any effort to do so is thoughtless: human beings can neither foresee nor control the future.
2. It does not cope with future decision. It cope with the futurity of present decision. Decisions occur only in the present. The question that meets the long-range planner is not what we should do tomorrow. It is what

do we have to do today to be prepared for an ambiguous tomorrow

3. Long-range planning is not an effort to exclude risk. It is not even an effort to minimize risk. Indeed any such effort can only run to illogical and unlimited risk and to certain failure.

Strategy can be understood as “the what is to be done and planning as the how to do it” (Barker and Smith, 1997 : 289). Drucker(1974) noted that in the early 1920s for the first time Du Pont and Sloan developed systematic approaches to business objectives, to business strategy, and to strategic planning. Impetus was given to strategic planning in the post Worldwar II period in which many who had involved in the US armed forces was back to civilion life and applied the concepts of strategy and planning to firm and industry. Long range planning evolved and as argued by Ansoff(1990 : 247)) that in the 1950s “longrange planning was the firm’s response to the pressures of rapid growth, size, and complexity” which firms were no longer likely to rely on budgeting in facing their future competitive challenges, growth and expansion needs. Strategic planning arose as a distinct methodology for a time between the 1950s and the 1970s (Dooris, Kelley, and Trainer, 2002). Lorange and Vancil(1977) wrote that In early 1960s, managers in large firms attempted to formalize strategic planning and to focus it on influencing the strategic directions of their organizations. In that 1960s, business policy and strategic planning have played increasingly important roles in developing formal alternatives to increase firm performance, and more recently there have been a proliferation of major works (Shrader, Taylor, Dalton, 1984). Steiner (1979) asserted that strategic planning with its modern design characteristics was first introduced in profit oriented companies in the mid-1950s by large companies under the rubric of long-range planning system. Since then, according to Steiner, formal strategic planning has matured and all large firms throughout the world virtually have adopted

strategic planning system and a number of smaller firms are adopting the example of the larger firms. Mintzberg (1994) noted that strategic planning arrived on the scene in the mid-1960s when corporate leaders embraced it as the one best way to device and implement strategies that would enhance the competitiveness of each business unit.

The 1960s, according to Steiner, was a period of steady economic growth and general prosperity in United states and during this period there were many attractive opportunities for growth and corporate executives realized that they had to choose sometimes to diversify through acquisition and to expand to international market, and so on. These strategic moves raise the managerial complexity of large enterprises, and new management tools were obviously needed to help corporate executives overcome an increasing complexity of strategic decisions. Formal long range planning almost looks like a godsend to these corporate executives and its main virtue was that “it focused on the right set of issues” (Steiner, 1979 : P. vii). During the five years of 1968-1972, the development of strategic planning systems established very fast. Hundreds of executives and scores of academecians were devoted to learn about the design of strategic planning systems. Others characteristic the emergence of strategic planning to the turbulent environment of 1970s when, with the energy crisis and other unforeseen events, organizations scurried to find a more appropriate planning system (Rosenberg and Schewe, 1985). Many would claim that investigating for the birthstone of strategic planning is chimerical since planning is an evolutionary course (Dooris, Kelley, Trainer, 2002). Certain dating stones can be traced, but strategic planning owns no single event of origin. What is obvious, however, is that the latest some decades have been a prosperous period for strategic planning- ‘a development in which higher education has shared’ (P.6). The concept of strategic planning has progressed over time and from its early stages in companies has spread to

government and public sector as well as higher education (Barker and Smith,1997).

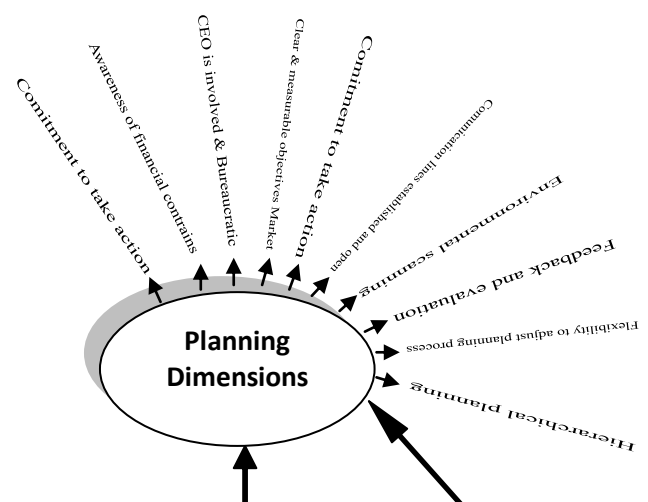
II.1.Dimensions of Strategic Planning Process (Strategic Planning Practices) :

The author extends the theoretical review of 17Dimensions of Strategic Planning Process identified by Wegner (2006) as follows: 1. Awareness of financial constraints (Lorange&Vancil, 1977; Steiner, 1979; Barker &Smith,1997;Keller,1983;Kotler&Murphy, 1983; Bryson, 2004). 2. CEO or president is involved and a champion for planning (Barker &Smith,1997; Keller,1983; Kotler&Murphy, 1983; Steiner, 1979; Lorange and Vancil, 1977; Rowley &Scherman, 2002; Bryson, 2004; Heines, 1995). 3. Clear and measurable objectives (Ansoff, 1965; Lorange&vancil, 1977; Steiner, 1979, Heines, 1995; Bryson, 2004:) 4. Commitment to take action even if only small wins are achieved at first (Keller,1983; Meredith,1993; Steiner, 1979; Bryson, 2004; Heines, 1995. 5.Communication lines established and open (Barker &Smith,1997; Kotler&Murphy, 1983; Meredith,1993; Steiner, 1979). 6. Environmental scanning (Ansoff, 1965, Lorange&Vancil, 1977; Barker &Smith,1997; Keller,1983; Kotler&Murphy, 1983; Steiner, 1979, Bryson, 2004; Heines, 1995; Hunger &Wheelen, 2003; Ardekani&Haug, 1997; Dooris , keller, Trainer, 2002).. 7. Feedback and evaluation (Ansoff, 1965; Antony, 1966; Lorange and Vancil, 1977; Kukalis, 1991; Heines, 1995; Barker &Smith,1997; Steiner, 1979; Bryson, 2004; Wheelen& Hunger, 2003). 8. Flexibility to adjust planning process and goals after process is complete (Poland&Arns, 1978; Lorange&vancil, 1977; Steiner, 1979; Liedka, 2000;). 9. Hierarchical planning (planning occurs at each institutional level), (Lorange& Vancil,1977; Barker &Smith,1997; Keller,1983; Kotler&Murphy, 1983; Steiner, 1979; Bryson, 2004).

10. Information flow and communications (Lorange and Vancil, 1977; Barker &Smith,1997; Keller,1983; Steiner, 1979, Liedka, 2000, Bryson, 2004). 11. Linking of goals to budgets (Ansoff, 1965; Lorange and Vancil, 1977; Barker&Smith,1997; Keller,1983; Kotler&Murphy, 1983; Steiner, 1979, Heines, 1995; Bryson, 2004). 12. Manager and various constituencies on organizational are involved (Lorange&vancil, 1977; Barker &Smith,1997; Steiner, 1979, Heines, 1995; Bryso, 2004). 13. Some of the initiatives (Lorange&Vancil, 1977; Barker &Smith,1997; Keller,1983; Kotler&Murphy, 1983; Steiner, 1979; Bryson, 2004). 14. Planning document (Lorange&Vancil, 1977; Keller, 1983; Meredith,1993; Steiner, 1979; Bryson, 2004). 15. Preplanning (Steiner, 1979, Heines, 1995; Bryson, 2004). 16. Process must be clear to all involved (lorange&Vancil, 1977; Steiner, 1979; Bryson, 2004). 17. Strategy formulation (Ansoff, 1965; Lorange&Vancil, 1977; Barker &Smith,1997; Kotler&Murphy, 1983; Meredith,1993; Steiner, 1979, Wheelen& Hunger, 2003, Bryson, 2004).

III. Research Model

MODEL OF VARIABLE RELATIONS



particularly when the boundaries between phenomenon and context are not clearly evident.

Since strategic planning process is part of social structures in an organization, then, it is very difficult to separate the process of strategic planning from the context in which the process happens.

- Research on business firms has often assumed the form of case studies (Yin, 2003).
- ‘to examine of specific phenomenon such as a program, an event, a person, a process, an institution, or a social group’ (Merriam, 1998).
- to understand processes of events, projects, and programs and to context characteristics that will shed light on an issue or object’ (Sanders, 1981).
- ‘to develop general theoretical statements about regularities in social structures and process as a reason for using a case study’ (Becker, 1968:233).
- A multisite, multisource research methodology or mediumgrained research methodology is suggested for corporate strategy student in order to attain generalizability in reporting research findings while not losing the nuances and insights concerning individual firm’s environmental context (Harrigan, 1983).
- By doing cross-case analysis a researcher will gain insight into how “processes and outcomes that occur across many cases, to understand how they are qualified by local conditions, and thus develop more sophisticated descriptions and more powerful explanations,” Miles and Hurbeman (1994:172).

IV. Methology Research

This study employed qualitative research approach as framework to study (Merriam, 1998), (Willis, 2007), (Gall, Borg & Gall, 1996). Qualitative research is ‘an umbrella concept covering several forms of inquiry that help us understand and explain the meaning of social phenomena with as little disruption of the natural settings as possible’ (Merriam, 1998:5). Qualitative research serves to explore themes and relationship at the case level (Gall et al, 1996).

IV.1. Design of Qualitative Study :

- The research problem and sample selection.
- Data collection and Analysis.
- Writing up qualitative research (Merriam, 2002)

IV.2. Research Strategy

A multiple-case study was adopted as a research strategy

Rationale :

- to investigate a contemporary phenomenon in depth (Yin, 2009) within its real life context,

IV.3. The sample

The population of this study is the Indonesian Government owned Banks. The total population of the banks is 132 banks (N =132 banks). From this population, a sample of three banks was selected(figure.1). In Indonesia some banks have formal strategic planning process and high performance, while other high performance banks have no formal strategic planning process.

Conversely, some banks undertaking planning succeed, while other do not. In order to participate in this research, banks need to have :

- formal planning strategic in place
- high performance.

The first criterion, was determined by :

- observing the bank
- reading relevant bank's documents

The second criterion used research reports from expert panel to determine the seven highest performing banks, including Journalist research reports on the performance of the banks that annually evaluate and publish their research were used to identify the seven highest performing banks from 132 banks identified above.

IV.4. Data Gathering

Data gathering will take place at each bank of the seven banks identified in the sampling process. To gather data, interviews were conducted at each bank. There are two levels interview in this study :

First, head of planning, and the other key staf. These participants are considered strategic planning team members. The Questions of interview were centered on :

- the strategic planning process
- the type of decision making approach
- the dominant culture of the bank.

Second, a group of bank staff who are not the members of planning team. The questions of interview were asked to get to know their views about :

- the strategic planning process
- the type of decision making approach

- the prevailing culture of the bank.

IV.5. The data collection method employed :

- In-dept semi-structured interviews of both key informants (head of planning department and other planning members)as well as non planning members in their organization.
- Documents were analysed to validate and add to the interview data.
- The research was carried out during period June 2011to Pebruary 2012 at seven banks in Indonesia.

IV.6. Data Analysis

Analysis of case study evidence is one of the most difficult aspects of doing case studies, particularly because the techniques still have not been well defined (Yin,2009). To overcome this circumstance, 'every case study analysis should follow a general analytic strategy, defining priorities for what to analyze and why' (Yin,2009:126).

Four strategies can be used concerning with case study analysis :

- Relying on theoretical prepositions
- Developing a case description.
- Using both qualitative and quantitative data
- Examining rival explanations.

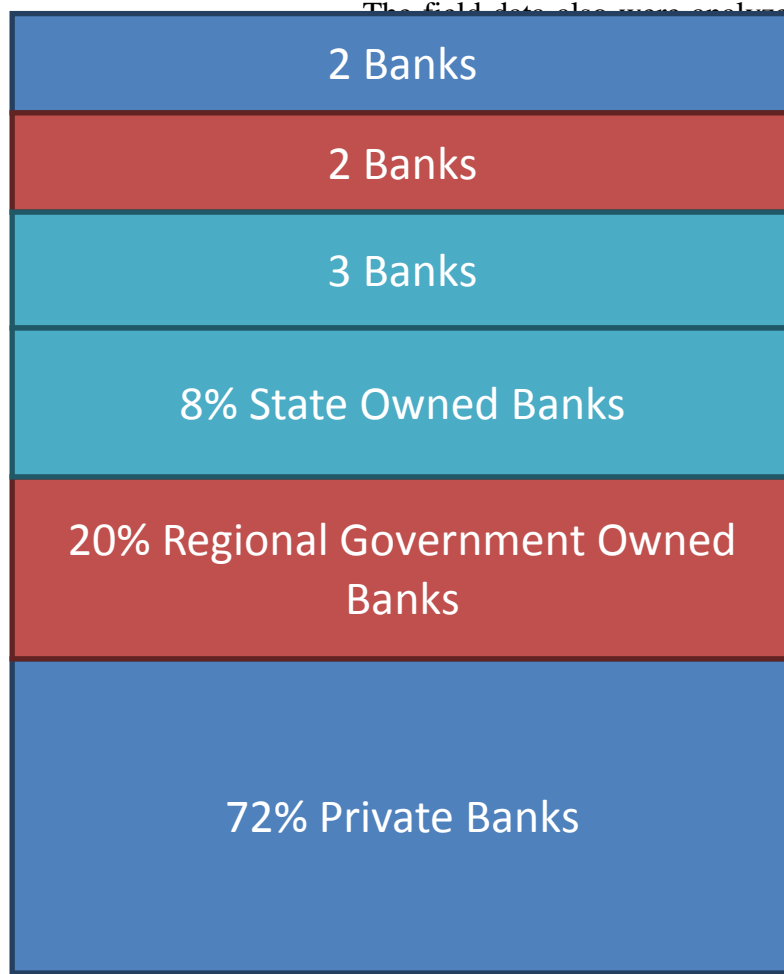
The field data also were analyzed using the theoretical framework of the model.The six generic steps as recommended by Creswell (2003) was utilized to describe the data analysis of this study (figure 3). Thematic analysis (Miles and Huberman , 1994) will be used to analysis the data.

Figure.1. The population of the banks, sample, and ownership structure of the banks

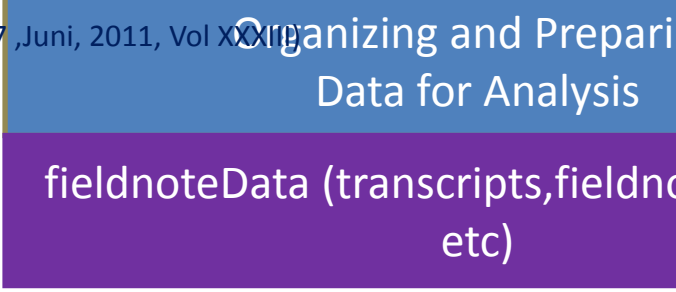
POPULATION

N = 120 BANKS

7 SAMPLE BANKS



Raw Data Source: Info Bank (No.387 ,Juni, 2011, Vol XXIII)



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V. The findings and discussions

This research focused on nine main dimensions of strategic planning. The findings give researcher an understanding relating to steps, processes of planning practices at each of seven banks.

V.1. The high-Performing Banks

The first step related to this research was the determination of the banks having high performance. A total of 20 letters were sent out to the presidents of the high-performing banks. Seven banks agreed to participate in the study at which then interviews were scheduled. Five of the banks are in Jakarta, one bank is in Surabaya (East Java), and one other bank is in Semarang (Centre Java). The seven banks are referred to as Bank A, Bank B, Bank C, Bank D, Bank E, Bank F, and the last is Bank G. Table below summarizes the attributes of the interviews.

Table 1. Interview Summary

	Bank A	Bank B	Bank C	Bank D	Bank E	Bank F	Bank G
Interviews	7	5	3	3	3	3	3
Head of Planning Division	1	1	1	1	1	1	1
Planning members	3	3	3	3	3	3	3
Non-planning members	3	1	1	1	1	1	1
Males	6	4	4	4	4	4	4
Females	1	1	1	1	1	1	1

The findings indicate that the nine dimensions of planning were evident at all 6 banks that participated in this study. Each dimension will be discussed as follows:

CEO or President Involvement

In all six banks in this study, the role of CEO in strategic planning process is very strategic and decisive. CEO was very involved in the strategic planning process to give input and approval in accordance with the level of authority. CEO also used strategic planning to identify and address key and important organizational issues in order to increase organizational

performance. As a central figure in the firm, CEO will be source of inspiration for the member of the strategic planning process in designing strategic planning. These findings were consistent with Bryson’s and Abell and Hammond’s views above because they supported some extent of CEO involvement. They were also compatible with the Steiner’s stance that “there can and will be no effective formal strategic planning in an organization in which the chief executive does not give it firm support and make sure that others in the organization understand his depth of commitment” (Steiner,1979:80), and other Abell and Hammond’s view that CEO and other senior management members must be keenly involved in planning and see that decisions succeeding to the plan are consistent with it (1979). In all six banks in this study, I could note that the fundamental role of the CEO in strategic planning was very apparent and has been for best effects both on making sure that the strategic planning process was on the right track and improving the organizational performance. This facts were consistent with the Raid’s opinion³ that “without the⁵ commitment³ of the chief executive to the objectives, as well as to the process of planning, the process will cease to be effective”⁸(1989:557). For CEOs, strategic planning was the highest standing in the effective release among their tasks. In all six banks in this study, CEO was a leader, motivator, decision maker, risk taker, taskmaster, competence, and very broad minded. The involvement of CEO in strategic planning was also to make sure that strategic planning was implemented well, the desired results were reachable, and resources and systematized competency were available. These findings were consistent with Andrew’s seminal work (1987); (Christensen.et.al,1987) that contended that there are three roles of CEO. They are: first, CEO as organizational leader; second, CEO as personal leader; third, CEO as the architect of organization purpose (Andrew:1987).

These findings were also harmonious with other Steiner's observation that "planning is of the highest importance in the effective discharge of many of the duties," and "CEO must be a leader of people; a skilled judge of human character, motivation, and capability; a business statesman in dealing with government and community leaders; a thoughtful person who can look ahead and know how to get there," (Steiner, 1979:81). It was normal if CEO and also board of directors paid full attention to strategic planning since as said by Lorange (1980) that strategic planning system is a critical process for top management.

The data also revealed that while strategic planning would be formulated, planning division would meet board of the directors to listen the views of board of directors before making the draft of strategic planning. CEO would present his direction on the future of the organization and main issues in front of the representatives of the business units around the organization. Though there was sharing of ideas, CEO or board of directors took the role in deciding the magnitude of the business target that would be achieved and grand strategy of the organization in which they were poured in the course of the board of directors annual meeting. These findings were coherent with the Haines' opinion (1995) that any planning process that does not incorporated leaders being opened to participation and empowerment of others, as well as open to personal encouragement, will have critical problems with implementation. So that, heading effectively for a CEO in a proactive and participative manner to work out the notions and motivation of their staffs was a must particularly during planning process. It was reasonable since the staffs would be heavy involved at the time of implementation of planning.

However, Henry Mintzberg has different stances about the role of the top management in corporate planning. He stated that "planning, in its own pitfall, can undermine the very commitment it so urgently demands" (2000:157). Mintzberg

also asserted that strategic planning is not alone in this: every recent technique, system, or function competes for top management support (2000). Some are successful and some are not. It isn't because "they have top management support per se but because they provide something of value (and so get that support)" (p:156). In my point of view, there are many, of course, other factors contributing to organization's successful performance in addition to top management involvement such as: shared values, managers and employees commitment, implementation of planning, and so forth. I agree while Mintzberg argued that highest management (top management) support may be a required condition for success, but it is definitely not a sufficient one. Criticism to the role of top management in planning was also presented by Lorange (1980) as quoted by Mintzberg (2000). Lorange contended that CEO should not be the one who is entirely involved with the detailed execution of the strategic planning and control process because that person could not usually have the time to perform this. Rather, he is the creator of the system in a broad sense or as remote control.

Clear and Measurable Objectives

The data showed that the objectives were adjusted with the vision and mission of the organization translated into the long term, middle term, and short term objectives and communicated to all levels around the bank. Based on vision and mission, the objectives for the entire organization then were set up. In the business plan, they were then translated into 3 years' objectives. In short term planning, they were translated into 1 years' objective. There were hierarchy of objectives in all six banks in this study. These findings were consistent with Steiner's view (1979) that objectives must support the company's basic purposes and missions; and also matching with Rue and Holland's observation (1986) that objectives are normally stated in terms of a

desired level of attainment within a specific time frame. At the topmost of hierarchy is the widest aim for the entire firm embodied by mission. At the following stage are the detailed objectives relating to the entire firm. The subsequent stage is a set of whole objectives for each of the divisions. The operational objectives are exclusive to each of the business functions such as finance, marketing, and so forth. Subunit objectives relate to particular activities within each of the operations. At last, the lowest of the hierarchy embodies the individual objectives. However, the lowest hierarchy (personal objectives) didn't appear in the text during interviews in all six banks that participated in this study. The findings also supported Greenly's views (1989) that determining organizational objectives is the second step in planning direction and the higher level objectives provide a base for lower levels. There was a logical sequence from mission to objectives. Objectives were also set up at other levels in the various perspectives in each bank researched, such as: objectives from financial perspective, customer perspective, and so forth. At the end, talking about objectives was to achieve sustainable value to shareholders. These findings were compatible with the Richards's observation (1986) that connects stages of objectives to stages within the organizational structure, specific managerial job titles, and the strategies which are founded at different stages in the structure; and also parallel with the Greenly's opinion (1989) that objectives are also founded at other levels in a company, while the larger and the more complicated the structure the greater the potential for a broad range of objectives, in order to adapt the aims of the various business areas. Banks in this study realized the importance of having clear and measurable objectives as devices of monitoring the attainment of the business target and strategic objectives. These findings were consistent with Urwick's observation (1952) that unless purposes (objectives) are detailed then individuals find obscurity in co-operating;

and supported the Steiner's view that "only when objectives are expressed in concrete terms for specified periods of time can their achievement be measured reasonably objectively"; as well as Greenly's views that the objectives give a basis for measuring and assessing company performance, by contrasting actual results with the standards set up in the objectives (1989). Such attempts could be performed well if the objectives in the various levels were clear and measurable.

Furthermore, data in all 6 banks in this study also showed that the formulation of organization objectives was the authority of top management. However, the objectives for lower levels involved the managers of related business unit and departments. This findings supported the assumptions of strategic planning as quoted and criticized by Mintzberg (2000) that objectives are determined by the top management for the whole organization, which in turn bring to mind the process of formulating strategy, and themselves, cascade down the structural hierarchy, as devices of motivation and control- that is to give incentives and tools to assess performance. The findings also matched with Steiner's observation (1979) that best results are reached when those who are responsible for reaching objectives have some role in setting them; and they are more possible to be motivated to reaching them than are people who have little contribution in this field.

However, Mintzberg criticised that if the objectives really exist to motivate, then according to behavioural scientist, people have to be engaged in the setting of their own ones. So instead of cascading down, objectives have to be made in diverse places and then accumulated. But if so, how can they connect to strategies? With one accumulating and the other cascading down, how do they get together? To quote Eigerman, "In a purely bottom up system, the integration of strategy across units is achieved with a stapler"! (1988:41). Thus, the connection between the setting of

objectives and the formation of strategies remains unspecified. "It is one thing to describe strategy as being driven by values in a general sense, as does the design school model, quite another to establish a link with formal, quantitative targets" (Mintzberg, 2000:78). I think that it was an interesting and challenging debate between the proponents of design school of thought with the bottom up school of thought that needs clarification further by other research. In this matter, I would like to note that whichever the system organization would adopt, managerial participation is critical; it was fundamental to involve various levels of managers in addition to top management in the objectives setting process.

Commitment to take action

Data demonstrated that to reach numerous goals (objectives) and implement several strategies, all six banks in this study made action plans. Several programmes and budgets, and projects were designed involving across divisions and departments in which coordination across business unit and department was essential. These findings were consistent with Bryson's views that "creating a strategic plan can produce significant value" (2004:238). Further, Bryson said that building valuable programs, projects, action plans, and budgets, and so forth will bring life to the strategies and generate more real value for the institution. The findings also matched with the other Bryson's opinion (2004) that Programs, projects, action plans, and budgets are needed in order to synchronise the activities of the various executives, managers, professionals, technicians likely to be engaged. Arguing in a similar way, Steiner (1979) suggests that the coordination of functional plans in the strategic planning process will indicate how resources are to be organized if strategies are to be implemented. When functional plans are interconnected, they also provide a strong base for developing short span tactical plans to guarantee their

implementation. As also revealed in the previous chapter that all six banks in this study developed the measures of performance and devices of monitoring development. These findings matched with Owen's observation (1982) as quoted by Thompson and Martin (2005:635) that "measures of performance" and "milestones, or progress measurement points" should be established to guarantee successful implementation.

However, these findings contradicted with the Kaplan and Norton observation (1996) that strategic plans were often not translated into measures that managers and staffs could comprehend and utilize in their day-to-day work. Although many researchers on strategy have quite supported implementation as a separate stage after formulating strategy, others have presented alternative outlooks of the implementation process. Hrebiniak and Joyce (1984) in investigating how managers develop their implementation plans, as appeared on book of Wit and Meyer (1994), presented that the execution process is directed by two values: bounded rationality and minimum intervention. In the former, managers will perform in a rational way but will cut down the whole task to a series of small stages in order to make it more manageable. As a result, the strategic goals and implementation are possible to be divided into a series of smaller tasks that can be more easily managed but may not be optimum. The latter, as summarised by the authors: "in implementing strategy, managers should change only what is necessary and sufficient to produce to produce an enduring solution to the strategic problem being addressed,If it isn't broke, don't fix it." The other writers as quoted by Lynch (2000.765-766) suggest that "implementation needs to be considered not just as single event with fixed and rigid plans but rather as series of implementation activities whose outcome will shape and guide the strategy. The full strategy will not be known in advance but will emerge out of the implementation."

The last, I would like to note that implementation and formulation are interlinked. I agree with three emergent perspective on the implementation process as summarised by Lynch (2000).

Communication

Data showed that during planning process, all six banks in this study tried to get alot of ideas or input from across organization such as: divisions, departments, branches, employees; and also from the government, shareholders, and analysts via regular meeting, joint meeting, annual meeting, e-mail, website, and so forth. Organization also socialized the agreed planning, of course, to the divisions and departments, and the policy of director via meeting and memo throughout organization. These findings supported the Eden and Ackermann's observation (1998) that communicating the decided strategy throughout organization is a vital part of prosperous strategic change. They argued that effective communication of the strategy can increase understanding, possession, and commitment. Disseminating of the subsequent strategy is also essential because it shows management's commitment to the staff. The findings were also compatible with the Haines views (1995). He suggested that organization runs an organization-extensive managers' meeting to listen to directly from the CEO and other members of the planning team; and to arrange too divisional/departmental all-employee gatherings to ask questions regarding the plan and to establish concerns. Similarly, Quinn (1980) presented that enterprises builds an open and opportunistically tuned communication system to encourage more open, data-rich communications about overall directions, opportunities, and threats. I would like to note that for effectual planning, thoughtfulness also needs to be given to the effective usage of communication. Via communication, two-way transfer of information of planning both input and

output of planning would ensue and as presented by Greenley (1989) that it is essential to all managerial endeavours at the entire levels of management. Therefore, during planning process, it was critical that organization involved in the detailed communication of agreed strategies.

Environmental Scanning

In all six banks in this study, data showed that in analysing of the factors surrounding the organization both general environment and specific aspects, numerous aspects were analysed including: the dynamic of environment, competitor analysis, customer side, social and political aspects, international trends, technology development, and so forth. The macro economic condition and its impact on the development of the company were studied and the rival banks were analysed by making prognosis of the development of industry and the firm's competitor. A number of management tools / techniques used to explore the environment included: PEST analysis, SWOT analysis, five forces model, competitor mapping, key success factor of industry, and so forth. These findings supported the Lorange and Vancil observation (1977) that one of the main functions of a strategic planning system is to assist adaptation of the long term attempts of the company to changes in the environment. Designing the system to emphasis explicit endeavor on the task of environmental scanning will assist to ensure that the planning effort also meets its adaptive mission. The findings also parallel with the Lynch's views (2000) that to examine an organization's environment (external), particular vital analytic should be undertaken.

Feedback and Evaluation

Data showed that Firms that are stretching for high performance need planning

processes to verify that their trajectory remains on course to a profitable future. The data showed that there was an internal mechanism both formal and informal including meeting, via phone, and so forth to perform strategic control / to get feedback and evaluation. There was formal meeting to discuss what's going on and there was personal in charge from each division. The result of meeting then would be reported to the board of directors. Strategic planning (long term) was been reviewed / evaluated every year. There is a unit displaying the performance of organization every month and presented to the directors including the attainment, constraints, and so forth. These findings supported the Greenley views (1989) that control process (feedback and evaluation) is concern with endeavouring to guarantee that 'things don't go wrong' throughout implementation. Control process provides information for understanding the process; and it is the initiator of further managerial action. Arguing with the similar way, Rue and Holland (1989) depicted that strategic control is concerned with hunting down the strategy once it has been executed, identifying any problem or potential zones, and making needed adjustments.

The findings were also consistent with the Steiner's observation (1979) that the whole organization of the enterprise must be suitable to the tasks, size, and direction of the company. Key tasks and sequence of steps to be completed to implement plans must be decided and communicated. At the other words, control here, as said by Greenley (1989) allows for decisions to amend future plans as a result of present performance, as well as permitting for corrective action to be taken in present operational strategies. They were also parallel with the Anthony's views (1965) that by this process (control management), managers guarantee that resources are gained and used effectively and efficiently in the achievement of the organization's objectives. This process suggested three central ideas: first, the process engages

managers, that is, persons who get things done by working with other people. Second, the process occurs within a context of objectives and policies that have been decided on in the strategic planning process Third, the criteria pertinent for assessing the action annexed in this process are effectiveness and efficiency.

Hierarchical planning

The levels in the strategic planning were graded from the top level to the lowest level. At the top level, strategic planning was more to the high level strategic planning concurrent with their position. It was the task of the top management to make strategic planning as the course of the organization. The strategy for this level was grand strategy and long term. For the business / division level as the second hierarchy, middle management as the second layer would translate long term strategy into the middle term strategy. Planning in this level should be in line with the grand strategy. Meanwhile, for the functional level such as marketing, finance, human resources areas, and so on, there was a strategy for each specific functional area. Finally at the lowest hierarchy, that is, operating level, tried to formulate narrower strategies for operating unit. Planning at functional and operating levels were more details and it translated the middle term planning into action and budget for the next one year. In each level, there had be the distinct objectives, strategies, programs, and budgets. These findings were parallel with the Thompson and Strickland's outlooks (1998) that in diversified enterprises, strategies are formulated at four separate organizational levels. There's strategy for the enterprise and all of its business as a whole (corporate strategy). There's strategy for each separate business the corporation has differentiated into business strategy). Then there's strategy for each particular functional unit within a business (functional strategy). And lastly, there are more limited strategies for basic

operating units (operating strategy). This findings were also consistent with the comprehensive model as quoted and criticized by Mintzberg (2000) that there are four planning hierarchies including corporate management, business management, functional management, and operating management. However, the findings were different with the Thompson and Strickland's observations (1998) mentioning three distinct and different hierarchies for each management level. They are: overall corporate scope and strategic vision for corporate level; business level strategic vision and mission; functional area missions for functional level; and operating unit missions for operating level. Meanwhile, for objectives and strategy, each level has the distinct objectives and strategies. In my view, the Thompson and Strickland's views concerning with the vision and mission hierarchies were somewhat confusing. In my understanding and also in literatures of planning, vision and mission would always be authority of the senior executives (board of directors) and it is at the highest level. They would, therefore, be designed by top management and provide base for objectives, strategies, and so on at the lower levels throughout organization.

Linking Goals and budget

The data showed that strategic goals were connected with budget in which budget was a result of the planning process. There was meeting between the planner with the executor to discuss about goal, programmes, budget, and so forth. While the divisions proposed the programme, they also proposed the budget. Banks then monitored, supervised, and evaluated the implementation of the budget set by management based on the standard or norms of the budget that have been set. Banks also make the guidance of the implementation and the regulations relating to the outcome implementation of the programs. These findings consistent with

the Stettinius et al's views (2005) that budget contains strategic, operating, and financial prospects for the coming year and is related to the coordination and control of internal flows of capitals. Budget is an outcome of planning process and organization should set control and accountability into the budget. It also engage all levels of management in the budget process. As a result of strategic planning process, budget will be connected to the business plan and the strategic plan. The findings also consistent with the Haines' suggestions (1995) to cascade the strategic plan down to yearly plans and budgets and finally to individual performance assessments. It means that there would always connection between objectives, annual plans and budget since both of strategic plan and annual plans, as well as budget were resulted from the hierarchical strategic planning process and therefore interconnected each other. However, in the planning literature, there was somewhat different views relating to budget and annual plan. One stated that annual planning and budget are at the same point (Stettinius et, 2005). The other depicted that good strategic budgeting needs to follow annual planning. Budget doesn't led annual planning (Haines,1995). In my view, the latter was more reasonable since as said by Haines that it will enable organization "to achieve a more focused allocation of resources based on the strategic plan" (p.50). The findings also parallel with the Thompson and Strickland's observation (1998) arguing that it's very essential that the strategy implementers to be intensely involved in the budgeting process, intimately reviewing the programs and budget proposals of strategy-crucial organization units.

Strategy Formulation

The data demonstrated thatthere were numerous stages in strategy formulation in all six banks in this study. Once the data were collected at the previous stage, SWOT analysis was conducted to get to know the

position of the bank, but it's more qualitative. The directors and share holders presented the outline of the organization direction. Based on mission, vision, and goals, SWOT analysis, and so forth, the banks then formulated strategy. Planning division formulated and proposed strategic planning to the management. The representatives of the divisions were involved during this strategic planning process to discuss the substance of strategic planning including assumptions used in strategic planning. Once agreed by management, it would be presented to the division by memo, then several meetings were performed across divisions, departments, and employees. The bank translated it into the middle plan and short term. In the first year, strategic planning would be translated into actions (current decisions) in which they would be part of the strategic planning. In all six banks, strategies were created at four separate organization hierarchies. These findings were parallel with the Andrew's thoughts (1987) that as a starting point for the development of strategic options, it is important to link the organization's mission and objectives with its strategic choices and succeeding activities (Lynch, 2003). "The interdependence of purposes, policies, and organized action is crucial to the particularly of an individual strategy and its opportunity to identify competitive advantage" (Andrew as quoted by Linch,2003). The findings also consistent with the Thompson and Strickland's views (1998) that strategy formulation is not simply a task for senior executives. In large companies, it engages senior executives, heads of business units, the heads of main functional areas, product managers, district and regional managers, and subordinate-level supervisors. There are a strategy for the firm and all of its business as a whole (corporate strategy), business strategy for each distinct business, functional strategy for each particular functional within a business, and operating strategy for basic operating units. The findings also supported

the Steiner's observation (1979) that once basic purposes, missions, and long-range planning objectives are founded, the conceptual series in strategic planning is then to develop program strategies to reach them. Arguing with similar way, Haines (1995) depicted that once taking stock of current conditions and the position of your functioning today, main strategies are then formed to close the disparity between the vision and today, along with a set of priority actions for the following year. The findings were also compatible with the Vaz's views (2005) that strategy formulation encompasses the steps including framing mission and objectives, SWOT analysis, gap analysis, framing alternative strategies, choice of strategy.

VI. Research Contribution

VI.1. Managerial implications

Our findings suggest that :

- the dimensions of strategic planning processes and cultural context are all important determinant of corporate performance. These findings have several implications for managers seeking to improve the performance in their company.
- for strategic planning to be effective (i.e. implemented), there must be commitment and involment throughout the organization. This is the only way to overcome any inherent problems (barriers) such as : rivalry among divisions, departements, branches, resistance to change, resource requirement, resources allocation, etc.

VI.2. Research directions

- The theoretical framework of model needs to be examined on a larger sample using quantitative method, cross industry, non profit organizations, small medium interprises and also to incorporate the

additional constructs such as vertical integration, operating environment, etc.

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