Mediating Role of Managerial and Stakeholder Involvement in the Effect of Formal Strategic Planning on Strategic Implementation Success: Case of Municipal Government in Cirebon, West Java

Muhamad Nur Afandi, Saekul Anwar, Fandi Ahmad

To Link this Article: http://dx.doi.org/10.6007/IJARBSS/v8-i3/3955 DOI: 10.6007/IJARBSS/v8-i3/3955

Received: 22 Feb 2018, Revised: 26 Mar 2018, Accepted: 28 Mar 2018

Published Online: 30 Mar 2018

In-Text Citation: (Afandi, Anwar, & Ahmad, 2018)

Copyright: © 2018 The Author(s)
Published by Human Resource Management Academic Research Society (www.hrmars.com)
This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: http://creativecommons.org/licences/by/4.0/legalcode

Vol. 8, No. 3, March 2018, Pg. 638 - 651

Full Terms & Conditions of access and use can be found at http://hrmars.com/index.php/pages/detail/publication-ethics
Mediating Role of Managerial and Stakeholder Involvement in the Effect of Formal Strategic Planning on Strategic Implementation Success: Case of Municipal Government in Cirebon, West Java

Muhamad Nur Afandi, Saekul Anwar, Fandi Ahmad
School of Administration, National Agency for State Administration, Bandung, West Java, Indonesia

Abstract
In sector public organization, strategic planning becomes a crucial thing to do as the first step in developing an administrative area. As one of the fast-growing areas, Cirebon is one of the promising regencies in west java, Indonesia. This study aims to discuss the mediating effects of managerial and stakeholder involvement in its correlation with formal strategic planning and strategic implementation success. The statistical results indicate that all proposed hypotheses are accepted in this study. In addition, it reaffirms the concept that a public organization which ties rewards to the success of the strategic implementation must be clearly developed, indicating that there is a higher need of managerial and stakeholder involvement. Furthermore, results show that stakeholder involvement has an important role in mediating the effect of formal strategic planning on strategic implementation success. The findings of this study for public management research are further considered and discussed.

Keywords: Formal Strategic Planning, Managerial Involvement, Stakeholder Involvement, Strategic Implementation Success.

Introduction
Recently, many changes in sustained reform programs and initiatives have recently been experienced by public sector organizations in many countries around the world (Hansen & Ferlie, 2014). Strategic management has received a lot of attentions within public administration literatures and it is still developing (Johanson, 2009). A public organization which has a plan in allocating and utilizing time and energy on the planning process and then not implement such plan is very discouraging. Even though the topic of strategic implementation may not be the
most important thing to talk about in organization, it is a fundamental strategic practice that is crucial to take into account.

Strategic management, as stated by some experts, is increasingly important for shaping the performance of public organizations (Andrews, Boyne, Law, & Walker, 2012). There is a general assumption that a more effective management in public organizations should lead to a stronger performance (Boyne, 2003). This article is going to replicate Elbanna, Andrews, & Pollanen, (2015) study which concluded that formal strategic planning can have significant role in determining strategy implementation success.

Some previous empirical research on the effectiveness of strategic planning in private sector organizations had been widely studied (Hendrick, 2003). In formulating strategy, it will be more meaningful if it provides a stage of transition from strategic planning to the broader process of strategic management (Poister, Pitts, & Edwards, 2010). Strategic planning concerns with strategic formulation (Bryson, Crosby, & Bryson, 2009). It can strengthen organizations, improve organizational effectiveness, and create public value in different ways (Poister et al., 2010).

The generation of a strategic plan has often been criticized for being an exclusive domain in the top management. As a result, it makes middle managers face political tensions and often forced to adjust with conflicting interests (Raman, 2009). Some proponents of strategic planning are pointed out to have significant differences between conventional strategic management approach and the conventional public planning approach (Kaufman & Jacobs, 1987) even though strategic planning is concerned with strategic formulation (Poister et al., 2010).

As (Bryson et al., 2009) argued before, the importance of a micro-level perspective could be useful to point out the debate on the effectiveness of public strategic planning. Some previous empirical studies are focused on the macro-level relation between strategic planning and organizational performance (e.g. Poister, Edwards, Pasha, & Edwards, 2013; Walker & Andrews, 2015). This study adopts a microlevel perspective on strategic planning effectiveness by examining the relationship between formal strategic planning, managerial and stakeholder involvement, and strategic implementation success.

The word “stakeholder” has asserted a prominent place in public and non-profit organization management, and it refers to persons, group, or even organization that must be taken into account by leaders and managers (Bryson, 2004). Attention to stakeholders is also necessary, especially, when it comes to articulate and achieve strategic implementation. Johnsen, (2017) argued that assessing the effects of strategic planning and content in public management perspective both conceptually and empirically is challenging. Among the reasons is, first, it brings those two models of involvement together, in this case is managerial and stakeholder involvement, because they play a role in strategic implementation success. Second, the study may help figure out why a strategic planning, as a way of knowing, is useful for some practitioners and stakeholders, and perhaps, in some cases, is less applicable for analyzing whether strategic planning works in public organization or not.

A few numbers of previous studies proved that there is a stronger relationship between these types of involvement (managerial and stakeholder) and strategic implementation success. The strategy-implementing or strategy-executing task is often easily becoming the most complicated and time-consuming part of strategic management. Walker & Andrews, (2015) has examined rational planning and related techniques (benchmarking, targets, and performance management). They figured out that it is likely to improve performance. However, the impact of
strategy content (how organizations broadly adapt to their environment) is moderate or it does not have significant effect. Another evidence, mostly from the US and UK, is not in line with Miles and Snow’s original conception of the supremacy of one distinct strategic type by indicating that a mix of defender and prospector types (‘analyzers’) aligned with organizational structures and processes can improve performance (Walker, 2013).

Therefore, this study focuses on the extent to which the degree of involvement affects implementation success. This study examines the proposed moderating and mediating relationships in a theoretical framework of strategy implementation which was proposed by Elbanna et al., (2015). Thus, this study aims to understand the key success factors in the implementation of formal strategic planning for municipal government in West Java, Indonesia. This research adds two contributions to the literature on strategic management in public sector. First, it is one of the few studies focusing on municipal government in developing country. Second, the analysis is based on empirical data about perception of strategic implementation success in the form of involvement and formal strategic planning.

The finding of this study is expected to give contribution for municipal government in Cirebon that the presence of managerial and stakeholder involvement is able to mediate the effect of formal strategic planning on strategic implementation success. Even though public manager and stakeholder are not directly involved in public policy decisions, the municipal government is expected to figure out that that their efforts to build a good strategic plan for their organizations is neither a waste of time nor resources, but, in fact, it will lead to strategic implementation success (Elbanna et al., 2015). Formal strategic planning could be a powerful tool to determine the strategic implementation success if the managerial and stakeholder involvement have a greater role in it.

Moreover, the finding of this study is expected to give significant contribution for those who conduct research on the effect of formal strategic planning on strategic implementation success, especially in developing country. The presence of managerial and stakeholder involvement as mediating variables is expected to be able to fill the gap of previous research related to formal strategic planning and strategic implementation success.

The next section presents the theoretical framework and summaries of some relevant previous research.

**Literature Review**

**The relationship between formal strategic planning with managerial and stakeholder involvement**

As originated about 20 years ago, strategic planning was firstly introduced in the private sector (Kaufman & Jacobs, 1987). Basic foundations of strategic planning are tied to the need of rapid growth and change of organizations to plan effectively for and manage their futures even though uncertainty always appears in the future. A strategic plan provides an organization with the roadmap, it needs to pursue a specific strategic direction, set of performance goals and deliver value added in order to become successful. Bryson et al., (2009) argued that mixed results were reported in previous studies of strategic planning in government for many of the same reasons.

Barringer & Bluedorn, (1999) defined involvement as the level of participation by members of organization from the plan, action, decision making and implementation process. (Hendrick, 2003) stated that stakeholder’s participation in planning as integrative perspective in this
approach involves a broader range of stakeholder from internal and external part of organization throughout the planning process. As strategic planning is formalized, this certainly will imply on managerial and stakeholder involvement. Involvement is treated as a trigger to such forces because it increases organizational members’ sense of psychological ownership in the vision and, in turn, it can build trust in leaders and attachment to their ideas (Collier, Fishwick, & Floyd, 2004). In public organization perspective, this will lead to questioning the role of the manager and stakeholder about how far they are engaged in formal strategic planning.

Bryson, Ackermann, & Eden, (2007) noticed that a success key for public organizations is on their ability to identify and build capacity (distinctive competencies) in order to produce a greater value for key stakeholders. By involving people in strategic decisions, it will cause them more likely to understand about sharing the vision and mission of top management (Collier et al., 2004). In this possible role for a planning, directors as internal strategist invite the managers and other stakeholders to be involved in a process to implement formal strategic plan. Sometimes this approach is adopted by many organizations, called as chief strategy officers, even in public organization.

**The relationship between managerial and stakeholder involvement on strategic implementation success**

Given the importance of the strategy and its successful implementation in public sector organization, public administrator must include the effects of managerial and stakeholder involvement because many research results have concluded the importance of stakeholder involvement in decision-making process and strategic management (Bryson, 2004; Johnsen, 2017; Poister & Streib, 2005).

Apparently, stakeholder involvement must be treated with a high level of interest if it is compared with any other organizational units in concerns. (Bryson, 2004) argued that deciding who should be involved in, how and when to do stakeholder analyses are keys for strategic choice. Thus, the correlation between involvement and desirable features of strategic outcome in such implementation success are important because these kinds of perceptions are the basis of managerial behavior (Collier et al., 2004).

Harrington & Kendall (2006) have led to the concept of involvement by various organizational members in the strategic process which has been a frequent area of discussion, particularly in the areas of strategic decision making and strategy formulation. Organization which operates in a greater complexity environment will involves its members more into the implementation process. A public organization which utilizes strategic implementation processes and involves more organizational members across the hierarchy will tend to achieve greater success in strategic implementation. In the literature on the strategic planning process, there are two aspects of managerial involvement, i.e., quantity and quality, which have been widely recognized (Elbanna, 2008). Based on the opinions stated before, it can be concluded that the quality of involvement reflecting on the degree to which managers at different organizational levels (Yasai-Ardekani & Haug, 1997) effectively affect strategic choices.

Public managers and (internal and external) stakeholder which are more involved in strategy will not only see the process in a more favorable light but also act in ways that make the process become more effective. The quality of the decision-making may be improved by stakeholder involvement from affected parties such as citizens and business actors (Mulgan, 2009).
Furthermore, involving politicians and top management can also enhance commitment to the strategy (Moore, 1995). In addition, this link is clearly manifested through a web of interactions between a number of different actors, interests or stakeholders engaged in formulating strategic decisions and putting them into effect.

The term “involvement” is applied here because the term “participation” has connotations of full consultation. Meanwhile, involvement, for our informants, ranges from providing information for the decision-making process in order to be presented at meetings, and from carrying out the central tasks of implementation to supporting implementers with various advice or data (Miller, Hickson, & Wilson, 2008).

**Hypotheses Development**

Theoretical and empirical relationship among conceptual areas explained in previous section will be the basis for building conceptual framework in this study based on strategic planning perspective. Figure 1 shows the proposed theoretical model integrating the relationships among the observed variables.

![Figure 1. Conceptual Framework](image_url)

To test the models presented above the following hypotheses are formulated:

- **Hypothesis 1**: Formal strategic planning will significantly affect managerial involvement
- **Hypothesis 2**: Formal strategic planning will significantly affect stakeholder involvement
- **Hypothesis 3**: Managerial involvement will significantly affect strategic implementation success
- **Hypothesis 4**: Stakeholder involvement will significantly affect strategic implementation success
- **Hypothesis 5**: Stakeholder involvement will significantly mediate the effect of formal strategic planning on strategic implementation success.
- **Hypothesis 6**: Managerial involvement will significantly mediate the effect of formal strategic planning on strategic implementation success.

**Methodology**

This survey-based study was based on a path analysis designed to test a hypothetical model involving officers’ perception of formal strategic planning, managerial involvement, stakeholder involvement, and strategic implementation success.
Respondents of this study are 67 civil servants from various public institution in Cirebon’s municipal government. Respondents are categorized into three age groups: 30 – 39 years (n = 16 or 23.9 percent of respondents), 40 – 50 years (n = 12 or 17.9 percent of respondents), and > 50 years (n = 39 or 58.2 percent of respondents). Most respondents have a bachelor degree (n = 32 or 47.8 percent of respondents), followed with master degree (n = 19 or 28.4 percent of respondents), high school (n = 14 or 20.9 percent of respondents), and doctoral degree (n = 2 or 3.0 percent of respondents). The most officers among the respondents have work experience above 15 years (n = 46 or 68.7 percent of respondents), between 10 – 15 years (n = 14 or 20.9 percent of respondents), and between 5 – 10 years (n = 7 or 10.4 percent of respondents).

Instrument

**Formal Strategic Planning.** Seven items measuring formal strategic planning came from the scale of Elbanna et al., (2015). Items were adopted from the previous instrument with responses which were built on a 5-point Likert-type scale (1 = ‘minimal emphasis’, 5 = ‘great emphasis’). Sample item is “Determining the organization’s mission”. A higher score reflects a higher emphasis on formal strategic planning in municipal government.

**Managerial Involvement.** Three items measuring managerial involvement came from the scale of Elbanna et al., (2015). Items were adopted from the previous instrument with responses which were built on a 5-point Likert-type scale (1 = ‘highly ineffective participation’, 5 = ‘highly effective participation’). Sample item is “The participation of top management in developing strategic plan”. A higher score reflects a higher effective participation in managerial involvement of municipal government.

**Stakeholder Involvement.** Six items measuring stakeholder involvement came from the scale of Johnsen, (2017). Items were adopted from the previous instrument with responses which were built on a 5-point Likert-type scale (1 = ‘strongly disagree’, 5 = ‘strongly agree’). Sample item is Citizens and other external stakeholders which have been centrally involved in the development of our strategic plan. A higher score reflects a higher emphasis on formal strategic planning in municipal government.

**Strategic Implementation Success.** Four items measuring formal strategic planning came from the scale of Elbanna et al., (2015). Each item consists of different values, started with (1) “To what extent did your organization properly implement its strategic plan?” (minimum extent [1], great extent [5]); (2) “How well has each implementation task been completed?” (very poorly [1], very well [5]); (3) “How important has each implementation task been for this strategic plan?”(minimally important [1], very important [5]), and (4) “In general, how satisfied are you with the implementation of this strategic plan?” (very unsatisfied [1], very satisfied [5]).

Analysis

**Findings and Discussion**

Table 1 provides descriptive statistics and reliability scores for the variables used in the analysis in the usable sample. The means range from 3.19 to 3.56 and the standard deviations range from 2.408 to 6.127. The mean score for the formal strategic planning was 3.56, indicating a positive subjective assessment of overall formal strategic planning in public organization and particularly for its impact on greater involvement. Furthermore, the mean score for managerial involvement and stakeholder involvement were 3.36 and 3.23, indicating a medium effective
participation of managerial and stakeholder involvement in strategic process. Finally, the mean score for strategic implementation success was 3.19, indicating people have not made sure whether they are successful enough or not when implementing strategy in public organization.

Table 1. Mean of Variables, Standard Deviation and Intercorrelations (n = 67)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean (SD)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Formal Strategic Planning</td>
<td>3.56 (.937)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Managerial Involvement</td>
<td>3.36 (.739)</td>
<td>0.864**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Stakeholder Involvement</td>
<td>3.23 (.899)</td>
<td>0.768**</td>
<td>0.858**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Strategic Implementation</td>
<td>3.19 (.873)</td>
<td>0.800**</td>
<td>0.805**</td>
<td>0.870**</td>
<td></td>
</tr>
</tbody>
</table>

Notes: **p, 0.01; *p, 0.05; Cronbach’s alphas for each scale are italicized and shown in the diagonal

As can be seen, all variables have acceptable reliabilities, with Cronbach’s alpha coefficients of .70 or higher. This study found that formal strategic planning positively correlates with managerial involvement (r = 0.864, P < 0.001), stakeholder involvement (r = 0.768, P < 0.001), and strategic implementation success (r = 0.800, P < 0.001). Managerial involvement positively correlates with stakeholder involvement (r = 0.858, P < 0.001), and strategic implementation success (r = 0.805, P < 0.001). Finally, stakeholder involvement positively correlates with strategic implementation success (r = 0.870, P < 0.001).
## Table 2. Loading Factor and Mean among Indicators

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicator</th>
<th>Loading Factor</th>
<th>Mean Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal Strategic Planning</strong></td>
<td>Determining the organization’s mission</td>
<td>0.837</td>
<td>3.39</td>
<td>Medium emphasis</td>
</tr>
<tr>
<td></td>
<td>Developing major long-term objectives</td>
<td>0.820</td>
<td>3.64</td>
<td>Medium emphasis</td>
</tr>
<tr>
<td></td>
<td>Assessing the external environment</td>
<td>0.800</td>
<td>3.51</td>
<td>Medium emphasis</td>
</tr>
<tr>
<td></td>
<td>Assessing the internal environment</td>
<td>0.883</td>
<td>3.43</td>
<td>Medium emphasis</td>
</tr>
<tr>
<td></td>
<td>Generating strategic options</td>
<td>0.893</td>
<td>3.75</td>
<td>High emphasis</td>
</tr>
<tr>
<td></td>
<td>Evaluating strategic options</td>
<td>0.866</td>
<td>3.61</td>
<td>Medium emphasis</td>
</tr>
<tr>
<td></td>
<td>Gaining commitment to the strategic plan</td>
<td>0.858</td>
<td>3.64</td>
<td>Medium emphasis</td>
</tr>
<tr>
<td><strong>Managerial Involvement</strong></td>
<td>Participation of top management in developing strategic plan</td>
<td>0.708</td>
<td>3.43</td>
<td>Middle effective participation</td>
</tr>
<tr>
<td></td>
<td>Participation of middle management in developing strategic plan</td>
<td>0.856</td>
<td>3.43</td>
<td>Middle effective participation</td>
</tr>
<tr>
<td></td>
<td>Participation of operations managers in developing strategic plan</td>
<td>0.866</td>
<td>3.21</td>
<td>Middle effective participation</td>
</tr>
<tr>
<td><strong>Stakeholder Involvement</strong></td>
<td>Chief administrative officer involved in the development of strategic plan</td>
<td>0.903</td>
<td>3.16</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>Other municipal managers involved in the development of strategic plan</td>
<td>0.881</td>
<td>3.19</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>Municipal council involved in the development of strategic plan</td>
<td>0.795</td>
<td>2.93</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>Mayor has been centrally involved in the development of strategic plan</td>
<td>0.893</td>
<td>3.25</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>Lower-level employees centrally involved in the development of strategic plan</td>
<td>0.865</td>
<td>3.52</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>Citizens and other external stakeholders involved in development of strategic plan</td>
<td>0.550</td>
<td>3.34</td>
<td>Neutral</td>
</tr>
<tr>
<td><strong>Strategic Implementation Success</strong></td>
<td>To what extent did organization properly implement its strategic plan?</td>
<td>0.827</td>
<td>3.22</td>
<td>Medium extent</td>
</tr>
<tr>
<td></td>
<td>How well has each implementation task been completed?</td>
<td>0.917</td>
<td>3.24</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>How important has each implementation task been for this strategic plan?</td>
<td>0.918</td>
<td>3.25</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>In general, how satisfied with the implementation of this strategic plan?</td>
<td>0.740</td>
<td>3.04</td>
<td>Neutral</td>
</tr>
</tbody>
</table>
Table 2 shows that, for the formal strategic planning variable, the most important indicator that reflects it is the generating strategic option (X1.5) with the loading factor value of 0.893. While the indicator with the lowest loading factor value is assessing the external environment (X1.3) which shows the value of 0.800. From the highest mean indicator value, it is the generating strategic option (X1.5) indicator with the value of 3.75 or shows the high emphasis that the officer perceives on formal strategic planning. While the lowest emphasis on formal strategic planning is the indicator of determining the organization's mission (X1.1), which is indicated by the mean value of the lowest indicator compared to the others, which is 3.39.

The most important indicator for managerial involvement variables is the indicator of the participation of top management in developing strategic plan (X2.3) which shows the loading factor value of 0.866. While the indicator with the lowest value is the participation of top management in developing strategic plan (X2.1) which shows the loading factor value of 0.708. From the highest mean indicator value, it indicates that the participation of top management in developing strategic plan (X2.1) and Participation of middle managers in developing strategic plan (X2.2) have the highest form of managerial participation with 3.43. While the lowest participation is shown by the participation of operational managers in developing strategic plan (X2.3) of 3.21.

The most important indicator for stakeholder involvement variables is the chief administrative officer involved in the development of strategic plan (X3.1) which shows the loading factor value of 0.903. While the indicator with the lowest factor value is citizens and other external stakeholders involved in the development of strategic plan (X3.6) which shows the value of loading factor of 0.550. The highest indicator value is the lower-level employees centrally involved in the development of strategic plan (X3.5) of 3.52. While the lowest involvement is shown by the municipal council involved in the development of strategic plan (X3.3) with a mean value of 2.93.

The most important indicator for strategic implementation success variables is how important has each implementation task been for this strategic plan, which shows a loading factor value of 0.918. While the indicator with the lowest loading factor value is how satisfied with the implementation of this strategic plan which shows the value of 0.740. From the highest mean indicator value, it is the indicator of how important has each implementation of the task been for this strategic plan (Y1.3) which shows the value of 3.25. While the lowest mean score is (Y1.4) In general, how satisfied with the implementation of this strategic plan? which shows a value of 3.04.

<table>
<thead>
<tr>
<th>Construct</th>
<th>R-Square</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Strategic Planning</td>
<td>0.7251</td>
<td></td>
</tr>
<tr>
<td>Managerial Involvement</td>
<td>0.7458</td>
<td>0.6615</td>
</tr>
<tr>
<td>Stakeholder Involvement</td>
<td>0.5893</td>
<td>0.6788</td>
</tr>
<tr>
<td>Strategic Implementation</td>
<td>0.7701</td>
<td>0.7285</td>
</tr>
<tr>
<td>Success</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>0.7018</strong></td>
<td><strong>0.6985</strong></td>
</tr>
</tbody>
</table>

Table 3 shows the values of R-square and communality among observed variables in conceptual framework. Goodness of Fit in this study was assessed by the following equation: $V$
AR2 * A.Com = √ 0.7018 x 0.6985 = 0.7001. The value of 0.7001 indicates the model has a large predictive value. In addition, 97.60 percent of Q-Square Predictive Relevance (calculated through \( Q^2 = 1 - [1 - R_{12}] [1 - R_{22}] [1 - R_{32}] \)) for the model of strategic implementation success is explained by formal strategic planning, managerial involvement, and stakeholder involvement. Overall, the final model accounts for a relatively high percentage (97.60 percent) of the variance in strategic implementation success.

![Figure 2. Path Analysis Diagram](image)

**Hypotheses Testing for H1 and H2**

As shown in Figures 2 and 4, it can be seen that formal strategic planning has a significant positive impact on managerial involvement (\( \beta_1 = 0.864, \text{ sign } p 0.01 \)) and stakeholder involvement (\( \beta_2 = 0.768, \text{ sign } p 0.01 \)). These results indicate that hypotheses 1 and 2 are accepted. This means that formal strategic planning will affect managerial involvement (H1 is accepted) and stakeholder involvement (H2 is accepted). The increasing positive perceptions of formal strategic planning will improve managerial involvement and stakeholder involvement in the scope of municipal government of Cirebon.

<table>
<thead>
<tr>
<th>Relationship Between Variables</th>
<th>Direct Effect</th>
<th>Indirect Effect (through Managerial Involvement)</th>
<th>Indirect Effect (through Stakeholder Involvement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Formal strategic planning to managerial involvement</td>
<td>0.864**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Formal strategic planning to stakeholder involvement</td>
<td>0.768**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Managerial involvement to strategic implementation success</td>
<td>0.221*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Stakeholder involvement to strategic implementation success</td>
<td>0.680**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Formal strategic planning to strategic implementation success</td>
<td>0.191*</td>
<td>0.522*</td>
<td></td>
</tr>
</tbody>
</table>

Note: ** p, 0, 01; (2-tailed); * p, 0, 05; (2-tailed);
Hypotheses Testing for H3 and H4

As shown in Figures 2 and 3, it can be seen that managerial involvement has a significant positive effect on strategic implementation success ($\beta_3 = 0.221$, sign $p \leq 0.05$). While stakeholder involvement has a significant positive effect on strategic implementation success ($\beta_4 = 0.680$, sign $p \leq 0.01$). These results show that hypotheses 3 and 4 are accepted. This means that managerial involvement will affect strategic implementation success (H3 is accepted), and stakeholder involvement will affect strategic implementation success (H4 is accepted). This means that the increased positive perceptions of managerial involvement and stakeholder involvement will increase the strategic implementation success of the municipal government of Cirebon.

Hypotheses Testing for H5 and H6

Table 3 shows the indirect effects of formal strategic planning on strategic implementation success through managerial and stakeholder involvement. These results show that hypotheses 5 and 6 are accepted. Managerial and stakeholder involvement can strengthen the impact of formal strategic effect on strategic implementation success in municipal government in Cirebon, West Java, Indonesia. The greatest impact of mediation is on the role of stakeholder involvement to strengthen the effect of formal strategic planning on strategic implementation success.

Conclusion

The results of the analysis show that all hypotheses proposed in this research are accepted. Nevertheless, the research findings reveal some interesting points that formal strategic planning has the strongest predictor of managerial involvement. Formal strategic planning is a form of the implementation of strategy formulation based on strategic principles especially in the context of public organization. Considering that context, the more perceptions of a state apparatus on the process of strategy formulation will encourage the increased involvement of the managerial in a public organization.

On the other hand, the results also show that stakeholder involvement predicts the strategic implementation success to be greater than managerial involvement. Formal strategic planning in public sector organizations is more dominant in affecting managerial involvement. Yet, on the other hand, the success of the implementation of the strategy of public organizations is strongly affected by the involvement of stakeholders associated with the organization, both internally and externally. The scope of the stakeholder concept is viewed more broadly, so that the form of involvement from various parties on the implementation of a strategic planning of public organizations becomes very important to be maximized. In addition, the perception of this study among public services organizations on all variables in medium category would be of interest: how do they behave strategically in practice? Future studies should better represent the variety in strategic planning.

The current study has limitations that are expected to inspire future research agenda. The study was performed in a specific context—the municipal government of Cirebon, West Java in Indonesia—and for a specific period, which could be considered particularly not really well suited to studying implementation. The analysis has revealed the need for further research on several issues. There is a need for more studies from different context.
Acknowledgment

The authors of this article declare no conflict of interest. The authors are responsible for the content and writing of the paper.

Corresponding Author

1. Saekul Anwar
   Lecturer, Corresponding Author.
   Email: saekul.anwar@stialanbandung.ac.id
   School of Administration, National Agency for State Administration, Bandung, West Java, Indonesia

References


