



**Planning practices. A multiple case study in the high-performing banks**

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# Planning practices

## A multiple case study in the high-performing banks

### Abstract

**Purpose-** This study aims to investigate the strategic planning practices applied in the high-performing banking industry in the...context and how decision style facilitates the successful planning.

**Research design/research methodology-** This study employed a qualitative research approach as the framework for this study to get a genuine explanation of the perspectives of participants researched about strategic planning. The data gathering method used in-depth semi-structured and unstructured interviews of both key informants and non-planning members in each identified bank. The three banks were selected because of their commitment in strategic planning and their high performance position. This study used research information from a panel of experts to first define a bank as high performing in the first instance, and then to select the three uppermost performing banks for the study.

**Findings-** This study has provided useful findings about the strategic planning practices in the ...high performing banks: key findings comprise the fact that all three banks in this study have carried out the usual and main strategic planning activities presented in this study: the vital role of the CEO in strategic planning has been proven, and planning flexibility in the strategic planning process has been identified, among other related findings.

**Originality/value-** This study provides an useful research model for investigating strategic planning practices both in the relatively stable and predictable business environment and turbulent and unpredictable business environment. This study, to the best of the researcher knowledge, is the first investigation that has investigated the issue in the case of ... banks.

**Keywords-** Planning, CEO, Flexibility, Strategy, Decision, Banking.

### Introduction

How organisations develop strategy has been one of the most fiercely debated topic in strategic management (Grant, 2013). Strategy is the result of top managers engaging in deliberate, rational analysis (Chandler, 1962); (Steiner, 1979); (Wehrich.1982). However, Quinn (1980); Mintzberg and Waters, JA (1985), and Mintzberg (2000) contend that most successful strategy emerge through adaptation to environments (emergence) and does not develop on the basis of a major plan but have a tendency to emerge in organisations over time. Nutt (2008) notes that decisions are seldom based on optimal rationality alone, given the political processes that take place in all organisations. The other scholars in the field, Johnson et al. (2012); Grant (2013); Hill and Jones (2007) assert that the two views are not mutually exclusive. Intended strategies (rational approach) can often succeed, especially in stable markets where there are few shocks, but it is reasonable to be open as well to the possibilities of emergence. Inflexible plans can block learning and prevent the grabbing of opportunities.

The other study examining planning practices in 635 companies (Brews and Hunt, 1999) shows that formal planning methodologies and emergent strategies both form part of an upright strategy formulation process, mainly in an unstable environment. Furthermore, as long presented by Chandler (1962) that strategy formulation and control are the main task of the top manager, whereas strategy implementation is the responsibility of the operational managers. A recent research summarising the responses of more than 200 company executives exposes that there has been a growing company wide focal point on and appreciation for the worth of strategic management processes (Pearche and Robinson, 2011). Rowley and Sherman (2002), however, said that a gap is evident between the strategic planning process and the extent to which the organisation's context encourages the planning process. For this it is essential to tailor the strategic thinking, long-range planning and tactical planning processes to best fit the desires of an organisation (Morrisey, 1996a, 1996b, 1996c) as quoted by Drago and Clements, 1999).

In the following sections the researcher reviews the three essential elements of planning process literature: the involvement of CEO, planning flexibility, strategy development literature. The organizational context that facilitates the successful strategic planning: decision making style is also described. Then, a research model will be proposed followed by an explanation of the research method before the results and discussion. Finally, conclusions are portrayed and recommendations made.

### **CEO involvement**

Writing in 1977, Lorange and Vancil asserted that the interest of the top executive will be the development and execution of a corporate strategy. The significance of CEO participation in the strategic planning process is also presented by Steiner (1979), Abell and Hammond (1979), Lorange (1980) and Bryson (2004) who depicted that CEO involvement in the strategic planning process is a must. Successful strategy formulation and execution needs the commitment and involvement of managers of the entire levels (Oswald et al., 1994; Norris and Poulton, 1991), and strategic leaders (Elenkov, 2005) particularly CEO of the organisation. It would be very hard to find a company CEO who did not recognize the need for strategic planning when making foremost decisions about company policies or when considering major directional change (Strategic Direction, 2012). In other words it is vital; that the CEO and board of directors pay extensive consideration to planning process because it is a crucial process for top management. As said by Abell and Hammond (1979) that planning in the end is designed for them to establish strategy and allocate resources. There can and will be no effective formal strategic planning in an organization in which the CEO does not give it concrete support and guarantee that others in the organization understand his deepness of commitment (Steiner, 1979).

Furthermore, for the CEO's involvement to have best result, he should go into the arena at an untimely stage, deciding objectives, arguing with assumptions, forcing alternatives, and usually 'orchestrating' the various human aspects of the planning process so as to guide it on a course between encouragement and consensus towards the best achievable strategy for the organisation as a whole (Hunsicker, 1980). However, it is essential to involve middle management and other staff during planning process since as argued by Haines (1995) that any planning process that does not include leaders who are open to participation and

empowerment of others, as well as open to personal support, will meet critical problems with execution (Haines, 1995). Mintzberg (2000), however takes a different view about the role of the top management in corporate planning. He argued that planning can weaken the very commitment it so immediately demands.

### **Planning flexibility**

Furthermore, Thompson and Martin (2010) claim that formal strategic planning systems are most valuable in stable conditions. In such systems, they both assert, environmental opportunities and threats are the prediction, and then strategies are planned and executed. They also assert that while the environment is more unstable and less predictable, strategic achievement needs flexibility, and the capability to find out about new opportunities and initiate appropriate changes continuously. Quinn's logical incrementalism (1980) contends that in dynamic and turbulent environments, detailed formal planning is comprehended to be problematic. Therefore, it is reasonable to not depend on detailed plans, but instead to plan broad-ranging strategies within a clearly defined mission and purpose (Thompson and Martin, 2010). Continual and unpredictable external change function to restrict the use of the linear approach to managing strategic development (Genus, 1995). Thus, it is essential for an organisation to keep its flexibility to deal more certainly with environmental uncertainty. As long said by Baum (1990) and Hannan & Freeman (1989) that if organizations fall short to adapt, their very survival is threatened (Hopkins et al., 2013).

### **Strategy development (formulation)**

The role of strategy development is to generate a set of strategies that will effectively link the organisation to its environment to achieve excellent performance (Porter, 1980, 1985; Steiner, 1979). Strategy is the result of top managers engaging in deliberate, rational analysis (Chandler, 1962); (Steiner, 1979); (Wehrich, 1982). However, Quinn (1980); Mintzberg and Waters, JA (1985), and Mintzberg (2000) contend that most successful strategy emerge through adaptation to environments (emergence) and does not develop on the basis of a major plan but have a tendency to emerge in organisations over time. Nutt (2008) notes that decisions are seldom based on optimal rationality alone, given the political processes that take place in all organisations. The other scholars in the field, Johnson et al. (2012); Grant (2013); Hill and Jones (2007) assert that the two views are not mutually exclusive. Intended strategies (rational approach) can often succeed, especially in stable markets where there are few shocks, but it is reasonable to be open as well to the possibilities of emergence.

In addition, Hamel and Prahalad (1994) have critiqued the 'fit model' of strategy making for the reason that it can direct to a mindset in which management focus too much on the level of fit between the recent resources of a company and recent environmental opportunities, and not sufficiently on building new resources and capabilities to create and exploit upcoming opportunities. For this, Hamel and Prahalad suggest that strategies developed with only the present in mind tend to be more concerned in today's problems than concerned with tomorrow's opportunities.

Furthermore, Andrew (1987) asserts that as a starting point for the development of strategic choices, it is important to link the organisation's mission and objectives with its strategic choices and subsequent activities as the interdependence of purposes, policies, and

organised action is critical to the mostly of an individual strategy and its opportunity to identify competitive advantage (as quoted in Lynch, 2003). W. Chankim and Renee Mauborgne in their monumental book (2004; 2015) 'Blue Ocean Strategy' and their article in Harvard Business Review (October, 2004) recommend that in developing strategy, it is very important that firms consider and concentrate too in the uncontested markets, besides in the current markets where firm has competitive advantage. Furher, Rumelt (1980) maintains that strategy can neither be developed nor adjusted to changing circumstances without a process of strategy assessment. There are numerous stages in developing strategies. As said by Steiner that once basic purposes, missions, and long-range planning objectives are confirmed, the conceptual series in strategic planning is then to develop programme strategies to achieve them (Steiner, 1979).

In addition, it is important to note that the dissimilar personal history of top management, such as the role of position, education, age, and so forth may generate dissimilar strategic choices of corporation as asserted by Hambrick and Mason (1984); Jensen and Zajac (2004) that the variation in individual characteristics of corporate elites may result in different preferences for specific strategy.

### **Organisational context (decision-making types)**

Another variable considered in this research is decision making. It is a series of activities through which decision makers act (Cooke and Slack, 1991). Making decisions and embracing the responsibility for them is one of the groundwork stone of the manager's job. To dig up an understanding of how an organisation makes decisions about resources allocation, two decision frameworks are scrutinized; the rational-collegial and the autocratic-political. Smart et al. (1997:263) described these as:

*Rational-collegial*, a decision approach in which "resource allocation decisions are the result of group discussion and consensus, based on the use of a standard set of procedures, and criteria reflecting what objectively seems best for this institution overall."

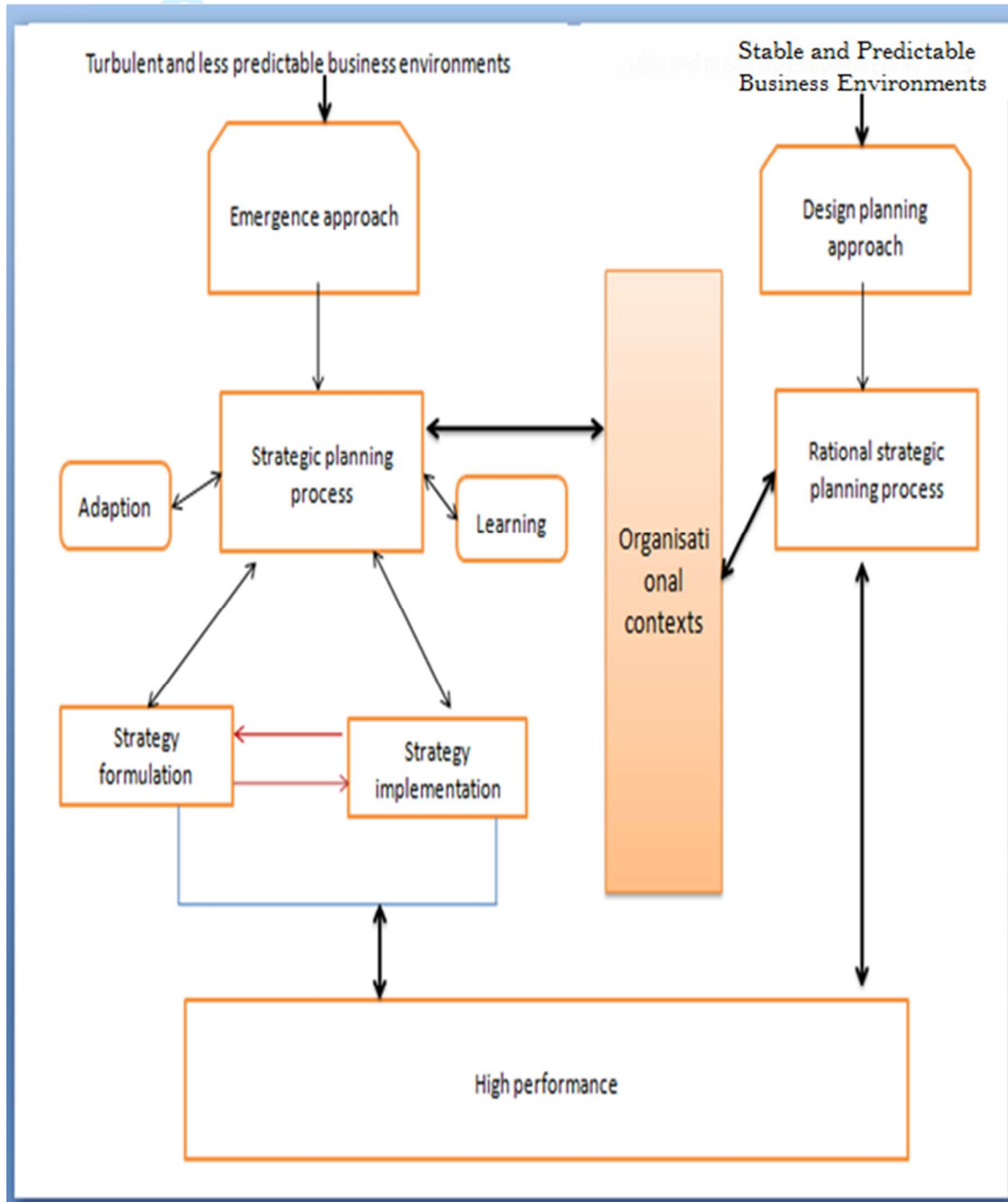
*Autocratic-political*, a decision approach in which "resource allocation decisions are customarily made by one individual at this institution, in a political manner based on the relative power of those involved and without any particular pattern characterizing the criteria used."

In this study the researcher adopted the design planning school as theoretical lense. A research model for this study is shown in figure 1.

### **Research Method**

This study adopted positivist approach (Creswell, 2009) because it tried to investigate the strategic planning practices and organisational contexts to attain the high performance. Positivists suggest the need to identify and asses the causes that influence outcomes. Following positivist approach, this study begun with a theory, gathered data that either maintained or contested the theory, and then made required revisions before further tests were conducted. Planning elements (CEO involvement, flexibility, strategy development), and organisational context variables as showed in the research model were defined first and illustrated by measurable properties. Further, qualitative research is regarded as the most appropriate method in the context of this study in which to understand processes, experiences, actions and values, and to concentrate on the description of the setting being

explored (Creswell, 2009; Murphy et al., 1998 in Baker, 2003; Yin, 2009) and deals with 'how' and 'why' questions rather than 'how many' and 'how much' (Yin, 2003; 2009), as well as to discover themes and relationship at the case level (Gall et al., 1996). In the case of strategic planning research, as presented in Grant's (2003) research on foremost oil companies, most research adopt a quantitative approach, which then fall short to capture the richness and intricacy of a corporation's strategic planning practices. For that reason, the qualitative approach was used in this study to take account of the theories and perspectives of participants studied (Yin, 2009) in order to gain a genuine and rich explanation in terms of organisational change and managerial process in specific strategic planning practices.



**Figure 1.** Designed emergence planning model

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3 Following variety of scholars in the field, (e.g. Merriam, 1988; Eisenhardt, 1989; and  
4 Yin, 2003, 2009), this study, then, used case study method of three case studies as research  
5 strategy to investigate the organisational changes and managerial processes, especially  
6 strategic planning practices. The strategic planning process is piece of social structures in an  
7 organisation, then, it is very hard to split the process of strategic planning from the context in  
8 which the process takes place, because as said by Yin (2009), the boundaries between  
9 phenomenon and context are not clear. Furthermore, the authentication from multiple cases is  
10 often thought as more convincing, and the entire study is therefore thought as being more  
11 vigorous (Herriott and Firestone, 1983 in Yin, 2009); besides the employment of single-case  
12 study design is vulnerable to errors (Patton, 2002). With these in mind, this study, therefore,  
13 used ~~adopts~~ multiple-case study design as a strategy research to investigate strategic planning  
14 practices in the Indonesian banking industry.  
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18 A sample of three banks was selected for this research. Data collection took place at  
19 each of the three banks identified in the sampling process. The data collection method  
20 utilized in-depth semi-structured and unstructured interviews of both key informants and non-  
21 planning members in each identified organisation (table1). Documents were analysed to  
22 confirm and add to the interview data. There are two levels of interview in this research-  
23 where the identification and selection of the planning members and non-planning members  
24 for each bank involved in this study were determined by the executive or head of planning  
25 division of each bank. The first, interview questions were asked to planning members (Head  
26 of planning division, Ass Vice President, Head and staff of planning departement) which  
27 their educational background and ages on the average are Master degree and 45 years old.  
28 Second, interview questions were enquired to the staff of the bank, the employees of the bank  
29 who were not involved in the planning process which their educational background and ages  
30 on the average are Bachelor and 48 years old.  
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### 35 **Data Analysis**

36 The process of data analysis takes in 'making sense out of text and image data,' (Cresswell,  
37 2009:183). Cresswell recommends six generic steps for data analysis that are 'interrelated  
38 and not always visited in the order presented,' (p.185). The researcher used six generic steps  
39 from Cresswell (2009) for data analysis of this study (figure 2) and a systematic approach (Braun  
40 and Clarke, 2013) for identifying, analysing, and describing patterns/themes across a dataset.  
41 This study also integrated literature into the analysis in analysing data (Braun and Clarke, 2013)  
42 to interpret the data on strategic planning practices and organisational context, connects them  
43 to the research question and, noticeably, links the data and analysis to existing scholarly  
44 literature.  
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	Bank A	Bank B	Bank C
Interviews	4	3	4
Head of Planning Department	1	1	1
Planning members	2	1	2
Non-planning members	1	1	1
Males	3	2	3
Females	1	1	1

**Table 1.** Interview summary

The following are the two research questions the researcher employ in this study:

1. To what extent are strategic planning processes applied in the high-performing banking industry in the ... context?
2. To what extent does organisational context (decision approaches) contribute to facilitating successful strategic planning practices?

### **Findings and discussion**

The findings showed that the three main elements of planning practices presented in this study were obvious at all 3 banks that participated in this study. Each aspect will be discussed as follows:

#### **CEO involvement**

The role of the CEO in the strategic planning process is significant as described by a planning member who is a head of planing division from bank A: "The role of the CEO is very strategic. The involvement of the CEO is also to guarantee that the strategic planning process was on the right track and implemented well, the necessary results were achievable, and resources needed were available ..... to achieve the high performance." Another interviewee who is a head of planning department of bank B said, "The CEO has also duty to assess the organisational performance and advise corrective amendments in terms of vision, goal, strategy, and so forth." He then added "the involvement of the CEO during the planning process is vital, including determining resources allocation among businesses within the organisatin. As said by other a planning member who is ass vice president of bank C, "the CEO is vigorously involved in attending a meeting with the planning members." He said further, "I see that the participation of the CEO during the planning process is to distribute resources among the diverse businesses." The position of the CEO as a leader in the bank is



evident, as articulated by a non-member of planning of bank A: "I am not sure but I think the most important thing of the role of CEO is running leadership for the corporation." It is clear as said by interviewees from all three banks participating in this study that strategic planning assists executives and managers to think and act strategically to enhance organisational performance.

In all three banks in this study, as presented by the interviewees, the position of CEO in strategic planning process was very strategic and vital. CEO was very involved in the planning process to provide input and approval in line with the level of power. CEO also utilized strategic planning to identify and address important organisational issues in order to enhance organisational performance. As a central figure in the organisation, CEO would be source of motivation for the members of the strategic planning process in devising strategic planning. These findings were parallel to the observation of Lorange and Vancil that the interest of the top executive will be "the development and implementation of a corporate strategy and plan for the overall balance of business activities, that is, a corporate or portfolio plan" (Lorange and Vancil, 1977:1). The findings was also compatible with Bryson's view (2004) and Lorange (1980) that the CEO involvement in the planning process is a must because as said by Abell and Hammond (1979) that planning in the end is designed for them to establish strategy and allocate resources. There can and will be no effective formal strategic planning in an organization in which the CEO does not give it concrete support and guarantee that others in the organization understand his deepness of commitment (Steiner,1979).

The findings, however, are rather different with the view of the *planning* school as revealed by Mintzberg et al., (2009) that although CEO is the architect of strategy, in practice, this architect was not meant to devise the strategic plans so much as to approve them. In all three banks in this study, the researcher could note that the vital role of the CEO in strategic planning was very obvious and has been for best effects both on ensuring that the strategic planning process was on the right track and getting better the organizational performance.

Henry Mintzberg also takes a different stance about the role of the top management in strategic planning. He argued that planning, in its own pitfall, can weaken the very commitment it so urgently demands (2000). In the researcher's view, there are other factors, of course, being part of the cause to the organisation's successful performance besides top management involvement such as: shared values, managers' and employees' commitment, planning implementation, and so forth. The researcher consents while Mintzberg said that top management support may be an essential condition for success; but it is absolutely not a sufficient one.

### **Flexibility to adjust planning**

The data showed as said by the interviewees of all three banks participating in this study that all resources allocation decisions have been devised and decided during planning process. ~~Another~~ An interviewee who is a head of planning department of bank A revealed, adjustment in the implementation phase was likely if the environment press the organisation to adjust planning. However, to adjust planning, it would be seen first the effect to both the bank and the central bank of Indonesia. As explained by a planning member who is a planning division head of bank B that the central bank of Indonesia has a regulation that

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3 business plan only can be altered once a year in July at the latest. There would no changes to  
4 strategic planning if the environment was normal. He then added, there were the internal rules  
5 as the direction to do the changes. So, even the CEO or directors could not change strategic  
6 planning. From these evidences, the researcher could perceive that flexibility was still  
7 manifest in all three banks in this research although it was limited. These findings were  
8 consistent with the formal strategic planning systems which they are most beneficial in stable  
9 conditions (Thompson and Martin, 2010). In such systems, circumstance opportunities and  
10 threats are the prediction, and then strategies are devised and executed.  
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13 The findings conflicted Quinn's logical incrementalism (1980) arguing that in  
14 dynamic and chaotic environments, detailed formal planning is understood to be problematic.  
15 The study of Quinn very put emphasis on evolution and flexibility of strategies. Thus, it is  
16 rational not to depend on detailed plans, but instead to plan widespread strategies within a  
17 obviously defined mission and purpose (Thompson and Martin, 2010). The findings were  
18 also dissimilar with the visionary and entrep reneurial leadership approach (Thompson and  
19 Martin, 2010) where chief strategic changes will be settled on without long formal analysis.  
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22 Interestingly, the findings maintained the observation of Henry Fayol, about a century  
23 ago, who stated that the very purpose of planning is not to promote flexibility but to reduce it,  
24 that is, to establish clear direction within which resources can be devoted in a coordinated  
25 way (Mintzberg, 2000). However, Newman (1951) said that ~~The other respondent said that,~~  
26 "A strengths, weaknesses, opportunities, and threats (SWOT) analysis is an essential base  
27 for us – the planning department/planning members of the organisation in devising strategy."  
28 at the making of advanced plans tends to make administration inflexible (Minz berg, 2000).  
29 In this research involving three banks in a relatively stable business surroundings, formal  
30 rational strategic planning system in which flexibility was limited had direct the banks to high  
31 organisational performance.  
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### 34 35 **Strategy development (formulation)**

36 A head of planning department of bank A said, "we seek to formulate the best strategies  
37 based on the environmental analysis." He said further, "a strengths, weaknesses,  
38 opportunities, and threats (SWOT) analysis is a key base in devising strategy." An  
39 interviewee who is a staff of planning department of bank B reported, "we develop a set of  
40 strategies to achieve the goals and mission and vision of the firm. The other interviewee who  
41 is an ass vice president of bank C revealed that, "the bank transformed long-term plan into  
42 the middle-term plan and short-term plan. In the first year, strategic planning would be  
43 transformed into strategies and actions in which they are the piece of strategic planning.  
44 Further, other planning member of bank A said, "we proposed numerous alternatives to the  
45 board of directors..... then with complete data, management took a decision." The other  
46 interviewee who is a planning department head of bank B revealed, "once agreed, planning  
47 outline mainly strategy development would be presented to the division by memo, then we  
48 held numerous meetings across divisions and departments." In the next step, the outline was  
49 then presented to the Ministry of Government-owned Corporates Affair, and then there was a  
50 meeting between the board of directors and the Ministry to talk about the planning draft.  
51 Then the final draft would be a conclusive document of strategic planning.  
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3 The findings, as revealed by interviewees of all three banks participating in this study,  
4 revealed that strategy development/formulation is aimed to generate a set of strategies to link  
5 effectively the firm to its environment to achieve high performance. Once the data were  
6 collected, SWOT analysis was carried out to get to know the position of the bank. The  
7 directors and shareholders presented the rough idea of the organisation's direction. Planning  
8 division and other planning team then developed and proposed strategic planning to the  
9 management. The planning team transform it into the middle plan and short term. In the first  
10 year, strategic planning would be translated into actions in which they would be piece of the  
11 strategic planning.  
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14 The findings supported the views of Porter (1980), which evoked that competitive  
15 forces shape strategy; and the observations of Frynas and Mellahi (2011); Joice and Woods  
16 (1996) who highlighted that in developing strategies, the task of the decision maker is based  
17 on what a company can do to take advantage of opportunities and deal with threats in the  
18 external business surroundings. Successful strategy, then, is about matching the resources and  
19 activities of a company to the external environment in which it operates (strategic fit). In the  
20 other words, a firm which does not possess a minimum level of 'strategic fit' are guaranteed  
21 to be unsuccessful.  
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24 The findings, however, are different with the observation of Hamel and Phahalad  
25 (1994), who critiqued the 'fit model' of strategy making and suggest that strategies developed  
26 with merely the present in brain tend to be more concerned in today's problems than  
27 concerned with tomorrow's chances. Concluding this discussion on strategy development, the  
28 researcher would like to highlight the outlooks of Mintzberg, Quinn and Ghoshal (1999); that  
29 before a choice can be devised, the organisation's strengths and weaknesses should be  
30 assessed, together with the existing resources. In other words, the strategy development is the  
31 outcome from harmonizing opportunity and organisation capability at an agreeable level of  
32 risk. Both school of thoughts are balancing, interdependent and generate effective strategy  
33 only while perform together.  
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### 38 **Decision-making approaches**

39 Decision approaches seek to describe how an organisation generates decision about resource  
40 allocation. This concept is based on the work of Smart et.al. (1997), who developed on two  
41 approaches to resource allocation. This study in the Indonesian banking industry showed that  
42 rational collegial approach was apparent during the strategic planning process. Banks A, B,  
43 and C used the rational-collegial approach in which decision to allocate resources was the  
44 outcome of deep group discussion during planning process based on thorough analytic and  
45 strategic assessment process regarding the priority. There was a long excursion to make  
46 decision before organisation moves quickly to execute their solution. As revealed by  
47 interviewees of 3 banks involved in this study that resource distribution decisions are the  
48 outcome of group argument and consensus. The rational collegial decision approach also  
49 came into view from interviewee remarks who is a planning division head of bank A, as  
50 follows: "even though the board of directors is chief in our bank, decision making mainly  
51 resource allocation.....; it is the result of long negotiations during the planning process."  
52 ~~Another~~ An interviewee who is a staff of planning department of bank B said, "we reason  
53 anything in detail, there is brainstorming during the planning process to classify all options  
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3 available." ~~The other respondent~~ A head of planning department of bank C said, "before the  
4 conclusive decision is taken by the director, it's necessary to compare our resolve with  
5 adequate alternatives." ~~A transcript~~ A staff of planning department of bank C exposed, "each  
6 planning member freely judges several options although the big picture on resource allocation  
7 has already been put by the board of directors and the planning division." Further, ~~The other~~  
8 ~~record~~ a planning department head of bank A explained ~~showed~~ that planning members  
9 would put forward their views on what looks best for the company. It does not consume  
10 much time to listen to every planning member's views."  
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14 These findings were consistent with the work of Smart et al. (1997:263) arguing that  
15 rational-collegial presume that "resource allocation decision are the result of group  
16 discussion and consensus, based on the use of a standard set of procedures, and criteria  
17 reflecting what objectively seems best for this institution overall." However, the evidence  
18 from this study contradicted with the finding of Wegner (2006) that an autocratic political  
19 approach was employed to allocate resources. This autocratic political approach where one  
20 person in the organisation generates all resource decisions challenge to the rational planning  
21 model as discussed previously as presented by the proponents of rational planning approach  
22 such as Ansoff (1965), Steiner (1979) Lorange (1980 ) that all strategic decisions to reach  
23 the objectives of organisation are decided by strategic planning steps. Quinn (1980)  
24 presented that effective formal strategies comprise three fundamental elements: goals (or  
25 objectives), policies leading or limiting action, and the main action series (or programmes).  
26 Similarly, Bryson (2004:p.67) maintains: "It is rational-deductive approach to decision  
27 making that begins with goals, from which are deduced policies, programs, and actions to  
28 achieve the goals.' ~~Bryson (2004) maintains that the rational planning model starts with~~  
29 ~~goals, policies, programs, and actions.~~ The study findings also validated the assertion of  
30 Henry Fayol that resources should be committed in a coordinated way (Mintzberg, 2000).  
31 The rational decision approach will extend participation of the employees of the  
32 organisation during the planning process. One of the nature of this decision type is the  
33 higher number of membership participation in decision making (Smart, 2003). Participation  
34 during the planning process, as argued by Mintzberg (2000) and Jarzabkowsky and Balogun  
35 (2009), will reinforce commitment. In turn, it will improve the effectiveness of the planning  
36 process and the achievements of the substantially performing bank.  
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42 In contrast, the adoption of the autocratic political approach along with it would  
43 ignore the strategic planning process; it also would reduce the effectiveness of strategic  
44 planning, and as a result, reduce the achievement of the highly performing bank. Even  
45 though the role of CEO in the strategic planning process was very strategic and vital and  
46 CEO was deeply involved during strategic planning process, the entire strategic decisions,  
47 however, such as strategy development and resources allocation were decided by the  
48 strategic planning process. Such decisions, as presented by interviewees, were the outcome  
49 of thoughtful examination during planning process based on systematic analytic and  
50 strategic consideration process regarding the foremost concern. There was a long journey to  
51 make decision and it involved the other planning members such division managers, planning  
52 department, and other line managers before organisation jumped fast to execute their  
53 decision. Although, of course, the last strategic decision was at the hand of CEO as the  
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uppermost authority in an organisation, once decision has been decided, however, as alleged by an interviewee, even director can not change.

### **Conclusion**

This study has dealt with these research questions by examining the practices of strategic planning (CEO involvement, planning flexibility, and strategy development) in three Indonesian high-performing banks and how decision types facilitate the successful planning process. Based on the research findings, a numeral of conclusions have been identified.

1. The analysis reveals that the three banks in this study have clearly been involved in carrying on strategic planning main activities: CEO involvement, planning flexibility, and strategy development.
2. This study shows that the vital role of the CEO in each of the banks in this study in strategic planning was very apparent and achieved best results, both in assuring that the strategic planning process was on the correct track and getting better the organisational performance.
3. The study findings support similar benefits of strategic planning practices in other countries (Ansoff, 1965; Quinn, 1980; Steiner, 1989; Bryson, 2004). It is interesting to note that the three banks examined have acknowledged similar benefits of strategic planning practices. These outcomes support the practices in the private organisation, demonstrating that strategic planning is worthwhile to all three banks in this study and formal planning systems do help managers enhance strategic decisions (Miller and Cardinal, 1994).
4. The study findings maintain the formal strategic planning systems which are most useful in stable conditions (Thompson and Martin, 2010) and challenge Quinn's (1980) logical incrementalism view, which suggests that in dynamic and unstable environments, detailed formal planning is understood to be problematic.
5. The study findings show that the rational collegial approach was manifest during the strategic planning process, and confirm the work of Smart et al. (1997:263) which presume that "resource allocation decision are the result of group discussion and consensus, based on the use of a standard set of procedures, and criteria reflecting what objectively seems best for this institution overall."

### **Directions for future research**

This study has provided useful findings about the strategic planning practices in the banking industry. There are, however, a numerous of fields that can be addressed by future research agenda.

First, future research can replicate this research model by examining the phenomenon in the similar banks, across industries comprising private sector, government and non-profit organisations, and small and medium firms to scrutinize whether comparable results can be achieved. Future research can replicate this study too by exploring the same banks using quantitative method to validate the findings of this study.

Second, comparative research that explores strategic planning practices across countries is necessary. Many studies' findings about the strategic planning practices in other countries are positive. However, further questions are valuable further investigation. How do

managers in other countries (especially in the European and USA contexts) develop and execute strategic planning? So, a comparative study between different countries' strategic planning practices will enhance our understanding of the practices of strategic planning for both private and public sectors.

Third, Mintzberg (2000) asserted that planning itself tends to lift a basic inflexibility in organisations, and so a resistance to significant change. Rational planning design, according to Mintzberg, is not only an imprecise account of how strategies are really developed but also a poor mode of making strategy. However, in this study involving three banks in a relatively stable environment, formal rational strategic planning system in which flexibility restricted had led the banks to reach high organisational performance. As a result, further empirical study is needed that contrasts each planning approach against organisational performance in the relatively stable environments.

Fourth, to enhance the understanding of strategic planning practices and organisational contexts, future research needs to think strategy content and other constructs such as vertical and horizontal integration, decentralisation, and other organisational aspect such as organisational culture, strategy myopia and dominant logic.

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