

## **Can Proper Strategic Planning Guarantee Its Implementation? A Case In A New District In A Developing Country**

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### **Abstract**

*Strategic planning is highly recommended as one of the key factors that determine the success of the organization. However, only a few organizations succeed in implemented it. The research studied causes of poor strategy implementation. The study used Data collection techniques included previous research on factors that influence strategy implementation failures, and a survey of . three levels of managers in 38 agencies in the government. Using structural Equation Modelling-Partial Least Squares (SEM-PLS) as an analysis tool, results showed that stakeholder uncertainty, resources, and expertise are the major factors that influence the failure of strategy implementation. The finding provides an important explanation for poor strategy implementation performance in Batu Bara , which is a new district in Indonesia. One of the key policy recommendations is for the government to take measures toward enhancing the capacity of managers to manage stakeholders' uncertainty.*

**Keywords:** *strategic planning, implementation success, local officer, manager level, Indonesia*

## **INTRODUCTION**

Strategic planning strongly relates to and is influenced by an organization's mission or purpose. It consists of a set of concepts, procedures, practices and tools an organization utilizes to determine its overall strategic direction and resources to achieve key long term goals (Bryson et al., 2017). Many public organizations have adopted strategic planning (Poister, 2010b), which has made it standard practice in most government agencies (Poister, 2010a; Bryson et al., 2017). Strategic planning is premised on its ability to improve the functioning of the public sector (Kapucu, 2006), through increasing efficiency and effectiveness increasing to match that of the private sector organizations.

Previous studies on strategic planning have examined the effectiveness of the concept and practice (Pasha et al., 2018; Hinteá et al., 2015; Salkić, 2014; Poister et al., 2013; Andrews et al., 2009; Boyne et al., 2004 and Hendrik, 2003), with findings that varied. However, in general, previous research results attest to the positive contribution of strategic planning to organizational performance. Nutt (1999) argues that only fifty percent of plans in public organization are executed. Moreover, local government agencies develop many plans, most of which are never implemented (Nurmandi & Purnomo, 2011). The problem, is that despite the fact that public agencies have adopted strategic management frameworks

and strategies, successive plans constitute repetition of practices and procedures leading to recurrence of past mistakes (Ferlie, 2002 in Andrews et al., 2011). Batu Bara is a newly created district that was achieved poor rating on planning and implementation. To improve the performance of the district on strategic planning process, there is need to identify factors that are attributable for underperformance. In light of that backdrop, the objective of this research was to determine the factors that are responsible for the poor performance of Batu Bara district on strategic planning and implementation as a pathway to provide policy input into future strategic planning and implementation policy.

Results underscored the importance of management involvement in strategic planning and implementation in general, and ability to assess and incorporate the predictability of stakeholder expectations into the strategic planning process for implementation success. Research findings contributed to knowledge and practice on effective strategic planning and implementation in newly formed local governments in a developing country context. Specifically, the reality that multi stakeholder expectations can be assumed to be predictable, as doing so leads to future changes in the strategic plan to accommodate for knowledge on stakeholder preferences and actions. Such a process complicates strategic planning, delays implementation, and in turn poses the danger of

alienating public interests, as well as undermine acceptability of programs in the strategic plan.

Some studies on strategic planning have covered the debate over the form of approaches (rational/formal or incremental) used in conducting strategic planning. While the rational approach, as conceived in formal strategic planning, argue that planning is designed to be concise, thorough and systematic, and included the application of empirical methods to policy issues (Friedman, 1987; Van Gunsteren, 1976 in Boyne, 2001). Besides, the approach uses a robust and deliberative process that lays emphasis on analysis, goal setting, formulating strategies and evaluation (Eadie, 1983; Nutt & Backoff, 1992 in Poister et al., 2013; Bryson, 2004). Meanwhile, as regards the incremental approach, Quinn (1980) argues that effective strategic plans for organizations arise from incremental rather than logical processes, which different from the formal planning system. This is corroborated by Mintzberg (1994) who declares 'strategic planning' as an oxymoron, emphasizing that strategy is something that cannot be planned. The planning process, Mintzberg (1994) continues, weakens an organization by generating uncertainty and disagreement, which in turn undermines employee motivation and engagement (Boyne, 2001).

Several factors have been identified as determinants of successful strategic plan implementation. Such factors include, the

process of developing the plan, certain organizational and environmental aspects / characteristics. Based on Joyce (2000), some environmental determinants, include, the political background, the policy environment it deals with, the demands of the constituent groups and policy stakeholders, and the dynamics of the sector in which the organization operates. Meanwhile, Hrebiniak (2006) contends the importance of strategy, capacity, organizational structure, management processes, staff, rewards or controls as prime requisites for effective implementation. Boyne et al. (2004) underscores the role that resources an organization has at its disposal in influencing the performance of strategic planning effort. It is an argument that Bradley et al. (2011) and Elbanna (2012) confirms by highlighting the positive impact that resource slack (sufficiency) has on organizational performance. Similarly, Liando (2012) posits the positive influence that financial resource have on effective policy implementation; while Kusumasari (2012) underlines the role that organizational capability to combine financial resource with other resources contributes to enhancing organization advantage. Organizational size and structure according to Poister and Streib (1994) and Titus et al. (2011) impacts on the extent to which organization achieves strategic planning implementation. Meanwhile, Poister et al. (2010) identifies the existence of independent planning units in organizational structure of public agencies in as one of the factors that influence participation in

strategic planning activities. Expertise in strategic planning is another factor that previous literature posits as an integral component of successful implementation (Hopkins & Hopkins, 1997).

Besides, previous literature has studied other organizational factors that influence strategic planning as well. Leadership is one such factor. To achieve effective organizational improvement, leadership plays an important role in initiating, organizing, directing, and managing strategies (Sunahwati et al., 2019); as well as in promoting the process of acquiring and exchanging knowledge, both inside and outside the organization (Ssenyonga, 2010).

Active participation of managers' in strategic planning is essential for effective strategic decisions (Elbanna et al., 2014; Wooldridge et al., 2008). Managerial participation by making the process more rational mediates between strategic planning and its successful implementation (Collier et al., 2004). Meanwhile, members of the planning team who view strategic planning as a vital mechanism for enhancing municipal efficiency show more willingness to implement it than those who lack such perception (George et al. 2018).

Bureaucrats and local government officials are more likely to exercise strategic planning than elected officials (Poister, 1994; Boyne et al., 2004). George et al. (2017) found that strategic goals that are derived from strategic plans have strong corre-

lation with spending preferences of politicians. Meanwhile, strong executive engagement and involvement of employees influence program formulation (strategic planning) and implementation (Poister et al. 2010). Smith et al. (2001) corroborates Poister's finding by noting that inadequate support from senior officials and a lack of workers' cooperation hinder strategic plan implementation.

Public organizations are increasingly paying attention to their stakeholders as their success and survival depends on their ability to create value for stakeholders (Bryson, 2004). The problem is that stakeholders are many and varied with attendant differences in interests. To that end, governments have to deal with the complexity of their stakeholders, who include elected, appointed and career officials, voters, regulators, media, among others (Bryson et al., 2018; Boyne, 2010). One of the challenges is meeting unpredictable demands for public services (Hințea & Țiclău, 2015) whilst dealing with various constraints that are not within their control (controlled by external entities) (Bozeman & Bretschneider, 1994; Nutt & Backoff, 1993 in Hendrick, 2003). Public organizations, to some extent, depend on the support of external parties for legitimacy and financial reasons (O'Toole & Meier, 2015). Formal strategic planning can serve as a mechanism and process that management uses to influence and exercise control over a challenging environment in respon-

ing to stakeholder uncertainty (Eisenhardt, 1989).

Previous studies in the public sector show a positive association between strategic planning organizational performance enhancement and management (Boyne & Gould-Williams, 2003; Andrews et al., 2009; Poister et al., 2013; Salkić, 2014; Hințea & Țiclău, 2015 and Johnsen, 2016). Research on public organizations in Bosnia and Herzegovina, demonstrated that strategic planning, by delineating certain aspects of performance measurement, minimizing the possibility that managers allocate resources based on their subjective judgments or feelings, personal desires or as a reaction to specific political pressures (Salkić, 2014). In another research, Hințea (2015) found that most local public authorities used strategic planning as a managerial tool, a process that increased coherence between the planning process and local development actions; as well as enhancing overall policy management effects (Johnsen, 2016).

What should be noted however is that strategy implementation is different from strategic planning. Strategy implementation entails the process of turning plans into reality, thereby linking actions with plan objectives. To that end, strategic planning is considered an essential aspect of organizational success (Lee & Puranam, 2016). Strategy implementation is 'the communication, interpretation, adoption, and enactment of strategic plans' (Noble, 1999). Meanwhile, Håkansson et al. (2012) contends that strat-

egy implementation is 'the realization of strategy' and what the company is doing. However, Bryson's (2010) highlights the interdependence between strategic planning and implementation, emphasizing the fact that both are action-oriented and influence each other. Consequently, clearly defined goals is a prerequisite for effective strategic plan implementation (Boyne, 2010).

## **RESEARCH CONTEXT**

*Batu Bara* District was created in 2007. The district is located in North Sumatera Province, Indonesia. The district has a population of 369,212, and consists of 38 government agencies with a total workforce of 4,143 government officers (as of April 2020).

The profile of agencies in *Batu Bara* district is as follows. The Government and Welfare division consists of 22 agencies mainly related to basic services for citizens, and sub-district offices. The Economy and Development division consists of 12 agencies and conduct its duties in regional economy and planning; for instance, public works, housing and settlement. The General Administration division consists of 4 agencies mainly takes care of the financial sector and services for the regional apparatus. Most of *Batu Bara's* local government agencies have less than 50 employees, and only five agencies have more than 50 employees. During the strategic planning process practice, the agencies consist into two groups. The first group consists of 35 agencies which were established up to 2013, while the second

group consists of three agencies established in 2016.

## **METHODS**

The research was conducted on Batu Bara district, North Sumatera Province, Indonesia. The research used quantitative research design that used a model developed by Elbanna et al. (2016) to investigate determinants of strategic planning implementation performance. Elbanna et al. (2016) developed a systematic model that explains the connection between formal strategic planning and implementation through the combination of managerial involvement and stakeholder uncertainty. The study tested three hypotheses inter alia, (i) *the existence of a positive relationship between formal strategic planning and the successful implementation of the strategy*; (ii) *Managerial involvement mediates the relationship between formal strategic planning and the successful implementation of the strategy*, and (iii): *Stakeholder uncertainty among reinforces the relationship between formal strategic planning and successful implementation*. The original model had four control variables, including resource slack, strategic planning expertise and organizational size. Following Dean and Sharfman (1996), environmental favorability was also added as another control variable. The variable refers to extent to which environmental conditions support a certain strategy.

In a study conducted on the Canadian

public sector across various government levels, Elbanna et al. (2016) tested and could not reject all the three hypotheses. This research adopted the Elbanna et al. (2016) model, to test the three hypotheses on one public organization in *Batu Bara* District. Besides, this increased number of variables that were to explain stakeholder involvement context (Afandi et al., 2018) as the mediating variables. Batu Bara is a newly-created organization, that is characterized by low implementation performance. The expectation is the using the model can help to find solution to the poor performance of strategic planning in the newly created district and possibly, other public polities in Indonesia and other countries at the same level of development.

Data collection was based on a questionnaire, with the wording changed to reflect which differences in the context of an Indonesian local government from public service organizations in Canada. A total of 114 questionnaires were sent to three manager-level officers in 38 agencies of Batu Bara district.

The distribution of questionnaires occurred from September to December 2019. Of 114 questionnaires sent to respondents, 109 were sent back to the research team, with having 107 complete answers. Thus, the response rate was 93 per cent, which was used in subsequent data processing. The composition of the responses based on manager level included, Top Manager/

Agency Head (36); Middle Manager/Section Head (37); and Operational Manager/Sub-Section Head (34). All Batu Bara district agencies were represented in the valid questionnaires.

The questionnaire consisted of 26 questions based on a five-point Likert scale. Solihin & Ratmono (2017) emphasizes the need to control other variables that are not hypothesized to reduce the influence of variables that are not being investigated, but are likely to affect latent/criterion/endogenous variables. Therefore, some factors were included as control variables in the model. The definitions of the concepts in this research follow those used in Elbanna et al. (2016). Tables 1 and 2 respectively present details of criterion, predictors, mediating, moderating, control variables and indicators (the questions used in the survey) including abbreviations used in this article.

This research used Structural Equation Modelling-Partial Least Squares (SEM-PLS). SEM-PLS is considered an appropriate statistical method to explain the relationships when the sample size is small (Leguina, 2015). Data analysis consisted of confirmatory factor analysis and hypothesis testing. Confirmatory factor analysis is a process used to assess measurement model quality (Hair et al., 2020) which includes outer and inner model evaluations.

Outer model evaluation is the assessment of the validity and reliability of the research measurement comprising convergent

validity, discriminant validity, and composite reliability. *Convergent validity* is shown by the value of the correlation coefficient between the reflexive indicator score and the latent variable score. In the analysis factor, it is shown by the factor loading value; the value of the *factor loading*  $\geq 0.5 - 0.6$  is considered sufficient (Solimun, 2017). *Discriminant Validity* is measured on the basis of cross-load measurements and the square root of the average variance extracted (AVE); the loading of each indicator must be higher for its designated construct than for other constructs and the AVE root value must be higher than the correlation value between constructs (Fornell & Lacker, 1981 in Yamin, 2009). *Composite reliability* indicates a good quality questionnaire when the value is  $\geq 0.70$ .

Inner model/structural model evaluation is the assessment of the 'goodness' of the relationship that exists between the latent variables and their assumptions. It is shown by *Goodness of Fit* indices. There are several criteria for the Model Fit and Quality Indices, but the model can still be used when only one or two of the criteria are fulfilled (Solimun, 2017).

In order to understand other factors that may affect implementation success, we further added control variables to predictors and conducted SEM-PLS again. The impact of each variable was evaluated by effect sizes, which are the actual values of the individual contributions of the corresponding

latent predictor variables to the R-square coefficients of the latent criterion variable (Kock, 2014), indicated by the path coeffi-

cients suggested by Cohen: small (0.02), medium (0.15) or large (0.35) (Chen et al., 2010).

**Table 1. Criterion, predictor, mediating, and moderating variables**

Variables	Definition	Indicators	
<b>Strategy Implementation Success (SIS) (Criterion)</b>	How well a strategic plan has been implemented	SIS1:	The extent to which organization properly implement its strategic plan
		SIS2:	The extent to which each implementation task has been completed
		SIS3:	<u>To what extent every implementation role has been of significance for the strategic plan</u>
		SIS4:	The level of satisfaction on strategic plan implementation
<b>Formal strategic planning (FSP) (Predictor)</b>	A set of activities and procedures that organizations use to develop their strategic plan	FSP1:	The rate of the agency's effort in the strategic planning process to determine the agency's mission
		FSP2:	The rate of the agency's effort in the strategic planning process to develop major long-term objectives
		FSP3:	The rate of agency's effort to assess the external environment
		FSP4:	The rate of agency's effort to assess the internal environment
		FSP5:	The rate of agency's effort to generate strategic options
		FSP6:	The rate of agency's effort to evaluate strategic options
		FSP7:	To what extent the agency emphasis of gaining commitment to the strategic plan
<b>Managerial involvement (MI) (Mediating)</b>	The quality of managerial involvement in the planning process of top, middle and operations managers	MI1:	The level of agency's head contribution in developing strategic plan
		MI2:	The level of section head contribution in developing strategic plan
		MI3:	The level of sub-section head contribution in developing strategic plan
<b>Stakeholder uncertainty (SU) (Moderating)</b>	The level and unpredictability of change of stakeholder	SU1:	The easiness of forecasting stakeholders' preferences (reverse coded)
		SU2:	The easiness of predicting actions of stakeholders (reverse coded)
		SU3:	The frequency of changing services and practices an organization has to make to keep up with stakeholders' expectations

Source: Elbanna et al. (2016) Modified refers to some wording changes to reflect



**FINDING AND DISCUSSION**

**Confirmatory factor analysis**

After removing indicators with low factor loading (SIS3, RS2, RS6, and SU3) cross-loading indicators (FSP7), all AVEs, as shown in Table 3, were not below the suggested value of 0.5 (Hair et al., 2014) and therefore, convergent validity for each

to its latent variable and the AVE root value is higher than the correlation value between variables (Table 4). Therefore, discriminant validity is fulfilled.

Third, the coefficient value of the composite reliability of all variables is higher than 0.70 (Table 5), therefore, the ques-

**Table 2. Control Variables**

<b>Variables</b>		<b>Indicators</b>
<b>Resource slack</b>	RS1:	The difficulty to get approval for a project that is worth doing (reverse coded)
	RS2:	Organization's availability of money is tight (reverse coded)
	RS3:	Organization's difficulty in obtaining sufficient funds to deliver its services (reverse coded)
	RS4:	Organization's difficulty in obtaining sufficient funds to introduce new services (reverse coded)
	RS5:	Organization's difficulty in implementing its strategic plan because of the lack of the required resources (reverse coded) The easiness of organization access to resources for development and improvement
<b>Organization size</b>	OS1:	The number of full-time employees
<b>Environmental favorability</b>	EF1:	The negative unanticipated environmental conditions during the implementation of strategic plan (reverse coded)
<b>Strategic planning expertise</b>	SPE1:	The level of expertise that resides in an organization to conduct strategic planning

*Source: Elbanna et al. (2016), adopted to the local government context*

variable was fulfilled.

Second, discriminant validity evaluation involved comparing the factor loading of each indicator to its latent variable and other variables and the square root AVE. The combined loadings and cross-loadings results showed that the cross-loading of each indicator was lower than its factor loading

tionnaire is reliable for this research.

The summary of the model fit and quality indices excerpt from the results is shown in Table 6. Results demonstrated that the model fulfilled the criterion of being good enough to explain the relationships between the latent variables and the expected role in the hypothesized connection.

Hypothesis testing

The next step entailed examining

the resulting path coefficient  $\beta = 0.50$  and  $p < 0.01$ . The value of  $R^2 = 0.47$  shows that formal strategic planning and control

**Table 3. Average variances extracted**

<i>Variabl</i>	<i>FSP</i>	<i>SIS</i>	<i>MI</i>	<i>SU</i>	<i>RS</i>	<i>EF</i>	<i>SPE</i>	<i>OS</i>
<i>e</i>								
<i>AVE</i>	0.61	0.64	0.74	0.74	0.62	1.00	1.00	1.00
	7	2	0	6	2	0	0	0

Source: Research data, SEM-PLS analyzed

model the hypotheses using a Structural Equation Model analysis. First, direct rela-

variables explain 47 per cent of the variance

**Table 4. Correlations among latent variable and square roots of AVEs**

Variable	FSP	SIS	MI	SU	RS	EF	SPE	OS
FSP	<b>0.786</b>	0.639	0.712	-0.391	0.353	0.30	0.65	0.01
						9	1	2
SIS	0.639	<b>0.801</b>	0.637	-0.411	0.335	0.38	0.47	0.14
						1	1	6
MI	0.712	0.637	<b>0.860</b>	-0.399	0.376	0.29	0.66	0.08
						9	1	7
SU	-0.391	-0.411	-0.399	<b>0.864</b>	-0.242	-	-	0.05
						0.33	0.26	0
						7	7	
RS	0.353	0.335	0.376	-0.242	<b>0.789</b>	0.61	0.27	-
						9	4	0.01
								8
EF	0.309	0.381	0.299	-0.337	0.619	<b>1.00</b>	0.25	0.02
						<b>0</b>	4	2
SPE	0.651	0.471	0.661	-0.267	0.274	0.25	<b>1.00</b>	0.00
						4	<b>0</b>	7
OS	0.012	0.146	0.087	0.050	-0.018	0.02	0.00	<b>1.00</b>
						2	7	<b>0</b>

Source: Research data, SEM-PLS analyzed (2020)

tionship between formal strategic planning (FSP) and strategy implementation success (SIS). The first hypothesis was confirmed by

of strategy implementation success.

Second, testing whether managerial involvement (MI) mediates the relationship

between FSP and SIS significantly. The first condition for the mediating relationship was fulfilled by the positive and significant relationship between predictor and criterion variables ( $\beta = 0.50$  and  $p < 0.01$ ). The regression of managerial involvement (MI) as a mediating variable (Figure 2) revealed that FSP significantly influences MI at  $R^2 0.52$ ,  $\beta = 0.72$ , and  $p < 0.01$ . Next, when FSP and MI were combined, the  $p$  values of FSP to MI and MI to SIS are both significant. Moreover, the indirect relationship exhibited  $R^2 0.58$ ,  $p < 0.01$ , which means that managerial involvement increased the  $R^2$  by 0.11 points (from 0.47 in Figure 1 to 0.58 in Figure 2). Therefore, managerial

0.38, which means that stakeholder uncertainty slightly strengthens the relationship but is not moderately significant.

To investigate why stakeholder uncertainty appeared to be 'not significant', the authors conducted further research by separating the three indicators of stakeholder uncertainty into two: SU1 and SU2, which relate to the ease of predicting stakeholder preferences and actions, which reflects what the respondents *think* of uncertainty, and SU3, which reflects the frequency of uncertainty that the respondents *react* to in reality.

This study performed moderating effect using respondents' perception of stakeholder actions and preferences (SU1

**Table 5. Composite reliability coefficients**

Varia-	FSP	SIS	MI	SU	RS	EF	SPE	OS	SU*FS
Value	0.906	0.843	0.895	0.854	0.867	1.000	1.000	1.000	0.904

Source: Research data, SEM-PLS analyzed

involvement plays the role of being a partial mediator because the path coefficient of direct relationship between FSP and SIS (0.50 in Figure 1) is higher than the path coefficient after including MI as the mediating variable (0.34 in Figure 2). Thus, model results support the second hypothesis.

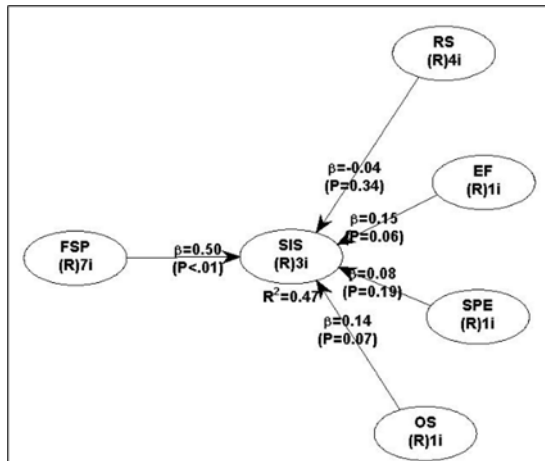
The last hypothesis is whether stakeholder uncertainty (SU) strengthens the link between formal strategic planning and strategy implementation success. The result obtained shows the value of  $\beta = 0.03$  and  $p =$

and SU2). The answers were divided into two groups, where the first group had answer values of 1 and 2, which indicated that respondents felt 1 they could easily predict stakeholder preferences and actions, and the second group had answer values of 3, 4 and 5 which indicated that respondents thought stakeholder preferences and actions were more unpredictable.

The comparison of the easy-to-predict group and the unpredictable group is as follows.

The group that reported high unpredictable stakeholder preferences and actions demonstrated positive and significant moderating effect of stakeholder uncertainty in reinforcing the importance of FSP toward SIS. The R<sup>2</sup> went up to 0.71. which means

and 5 (higher level of changes). The finding shows that the moderating effect was positive and significant among the 'low level change' group and the R<sup>2</sup> of the research model increased to 0.67 per cent. This may indicate that when formal strategic planning

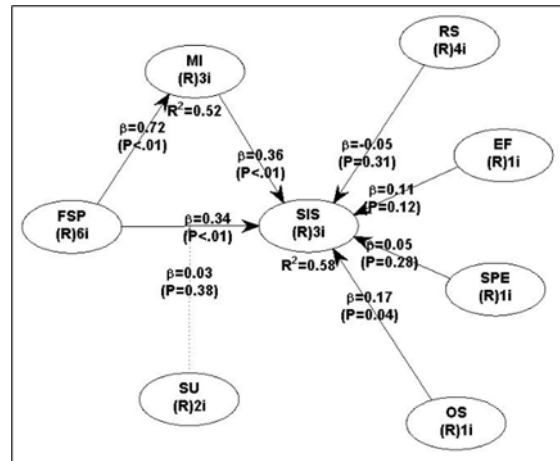


**Figure 1.**

Direct relationship of formal strategic planning and strategy implementation

success is higher if all variables are involved, especially when formal strategic planning is considered to be characterized by high stakeholder uncertainty. Meanwhile, the stakeholder uncertainty moderating effect was not found among the other group that reported that stakeholder preferences and actions were easy to predict.

Indicator SU3 reflects the reality of changes that agencies had to take in their efforts to keep up with stakeholder expectations. Following the above process, the responses were also separated into two groups. The responses of the first groups had answer values of 1, 2 and 3 (low level of changes) and the second group had answer values of 4



**Figure 2.**

Mediation and moderation regression

is conducted properly to accommodate stakeholders' expectations of services and practices, the implementation becomes more successful.

Meanwhile, the moderating effect of stakeholder uncertainty was weaker and less significant for the second group in which changes in services and practices are frequently conducted. R<sup>2</sup> went down to 0.48, which means the strength of the overall model to explain the implementation success had declined and the usefulness of formal strategic planning decreased. Frequent changes to keep up with stakeholder expectations is an indication that stakeholders' demands and expectations of service and

practice had not been properly analyzed and thus stakeholder uncertainty positively moderated the implementation success. With higher resource slack here, perhaps we can infer that

We conducted further analysis on how these two groups have more resources to deal with the uncertainty.

On the other hand, the other two groups also have similar effect sizes for each variable, but the higher level change groups have a higher demand for SPE for the success of implementation. This is because, the need to execute many changes to existing plans, necessitated adjustment of plans, which in turn increased the importance of expertise.

control variables, which are treated as other predictor variables, would affect the implementation success in the aforementioned four cases used in stakeholder uncertainty assessment. RS, EF, SPE, and OS together with FSP were regressed on SIS. Effect sizes were estimated to find the absolute values of the individual contributions of each variable to the R-squared coefficients of the implementation success (Table 7).

**DISCUSSION**

**Table 7. Effect sizes for each variable**

Circumstances	FSP	RS	EF	SPE	OS
Predictable	0.24**	0.01	0.02*	0.07*	0.07*
Unpredictable	0.33**	<b>0.14*</b>	0.05*	0.03*	0.05*
Less changes	0.38***	<b>0.11*</b>	0.01	0.07*	0.04*
More changes	0.24**	0.02*	0.04*	<b>0.14*</b>	0.07*

\* small \*\*medium \*\*\*large

Source: Research data, SEM-PLS processed (2020)

Table 7 able shows that in all cases, formal strategic planning f was the most critical factor for implementation success by rendering medium and large effect sizes. Organization size and favorability of its environment had small effect in all circumstances.

Interestingly, in both the unpredictable and low level changes groups, resource slack had a higher impact on strategic implementation success in different effect sizes.. As analyzed in the previous section, these two groups both prepared for stakeholder uncertainty and

This study provided a comprehensive analytical method of analyzing factors that influence the implementation success of a strategic plan in a developing country. The findings revealed the importance of formulating strategic planning within a single-local government organization, and confirmed results of studies by Elbanna et al. (2016) on a multi-level government structure in Canada and as well as Afandi et al. (2018) on a long established local government in Indonesia.

Similarly, managers who made fewer changes in the strategic plan during the implementation phase also confirmed the moderating effect of stakeholder uncertainty. This implies that the smooth implementation of a strategic plan depends on good comprehension and prediction of stakeholder uncertainty during the planning process. The findings may be attributable to the weak political and administrative systems in nascent institutions that characterized many public organizations in in developing countries. Such uncertainties require managers to identify what is valuable to their stakeholders. Therefore, managers need to put more effort into managing the uncertainty through rigorous analysis of their varying interests and expectations to come up with a plan that has high likelihood of receiving the support of stakeholders.

Other organizational factors such as resource slack and strategic planning expertise also appeared to be salient factors in supporting the successful implementation of strategic plans in the newly-formed local government. To that end, research findings confirm the importance of resources in strategic plan implementation established in previous literature (Bryson, 2004; Boyne et al., 2004; George, 2020). Our results indicate that resource slack provides an opportunity for managers to respond to stakeholders' unpredictable preferences and actions. In the local government case that was studied, the role of expertise became more important

when an agency's strategic plan had to undertake many changes during the implementation stage due to prior lack of analysis of stakeholder expectations. This was necessitated by the need to adjust the measures of the previous plan and requisite reallocation of resources in line with newly acquired strategic planning knowledge about stakeholder expectations. .

Our findings supported the beneficial role that formal strategic planning plays in in government institutions in developing countries thereby corroborating previous research findings , including Walker et al., (2010); Andrews et al. (2012); Poister (2013); Elbanna et al. (2016; and Johnsen (2016). Formality refers to the extent to which objectives are explicitly stated and strategies declared in a written document (Boyne, 2001), which is generally legally stipulated in a public organization. A formal process of planning provides an opportunity as well as responsibility to formulate the plan according to the agency's mission, duties and timetable.

In terms of factors that influence the strategic plan implementation process, , organizational factors are identified as predominant throughout the whole process. This explains the importance of the mediating effect of managerial involvement in the successful f strategy implementation Finding of the positive and significant partial mediation of managerial involvement in strategic planning formulation and implementation

confirms previous results by Elbanna et al. (2016), Afandi et al. (2018), and Collier et al. (2004). The findings supported that managers' involvement in (, Collier et al. (2004) highlighted the contribution that managers' participation toward making the process more rational to deal with various alternatives and judgements that arise during various phases of the strategic plan formulation and implementation process. Moreover, the actual management involvement in the strategic plan process instils a sense of ownership and commitment to all phases of strategic plan processing including, formulation, implementation and evaluation.. This is especially pertinent for middle and operational managers as they are involved in daily strategy implementation. This is in line with Struyk (2007) argument that successful strategic plan implementation in part depends on extent to which the public either accepts or resists programs that comprise the plan..

*Batu Bara* District received C score in the Government Agency Performance Accountability Evaluation Results Report (*Laporan Akuntabilitas Kinerja Pemerintah-LAKIP*) of 2018 and 2019. This implies that the District is underperforming on formulating and implementing strategic planning Activities. Paradoxically, , research results found that 56 % and 70 % of local officers perceived their performance on strategic planning and implementation as high and satisfactory, respectively.

However, the research found that managerial involvement plays a crucial role

in mediating the connection between formal strategic planning and the implementation success. Besides, the research also found that managers who believe that stakeholder preferences and actions are easy to predict are forced to make major adjustments to the original plans during the implementation phase to take into account of new information and knowledge about stakeholder interests and expectations. . Among respondents surveyed, 31% and 38% respectively had to make frequent and significant changes in their services and practices to accommodate stakeholder expectations (SU3), while only 18% and 19% respectively did not make significant changes. Thus, based on the results, improving the capacity of managerial involvement in mapping, identifying, calibrating and incorporating stakeholder preferences and action into strategic planning should enhance strategic planning and implementation. n.

In cases where changes frequently occur, implementation success relies more on strategic planning expertise to adjust to the many alterations to the plan. Therefore, the authors suggest not to avoid using expertise in dealing with adjustments, but encourage managers to use proper strategic plans and closely monitor it during the implementation phase to adjust and lead and direct the incorporation of changes into strategic plan during the implementation phase.

Formal strategic planning by itself, is an essential aspect of the development process.. Resource slack contributes signifi-

## CONCLUSION

Strategic planning is a useful practice. However, the existence of strategic planning does not guarantee proper strategy implementation. Therefore, it is important to follow the framework laid out in this study to identify causes of poor and systematic strategic planning. This research found that frequent changes in services and practices during the strategic implementation phase are necessitated by oversimplification of stakeholder expectations and actions by assuming them easily predictable. To that extent, the extent to which management considers stakeholder preferences, expectations and actions as unpredictable, contributes to improvement in properly incorporating them into strategic plan at the formulation phase, leading to better implementation outcomes.

The study applied and improved previous research on factors that influence effective implementation of strategic planning in *Batu Bara* District. In an assessment of the performance of the newly-formed local government that was conducted by the national government, *Batu Bara* district achieved poor rating on the implementation performance. Research findings support the crucial role of managerial involvement in the strategic implementation. Nonetheless, while management involvement in strategic planning and implementation is needed, such a role may not guarantee successful strategic plan unless such involvement contributes to proper understanding and incorporation of the unpredictability

of stakeholder preferences and actions into the strategic plan. Thus, this study makes an important contribution to the theory of effective strategic planning and implementation.

Results of this research support previous studies on the influence of proper and formal strategic plan on the success of its implementation. Although the model that was used was developed for a developed country setting and applied to a multi tiers public organization environment, results in this study showed that it can be adopted, with some modification, to a single-level public organization in a developing country..

Nonetheless, study is not without limitations. The sample used consisted of manager-level officers in one district, and focused on 'internal'/organization oriented causes of the failure to implement strategy. Therefore, further insights for better policy insight may be gained by including the views of staff under the managers' supervision as well as those stakeholders. Future research may also investigate other factors that influence effective strategy implementation in public institutions, including analytical capacity, organizational structure, management processes, staff, and rewards to gain a more complex understanding of the factors that influence strategic planning and strategy implementation.

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