

# Hierarchical Strategic Planning and Victorious Management Exercises: The Indonesian Evidence

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**Abstract**— This inquiry pursues to search the practice of hierarchical strategic planning to achieve the victorious management exercises in the Indonesian firms. This query involved a qualitative approach as the base for this query to attain a real clarification of the angles of participants. The three companies were elected since their keenness in planning and their high completion position. This query used exploration information from a board of authorities to first confirm a firm as high performing in the first event, and then to elect the three top performing companies for the inquiry. This query has offered sensible findings on the practices of hierarchical strategic planning during the planning process. The importance of planning hierarchy to attain the victorious management exercises has been recognized, among other associated discoveries.

**Keywords**— Planning levelling practice, corporate level, business level, operating level.

## I. INTRODUCTION

For more than a half century, strategic planning has been an exercise attribute of management thoughts and system in the corporation world, and for over 30 years it has turned into the customary exercise of large sums of public and non-profit organisations (Bryson, 2014). The first and possibly most apparent advantage of strategic planning is the advancement of strategic thoughtful, performing, and learning (Van der Heijden, 1996). It crafts an organisation more active than volatile in forming its future, it assists organisation to articulate the better strategies by embracing more systematic, sound, and analytical methods to govern strategic set.

Several studies discovered an affirmative connection between prescribed planning and a victorious management exercises. Ansoff, Brandenburg, Shrader, Taylor and Dalton, 1984; Porter and Radosevich (1970) are amongst the researchers who accomplished that strategic planning was connected with organizational performing. Their findings exposed that corporations that designed their strategies also designed their implementation. At the other part, corporations which using plans resourcefully conducted simply narrow or no execution plans.

Furthermore, in order to be effective, strategic planning should takes place at wholly echelons of enterprise as pointed out by Norris and Poulton (1991) that an effective strategic planning must happen at entirely echelons of the organization. Other scholar in the field, Lorange (1980); Thompson and Strickland (1998) maintain that planning has three echelons: one, *corporate* echelons where the main strategic duty will be to foster a positive portfolio strategy for the various commercial actions. Two, *division level*: in which the strategic duty is to decide how the specific commerce can accomplish, and last echelon, *functional level* concern with considered agendas met by the numerous functional managers for instance marketing, operational in a commerce where here the duty is to support to the strategic achievement of the commerce by concentrating on the specific strategic variables in their particular area.

Mintzberg (2000), however, critiques the reality that hierarchies so defined while any hierarchy of organizational pieces could be replaced. Mintzberg shows too that in the complete pattern, respectively management echelon has distinctive hierarchies in terms of objectives, strategies, budgets, and programmes. Thompson and Strickland (1998) reveal three dissimilar and diverse hierarchies for respectively management echelon. They are: complete corporate span and strategic vision for corporate echelon; business echelon strategic vision and mission; functional zone missions for functional echelon; and operating unit missions for operating echelon. For the meantime, for objectives and strategy, respectively echelon has its own different objectives and strategies.

## II. RESEARCH METHOD

For exploring the employment of hierarchical strategic planning in order to achieve victorious management exercises of the three Indonesian banks, the researcher utilized qualitative approach as a structure for this investigation as it is believed as the most proper technique in the venue of this investigation in which to understand processes, experiences, actions and values, and to centre on the reason of the venue being scrutinized (Creswell). For that point, the qualitative approach was used in this examination to capture description of the theories and perspectives of participants studied (Yin) with the intent of attainment a genuine management and precious account in terms of fundamental change and managerial endeavour in specific strategic planning processes particularly in exploring hierarchical strategic planning.

Maintaining sort of academics in the field, (e.g. Yin; Merriam; Eisenhardt), this inquiry, then, used case study approach of three case studies as inquiry strategy to observe the hierarchical strategic planning exercises. Moreover, the authentication from numerous cases is so often believed as more promising, and the entire observation is as a result believed as being more robust (Yin); With these in confidence, this inquiry, hence, employed multiple-case study arrangement

as a research strategy to investigate hierarchical strategic planning run in order to attain the winning management exercises in the three Indonesian high performing banks.

### III. DISCUSSIONS

The extent to which strategic planning occurred at various echelons of the bank, data showed that in entire three banks in this query, there was hierarchy in the strategic planning in line with the capacity of each rank within the firm. The rank in the strategic planning was rated from the highest to the lowest hierarchy. At the top level, strategic planning was more to in height rank strategic planning in line with their position. The strategy for this rank was grand strategy and long period. For the division rank as the second hierarchy, middle management as the second tier would convert long-span strategy into middle-span strategy. Planning in this rank should be aligned with the grand strategy. In the meantime, for the functional rank such as marketing, finance, human resources parts, there was a strategy for each particular functional field.

Ultimately at the lowest hierarchy, that is, operating level, the bank sought to make slimmer strategies for operating element. Planning at functional and operating levels were more specified and it converted the middle period planning into action and budget for the subsequent one year. In each rank, there have be the different objectives, strategies, programs, and budgets. These results maintained the work of Lorange and Vancil (1977) who revealed that a three-level hierarchy of strategic planning duties indicates the division of labour amongst management. At the corporate level, relate to the highest executive will be the advancement and execution of a corporate strategy and plan for the whole balance of business accomplishments, that is, a corporate or portfolio plan (Lorange and Vancil, 1977). At the divisional rank, the manager of a division will be responsible for advancement of a strategy and plan for the specific business, and at the functional rank, the department manager will endeavour to foster certain action programmes to the plans for accomplishing his division.

The results were also equivalent with Thompson and Strickland's observation (1998) that in diversified firms, strategies are devised at four distinct organisational echelons. There is strategy for the company and all of its business as a whole (corporate strategy). There is strategy for each distinct business the company has segregated into business strategy. Then there was strategy for each particular functional unit within a business (functional strategy). To sum up, there are more restricted strategies for basic operating units (operating strategy). These results were also parallel to the complete model as cited and critiqued by Mintzberg (2000) that there are four planning hierarchies such as corporate management, business management, functional management, and operating management. According to Mintzberg, these four hierarchies so defined though any hierarchy of structural units could be replaced. In such a model Mintzberg also revealed that each management echelon has distinctive hierarchies in terms of objectives, strategies, budgets, and programs.

The results, however, were dissimilar to the Thompson and Strickland's examinations (1998) stating three distinctive and dissimilar hierarchies for each management echelon. In the

meantime, for objectives and strategy, each echelon has the distinctive objectives and strategies. In the researcher's opinion, the Thompson and Strickland's outlook relating to the vision and mission hierarchies were rather confusing. In the researcher's comprehending and in literatures of planning alike, vision and mission will always be authorization of the senior executives (board of directors) and it is at the topmost echelon. They will, thus, be devised by topmost management and provide a basis for objectives, strategies, and certain activities at the subordinate levels all over the corporation.

### IV. CONCLUSIONS

Strategic planning takes place at wholly echelons of enterprise in which the levels in the strategic planning are graded from the top level to the lowest level. The three different and dissimilar orders for each management echelon in which the highest hierarchy of strategic planning, that is at corporate level, is designed by top management, of course. Each hierarchy of planning has the different objectives and strategies in which upper objectives and strategies are as a foundation for lower level objectives and strategies. In wholly three banks in this query, there is hierarchy in the strategic planning consistent with the capability of each rank within the bank. The employment of hierarchical strategic planning has lead to the achievement of the victorious management exercises in the three Indonesian high performing banks.

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