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Organizational Strategy Execution: From Planning to Reality a Literature Review on Key Success Factors for Strategy Implementation in a Dynamic Environment, the Case of Indonesian Organizations

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ABSTRACT

Many organizations fail to achieve their strategic goals not due to poor planning, but because of weak strategy execution. *Strategy execution* is a critical stage that requires the involvement of top management, adaptive control systems, and support from mature performance measurement and risk management systems. This research aims to analyze the factors that influence the success and failure of strategy execution in dynamic environments, with a specific focus on Indonesian organizations. The research method employed is qualitative, with a systematic literature review approach, utilizing various relevant academic sources from international and local databases. The findings indicate that successful strategy execution is characterized by leadership commitment, risk prioritization, stakeholder involvement, periodic evaluations, and the integration of risk management throughout the strategic process. Conversely, failure in strategy execution is often caused by a lack of risk awareness, an unsupportive organizational culture, and the absence of a structured performance measurement system. In conclusion, effective strategy execution emerges from the deliberate alignment of three foundational pillars: structural organizational readiness, strong and accountable leadership, and an integrated system of performance and risk oversight. Organizations that cultivate balance across leadership commitment, adaptive control systems, and risk-performance integration are better positioned to transform strategic plans into tangible and sustainable outcomes, even amid dynamic environmental challenges. By managing these elements effectively, organizations can bridge the persistent gap between strategic intent and operational reality.

INTRODUCTION

In today's rapidly evolving and unpredictable business environment, *organizational strategy* plays a critical role in setting direction, defining priorities, and allocating resources. Yet, despite careful planning, many strategies fail, not due to conceptual flaws, but rather due to weak execution (Andersen et al., 2025; Mamidi, 2025). Core barriers such as poor interdepartmental communication, misaligned human capital, resistance to cultural change, and inadequate performance measurement systems frequently obstruct implementation efforts (Anahera Oganda & Fredrin Terizla, 2024).

The chasm between strategic formulation and implementation represents one of the most persistent challenges in contemporary *organizational* management (Balzano & Marzi, 2025; Mohammed et al., 2025). This implementation gap is particularly pronounced in dynamic environments where strategic agility and rapid adaptation are essential for survival and growth. The problem is further compounded by the historical scholarly and practitioner focus on strategy formulation, leaving a significant knowledge gap regarding the practical enablers and barriers of effective strategy execution (Anahera Oganda & Fredrin Terizla, 2024).

Empirical evidence from Indonesian institutions illustrates these challenges. For example, a case study at the Indonesia Stock Exchange revealed that incomplete documentation, suboptimal resource utilization, and poor vendor performance contributed to the failure of an IT project in 2018–2019 (Adi, 2016). Similarly, within the Ministry of Marine Affairs and Fisheries, the implementation of the Balanced Scorecard exposed critical gaps in budgetary support and employees' comprehension of strategic goals. These examples highlight the importance of execution mechanisms such as cascading individual scorecards and aligning strategic targets with operational roles (Nurcholis et al., 2017).

In sectors such as Islamic finance, execution frameworks also play a pivotal role, particularly in resolving non-performing portfolios (Girma, 2022; Ndambiri, 2015). Beyond technical infrastructure, top management leadership emerges as a determinant of success. The absence of CEO engagement in conflict resolution with vendors intensified the failure of the aforementioned IT project, while strong governance by board-level leaders expedited recovery efforts in financial institutions. These cases affirm that even well-designed strategies are vulnerable to breakdowns if not actively supported by executive leadership (Sulastri, 2023).

The digital transformation era presents both opportunities and challenges for strategy execution in Indonesia (Setiawan et al., 2025; Sudirman, 2025). For startups facing layered uncertainties across technology, markets, and capital access, strategic resilience becomes contingent upon leaders' anticipatory capacity. For instance, GoTo's consolidation of Gojek and Tokopedia succeeded largely due to proactive shifts in strategic priorities, from aggressive expansion to operational optimization, championed by its executive leadership (Hu, 2011; Sulastri, 2023). However, many Indonesian organizations struggle with the digital maturity required for effective strategy execution in the 21st century.

The urgency of understanding and improving strategy execution capabilities in Indonesian organizations cannot be overstated. Several converging factors make this research particularly timely and critical. First, Indonesia's position as an emerging economic power in Southeast Asia demands that its organizations develop sophisticated execution capabilities to compete effectively in global markets. Second, the accelerated pace of digital transformation across all sectors requires organizations to implement strategies with unprecedented speed and flexibility. Third, the complex regulatory environment and diverse cultural landscape of Indonesia present unique execution challenges that require context-specific solutions.

The COVID-19 pandemic further highlighted the critical importance of execution capabilities, as organizations with strong implementation frameworks were better able to pivot and adapt to rapidly changing circumstances (Ganesan, 2025; Ghosh et al., 2025). Those with weak execution mechanisms struggled to survive, let alone thrive, in the face of unprecedented disruption. This experience has created a renewed sense of urgency among Indonesian business leaders and policymakers to understand and strengthen the factors that enable successful strategy execution (Endaryono et al., 2025; Reniati et al., 2025).

This study makes several distinct contributions to the literature on *strategy execution*, particularly within the Indonesian context. First, it provides a comprehensive synthesis of strategy execution factors across multiple sectors in Indonesia, identifying common challenges and success patterns that transcend industry boundaries. Second, it develops an integrated framework that connects leadership, control systems, performance measurement, and risk management as interdependent components of effective strategy execution. Third, it offers context-specific insights into how Indonesian organizations can adapt global best practices in strategy execution to local cultural, economic, and regulatory conditions.

The novelty of this research lies in its multi-dimensional approach to understanding strategy execution in dynamic environments. Rather than focusing on isolated factors, it examines the complex interactions between leadership commitment, management control systems, performance measurement maturity, and risk management integration. This holistic perspective is particularly valuable for Indonesian organizations operating in environments characterized by rapid change and uncertainty.

This research aims to address several key questions that are central to understanding and improving strategy execution in Indonesian organizations: (1) How can strategies be effectively executed in dynamic and complex environments? (2) What organizational and contextual factors shape execution success or failure? (3) How do performance monitoring and evaluation systems support effective strategy execution? (4) To what extent do risk management and change management practices bridge the gap between strategic plans and real-world results?

To address these questions, this study employs a comprehensive literature review methodology, synthesizing insights from both international and Indonesian sources to develop a nuanced understanding of strategy execution challenges and solutions. The analysis is structured around four key dimensions: leadership and organizational commitment, management control systems, performance measurement frameworks, and integrated risk management.

The findings from this research have significant implications for both theory and practice. For academic researchers, it provides a structured framework for understanding strategy execution in emerging economy contexts. For practitioners, it offers evidence-based guidance on how to strengthen execution capabilities within their organizations. For policymakers, it highlights the institutional and regulatory factors that enable or constrain effective strategy execution at the organizational level.

By addressing these critical aspects of strategy execution, this study aims to contribute to the development of more resilient, adaptive, and effective Indonesian organizations capable of translating strategic visions into tangible outcomes in an increasingly complex and dynamic business environment.

METHOD

We employed a narrative literature review, sourcing over 50 articles from databases including Scopus, JSTOR, and Google Scholar. Inclusion criteria focused on relevance to strategy execution, Indonesian context, and publication after 2010. Thematic analysis was conducted through iterative coding, categorization, and theory-driven interpretation.

Data Analysis Procedure

The data were analyzed using a qualitative content analysis approach, which involved three main stages: data reduction, thematic classification, and conclusion drawing. The process focused on identifying recurring themes, theoretical patterns, and critical insights that contribute to the understanding of strategic execution challenges. Emphasis was placed on interpretive depth, coherence across themes, and their alignment with the study's objectives.

RESULT AND DISCUSSION

Factors Influencing the Success of Strategy Execution

The success of strategy execution is shaped by a complex interplay of organizational, managerial, and systemic factors. A review of the literature indicates that the gap between strategic planning and actual implementation is often attributed not to flawed strategy formulation, but to execution failures rooted in organizational realities. Several key dimensions consistently emerge as influential across sectors and contexts.

a) The Role of Leadership in the Success of Strategy Execution

First, the role of top management commitment is widely acknowledged as a cornerstone of successful execution. Leaders who actively communicate vision, align resources, and demonstrate accountability create the necessary momentum for cascading strategy into operations (Hrebiniak, 2006b). Conversely, a lack of executive involvement often results in fragmented initiatives and poor cross-functional coordination. The significance of strategy execution in achieving organizational objectives cannot be overstated. Even the most innovative and well-crafted strategic plans are rendered meaningless without effective implementation. Execution is where strategy is tested, and its value is realized through tangible outcomes. Effective execution requires leaders who are not only capable of designing and formulating strategies, but also skilled in mobilizing, motivating, and aligning their teams toward achieving strategic goals (Rahmat, 2023).

At the core of successful implementation lies strategic leadership at the top management level. As emphasized by Martinus and Ellitan (2023), top executives must be actively engaged in the strategic planning process to ensure that formulated strategies are deeply rooted in the organization's vision, mission, and long-term objectives. Without visionary and participative leadership, strategy risks being reduced to a static document—lacking practical influence and organizational commitment.This is clearly illustrated in the case of Tesla, where strategic execution is driven by Elon Musk's direct involvement in setting ambitious goals and steering technological innovation. His strategic leadership has enabled the company to align global market expansion with disruptive innovation. In contrast, many corporate failures to adapt to market shifts can often be traced back to executive disengagement from ongoing evaluation and strategic recalibration efforts (Martinus Nahak & Lena Ellitan, 2023)

To succeed in volatile environments, organizations must proactively identify internal and external risks, including technological obsolescence, regulatory shifts, and market turbulence, and embed adaptive mechanisms into their execution models. As Hu (2011) notes, agility and scenario-based planning significantly enhance execution capacity, particularly in high-growth settings like startups. These firms tend to outperform their peers when leadership prioritizes flexibility, iterative feedback, and strategic responsiveness as core elements of execution.Beyond the structural role of leadership, both leadership style and the quality of executive decision-making are critical determinants of strategy execution outcomes, either facilitating success or contributing to failure. Transformational and participative leadership styles, particularly at the senior management level, have been found to significantly influence team support, innovation climate, and the overall quality of implementation. Leaders who blend analytical competence with inclusive leadership approaches tend to enhance trust, accelerate decision-making processes, and foster proactive engagement within strategic initiatives. Evidence from a case study of a regional government-owned enterprise (BUMD) in West Java reinforces this perspective. Edison et al. (2023) observed that strategic leadership plays a pivotal role in bridging the gap between strategic planning and execution, creating internal alignment that boosts implementation efficiency.

To fully leverage the impact of leadership style on execution success, organizations must invest in cultivating an adaptive and collaborative organizational culture. A work environment that encourages open feedback, continuous learning, and employee empowerment fosters higher strategic commitment and ownership among team members. When individuals feel meaningfully involved and are given the space to contribute, they are more likely to demonstrate strong alignment with organizational goals. Thus, leadership that effectively integrates strategic clarity with participative values not only enhances team performance but also strengthens the organization's foundational resilience in the face of dynamic environmental challenges. Such leadership becomes a catalyst for adaptive capacity, strategic coherence, and sustainable execution outcomes.

b) Management Control Systems and Business Policy Alignment

Management Control Systems (MCS) serve as the backbone for translating strategic intentions into actionable operational practices. They ensure that day-to-day organizational activities remain aligned with long-term goals. Contemporary perspectives in control theory differentiate between two essential forms of control: enabling controls, which promote innovation and employee autonomy, and constraining controls, which enforce standardization and efficiency (Adler & Borys, 1996; Chandra, 2025; Simons, 1995). Both forms are vital and must be balanced to support strategy execution effectively.

In the Indonesian context, empirical studies have confirmed that this balance is key. For instance, Chandra's findings highlight that enabling controls significantly improve innovation outcomes by fostering autonomy and engagement among employees. Conversely, constraining controls, despite their rigidity, play a critical role in maintaining operational discipline and minimizing deviations from strategic plans. This dual function is particularly vital in dynamic environments, where flexibility and stability must coexist to ensure successful execution (Eker, 2016)

The success of strategy execution is highly contingent upon an organization's ability to strike an optimal balance between enabling and constraining controls. When enabling controls are applied effectively, employees tend to feel more engaged, empowered, and encouraged to innovate. This, in turn, allows strategic initiatives to be executed in a more adaptive and dynamic manner. Such flexibility is especially critical in rapidly changing business environments, where rigid systems often become obsolete. Consequently, enabling management control systems (MCS) contribute to strategic success by enhancing individual and team performance, fostering alignment without stifling creativity.

However, the success of strategy execution is not solely dependent on the organization's capacity to foster innovation; it also requires precision in maintaining operational stability and efficiency. This is where constraining controls play a pivotal role. By establishing clear boundaries and implementing rigorous monitoring mechanisms, organizations can minimize deviations from strategic plans and mitigate unnecessary risks. Such controls are essential to ensure that operational processes adhere to established standards and that resources are utilized optimally. The integration of flexible enabling controls with robust constraining mechanisms positions management control systems (MCS) as a powerful tool for strategic execution, capable of balancing creativity with discipline, and agility with accountability.

Moreover, execution failures often occur when there is misalignment between the nature of the strategy and the type of control applied. If an innovative strategy is governed by overly restrictive control systems, creative efforts may be stifled. Likewise, applying lax controls to a compliance-driven strategy may lead to inefficiencies and loss of accountability. As such, organizations should conduct periodic strategic control reviews to assess the relevance and fit of their control mechanisms within evolving strategic and environmental contexts (Kaplan & Norton, 2001)

Moreover, business policies act as normative anchors that guide organizational actions. While policies define what should be done, MCS determine how policies are enacted. Effective MCS operationalize these policies into measurable, monitorable behaviors across the organization. Importantly, policy design must consider the nature of control systems. For example, innovation-centric policies require enabling controls to encourage creativity and experimentation, while compliance-focused policies necessitate more constraining mechanisms (Adler & Borys, 1996; Simons, 1995).

When execution falters, revisiting not only the control systems but also the underlying business policies becomes essential. Rigid, outdated, or misaligned policies can hinder responsiveness. Therefore, a comprehensive strategic recovery process must involve the redesign of both the policy framework and control systems. Organizations that maintain coherence among strategy, policy, and control systems are better positioned to adapt, recover from failure, and achieve long-term strategic goals (Eker, 2016) When strategy execution fails to deliver expected outcomes, a comprehensive strategic review must be conducted. This process should involve identifying root causes of failure, both internal, such as weak leadership, misaligned organizational culture, or inadequate control systems, and external, such as rapid market shifts or regulatory changes. Once the underlying issues are diagnosed, management must redesign its control approach to be more adaptive and context-sensitive. Key recovery actions include involving all stakeholders, enhancing internal communication, and adjusting strategic targets and performance indicators to ensure that the revised strategy is realistic, actionable, and aligned with organizational capacity.

The relationship between management control systems (MCS) and business policies is intrinsically interconnected. Business policies serve as normative guidelines for both strategic and operational decision-making, while MCS ensure those policies are consistently executed across all levels of the organization. A business policy that is formulated without considering an appropriate control framework risks being unimplementable. Conversely, a well-structured MCS translates policy into measurable actions, allows for ongoing monitoring, and enables dynamic adjustment when necessary to support strategic goals. In the context of strategy execution, business policies must be aligned with the type of control mechanisms applied. For instance, an organization promoting digital innovation must reinforce enabling controls to encourage exploration and creativity among employees. On the other hand, policies focused on cost efficiency or regulatory compliance require stronger constraining controls to prevent deviation and maintain order. In this sense, business policy provides the normative direction, while MCS functions as the operational tool that ensures those directions are followed effectively during strategy implementation.

Business policy also plays a critical role in responding to execution failures. When strategic plans derail, it is insufficient to adjust only the control mechanisms; management must also revisit the existing policies. Inflexible, outdated, or misaligned policies can obstruct responsiveness and adaptation. Therefore, policy review becomes a crucial part of strategic recalibration, ensuring that policy direction remains relevant and supports the organization's evolving strategic needs. Ultimately, the success of strategy execution depends not only on the precision of control systems, but also on the degree to which business policies are formulated responsively and supported by an effective MCS framework. Organizations that maintain coherence among policy, strategy, and control are more resilient in navigating external and internal challenges, and are better equipped to recover from failure through structured, outcome-oriented improvement measures.

Performance Measurement as Strategic Execution Enabler

The success of strategic execution is not determined solely by the quality of planning or leadership but also by the presence of a structured performance measurement system that supports consistent and accountable implementation. Performance metrics help transform strategic objectives into operational actions and enable organizations to monitor progress, correct deviations, and adapt to environmental changes. Three core components are widely recognized as indicators of effective strategy execution: First, the implementation of the Balanced Scorecard (BSC) serves as a multidimensional performance framework that aligns long-term organizational goals with both financial and non-financial indicators. By translating strategy into measurable targets across four perspectives (financial, customer, internal processes, and learning & growth) BSC fosters alignment across business units and strengthens strategic focus (Muraba et al., 2024; Werner & Xu, 2012). Empirical studies highlight that organizations adopting BSC not only improve internal coherence but also demonstrate enhanced innovation, agility, and stakeholder satisfaction.

Second, the maturity level of performance measurement and risk management systems plays a critical role in shaping organizational responsiveness. Mature systems are characterized by clear key performance indicators (KPIs), integrated risk tracking mechanisms, and dynamic feedback loops. These systems enhance strategic agility by enabling early identification of risks and proactive decision-making (Vishwasrao & Sabri, 2015). Maturity models, when applied effectively, provide a roadmap for improving performance system capabilities in line with strategic objectives.Third, continuous evaluation of both process and outcomes is essential to ensure that strategy implementation remains on course. Periodic reviews allow management to detect inefficiencies, refine targets, and adjust operational policies in response to changing business environments. According to Kaplan and Norton (2001), organizations that institutionalize review cycles are more capable of maintaining alignment between strategy and execution, especially under dynamic or disruptive conditions.

The Balanced Scorecard (BSC), developed by Robert Kaplan and David Norton, is a strategic management tool designed to translate an organization's vision and strategy into a coherent set of operational objectives and performance metrics. The term balanced refers to the framework's emphasis on integrating both financial and non-financial perspectives, ensuring that performance is not assessed solely through profit margins but also through indicators related to customers, internal business processes, and learning and growth (Kaplan & Norton, 1996). The scorecard component signifies a structured and continuous tracking system for both short- and long-term performance.

By incorporating these four perspectives, the BSC provides a comprehensive lens through which organizations can align daily activities with overarching strategic goals. It serves as a bridge between strategic planning and operational execution, offering a dynamic mechanism to assess whether the organization is progressing as intended—or whether strategic adjustments are needed (Werner & Xu, 2012). In practice, the Balanced Scorecard functions as both a performance monitoring tool and a strategic compass. For example, if an organization's strategy prioritizes customer satisfaction, the customer perspective in the BSC may include indicators such as customer retention, service quality, and complaint resolution rates. When these indicators fall short of targets, managers are alerted to underlying issues that may require corrective action, such as process redesign or employee training.

Importantly, the BSC also plays a pivotal role in diagnosing and responding to strategy execution failures. When strategic initiatives underperform, the BSC enables a root-cause analysis across all four dimensions. A shortfall in financial results, for instance, might be linked to inefficiencies in internal processes or gaps in staff capabilities, both of which can be detected through BSC metrics (Dominic et al., 2008). This data-driven diagnostic function allows organizations to implement targeted corrective measures rather than relying on assumptions or anecdotal feedback.

As a result, the Balanced Scorecard operates not merely as a retrospective evaluation tool but as an adaptive strategic management system. It supports continuous learning, real-time feedback, and informed decision-making. Organizations that integrate the BSC effectively are better equipped to balance short-term performance targets with long-term strategic objectives, navigate market uncertainty, and build resilience through strategic alignment (Muraba et al., 2024). In essence, the BSC's value lies not only in its capacity to measure performance but in its ability to guide behavior, enable strategic agility, and institutionalize a culture of accountability. It transforms abstract strategic intent into actionable and measurable outcomes, making it an essential component in modern strategy execution frameworks.

a) Performance and Risk Management Maturity as Foundations for Strategy Execution

Strategic execution success is not only influenced by robust planning and leadership but also by the maturity level of the organization's performance measurement and risk management systems. A mature system enables an organization to monitor strategic processes with greater objectivity and precision, thus enhancing its capacity to respond rapidly to internal and external changes.According to Baskoro's insights, organizational maturity in performance measurement is pivotal for early identification of inefficiencies, structured decision-making, and proactive strategy adjustment. More mature systems incorporate clear key performance indicators (KPIs), real-time data integration, and alignment across departments—enabling management to shift from reactive to anticipatory execution practices. This is supported by findings from Jia et al. (2013), who emphasized that a reliable performance maturity model facilitates real-time tracking and strategic responsiveness in large-scale, complex systems (Jia et al., 2013).

Equally vital is the maturity of risk management. A well-developed risk management system is not only capable of identifying potential risks, but also of assessing their impact on strategic goals and embedding mitigation efforts into governance and operational routines. Research by Utami and Pasaribu (2024) on Indonesian state-owned enterprises (SOEs) demonstrates that higher maturity levels, categorized in models like the Risk Maturity Index (RMI), are correlated with integrated risk governance, stronger risk culture, and more adaptive decision-making processes (Utami & Djunita Pasaribu, 2024). The RMI framework, often applied in government-linked corporations, outlines five maturity levels: initial, repeatable, defined, managed, and optimizing, each representing progressive levels of integration and sophistication in risk handling. The interdependence between performance and risk maturity forms a resilient foundation for execution. When both systems are well-integrated, organizations gain the ability to anticipate disruptions, manage uncertainties, and remain focused on strategic targets despite dynamic business environments (Kusrini et al., 2023). This maturity synergy strengthens decision speed, accountability, and execution consistency.

In the event of strategy failure, organizations should not fall into reactive blame but instead initiate a strategic learning and review process. Periodic evaluations, post-implementation audits, and recalibration of performance metrics are key pillars of adaptive strategy execution (ALIJOYO & VORST, 2022). These reviews help detect performance deviations, revise outdated metrics, and align operational policies with evolving market realities. More importantly, they reinforce the integration between outcomes, performance evaluation, and risk insight, thus converting failure into actionable knowledge. Ultimately, maturity in performance and risk systems does more than enable monitoring, it equips organizations to execute strategies with foresight, agility, and discipline. Evaluation, in this context, is not merely an administrative routine but an embedded mechanism of strategic resilience, enabling organizations to adapt continuously while remaining committed to long-term goals.

The adaptive strategy execution approach emphasizes the critical importance of conducting periodic strategic reviews, post-implementation audits, and continuous refinement of performance measurement and risk management systems. These evaluation mechanisms serve as corrective tools that enable organizations to identify and address gaps or deviations between strategic plans and actual outcomes. When execution fails to meet expected targets, regular reviews provide a structured pathway to diagnose ineffective processes, adjust operational policies in response to environmental dynamics, and update obsolete performance indicators. Moreover, strategic evaluation strengthens the integration between performance outcomes, risk insights, and measurement frameworks, ensuring that strategic management remains evidence-driven and aligned with changing realities. Therefore, evaluation should not be perceived as a mere administrative routine, but as a core component of adaptive, resilient, and sustainable strategy execution. It enhances an organization's responsiveness to change and reinforces the capacity for continuous improvement, especially in complex and volatile environments.

The Role of Risk Management and Change Management in Supporting Strategy Execution

In the process of executing strategy, success depends not only on sound planning and performance measurement but also heavily on an organization's capacity to manage risks and adapt to change. Amid increasing environmental uncertainty and the demand for agility, risk management and change management emerge as two essential pillars that enables organizations to implement strategies consistently and sustainability. These functions as both protective and stabilizing systems, helping organizations remain resilient in the face of disruption and volatility. In recent years, the Indonesian public sector has begun to recognize the critical role of risk management in enhancing governance quality. However, as noted in Priyarsono's research, while formal regulations may be in place, implementation across ministries and government agencies remains uneven and often lacks the desired level of maturity. This concern echoes findings in the broader literature, where public institutions globally face similar challenges in translating enterprise risk management (ERM) frameworks into operational practice . Organizations,whether public entities or startups. that develop mature risk management systems are generally more adaptable and better able to sustain strategic direction. Risk maturity models, such as the Risk Maturity Index (RMI), identify progressive stages from initial to optimized, reflecting an organization's integration of risk culture, governance, and formal procedures. Higher maturity correlates with enhanced anticipatory capabilities, data-driven decision-making, and strategic continuity even under pressure(Utami & Djunita Pasaribu, 2024).

Conversely, unmanaged risks, even in the presence of performance measurement systems, can severely undermine execution. performance measurement systems play a dual role: monitoring implementation progress and reinforcing strategic objectives. Tools such as the Balanced Scorecard not only track outcomes but also facilitate alignment across departments. However, empirical evidence shows that without proper understanding and integration into daily operations, these tools can become mere administrative exercises (Kaplan & norton, 2001). To mitigate potential failure, organizations require a proactive early warning system, routine risk scanning, and the capacity to revise operational policies in light of ongoing risk evaluations. These practices ensure that strategic decisions are not only well-informed but also responsive to dynamic contexts (Kapuscinska & Matejun, 2014).

Complementing risk governance, change management is equally crucial. Adaptive strategy execution demands that organizations not only detect risk but also manage transitions effectively, whether structural, procedural, or behavioral. This includes engaging stakehold ers, facilitating continuous communication, and maintaining organizational alignment throughout the change process. Evaluation and learning play a central role in both domains. Post-implementation audits and regular strategic reviews function as feedback loops, allowing organizations to detect deviations between plans and outcomes. These mechanisms not only help in correcting strategic missteps but also in refining risk frameworks and updating performance metrics, thereby reinforcing organizational responsiveness and resilience (Alijoyo & Vorst, 2022).

In the Indonesian context, there are several challenges in implementing risk management within organizational strategy execution, namely the following:

a) Limited Understanding and Commitment from Top Management

A common barrier to effective risk management in strategy execution is the insufficient understanding and engagement of top-level executives. In many organizations, risk management is still perceived as a compliance-oriented administrative task rather than an integral component of strategic leadership. This misperception often results in a lack of genuine commitment to implementation, even when formal regulations are in place. Bridging this gap requires more than policy mandates, it necessitates targeted executive education that integrates risk awareness into broader strategic thinking. Strategic leadership programs should combine training on vision articulation, strategic formulation, and disciplined risk governance at the executive level. As supported by Andersen and Young (2023), embedding risk perspectives into strategic leadership enhances not only responsiveness but also organizational foresight and resilience

In addition, incorporating risk-related Key Performance Indicators (KPIs) into managerial performance assessments can serve as a powerful lever for accountability and culture-building. By formally linking executive evaluation to risk mitigation outcomes, organizations foster a proactive mindset and shared responsibility for controlling strategic threats. According to Alijoyo and Vorst (2022), this approach reinforces vertical alignment between strategic planning and operational risk control. Ultimately, for risk management to genuinely support strategy execution, it must be integrated into the strategic planning cycle itself. This includes embedding risk assessment into goal setting, allocating resources based on risk exposure, and ensuring that mitigation plans are monitored as part of routine performance tracking. When leadership commitment is combined with structural integration, risk management becomes a driver, not a constraint, of strategic success. Identification of strategic risks prior to the initiation of action plans; Development of mitigation strategies based on formal risk scoring and prioritization; Routine monitoring and evaluation of risk indicators; and Iterative adjustments of mitigation measures and KPIs in response to environmental volatility.

Organizations must avoid treating strategic planning and risk management as separate silos. Instead, cross-functional collaboration must be institutionalized to ensure shared ownership of risks and accountability. Risk management units, operational teams, and executive leadership should operate with a common language: What are the key strategic risks? Who is responsible for mitigation? And how do mitigation efforts align with strategic priorities? This approach is reinforced by empirical findings in the public sector and state-owned enterprises (SOEs), which demonstrate that transparent risk communication by senior leaders and the encouragement of voluntary risk reporting significantly contribute to building a strong culture of organizational risk awareness (Ibadildin et al., 2025; Andersen & Young, 2023).

Consequently, the success of strategy execution depends heavily on leadership competence in risk governance, the clarity and enforcement of risk-based KPIs, and an organizational culture that supports both mitigation and adaptation. When strategic dilemmas arise (be they financial, operational, or reputational) organizations with mature, performance-driven risk management systems are far better positioned to respond and recalibrate their strategies swiftly and effectively. In contrast, organizations that rely solely on static, compliance-based risk documents often face uncontrolled execution breakdowns when confronted with dynamic uncertainty.

b) Resource and Infrastructure Constraints

In the Indonesian context, resource and infrastructure limitations present a critical barrier to the effective implementation of risk management practices, particularly among micro, small, and medium enterprises (MSMEs), early-stage startups, and local government units in under-resourced regions. These organizations often face chronic shortages of skilled human capital, limited access to digital infrastructure or modern risk assessment tools, and inadequate financial resources to support the adoption of formal frameworks such as ISO 31000. As a result, risk management is frequently deprioritized or reduced to reactive measures, rather than being embedded as a proactive and preventive component of strategic execution. Without sufficient capacity, these institutions are highly vulnerable to operational disruptions, financial shocks, and strategic misalignment, risks that not only threaten organizational continuity but also undermine the delivery of essential public services in marginalized areas. Building local capacity, providing subsidized risk training, and fostering public–private collaboration are therefore essential steps toward cultivating more resilient governance and enterprise systems in Indonesia (Liwang et al, 2018).

Despite these challenges, several pragmatic and scalable solutions can be implemented to improve risk management capacity in resource-constrained organizations. First, even at a basic level, the digitalization of processes can significantly enhance efficiency, traceability, and transparency in risk identification and mitigation efforts. Simple tools such as digital risk logs, shared dashboards, or mobile-based monitoring platforms can help institutionalize risk practices without requiring large-scale infrastructure. Second, organizations can consider allocating a modest budget for either part-time risk officers or basic risk management training for existing staff. These low-cost investments provide an important foundation for embedding a culture of risk awareness and help initiate structured approaches to early risk detection and response. Such incremental steps are particularly relevant in Indonesia's decentralized governance and MSME sectors, where tailored, resource-sensitive interventions are critical to enabling strategic resilience. In the context of effective strategy execution, the author proposes several actionable steps that can be implemented:

1) Risk Prioritization

The first and most critical step in effective strategy execution is to identify and prioritize key risks that may hinder the achievement of strategic goals. These risks may span across financial, operational, technological, and reputational domains. By focusing on the most significant and likely threats, organizations can develop targeted and resource-efficient mitigation plans, avoiding the dilution of attention and effort across low-impact concerns. Risk prioritization should be supported by a formal risk scoring system that evaluates both the likelihood and potential impact of each risk on strategic outcomes. This structured approach ensures that mitigation efforts are data-driven, aligned with strategic objectives, and conducive to efficient resource allocation.

2) Phased Action Planning

Once key risks have been identified and prioritized, organizations should develop a phased and context-sensitive action plan that aligns with their internal capabilities and readiness levels. Effective strategy implementation does not necessarily require an immediate, enterprise-wide rollout. Instead, it can begin at a smaller scale, such as within a single department, operational unit, or core business process, allowing for a controlled pilot phase. This staged approach enables organizations to test interventions, assess outcomes, and refine practices before scaling up across the organization. In modern settings, this phase may also involve the development of digital solutions, process automation, or targeted training programs designed to close specific competency gaps. A phased implementation reduces organizational resistance, minimizes execution risks, and promotes continuous learning throughout the strategy lifecycle.

3) Active Stakeholder Engagement

An essential step in successful strategy execution is to ensure active and inclusive engagement of all relevant stakeholders, including senior leadership, line managers, and operational staff. Such involvement fosters a strong sense of ownership over the strategy and promotes organizational alignment. When stakeholders are meaningfully engaged early in the planning phase, resistance to change is significantly reduced, and a participatory culture is cultivated that supports smoother and more sustainable implementation. Effective engagement also requires establishing open, two-way communication channels between decision-makers and frontline actors, ensuring that feedback loops are operational and that implementation challenges are addressed collaboratively. As emphasized in strategic management literature, stakeholder buy-in is not merely desirable, it is foundational to long-term execution success in both public and private sector contexts (Bryson et al., 2018; Verweire, 2014)

4) Monitoring and Evaluation

A final but equally crucial step in successful strategy execution is the systematic monitoring and evaluation (M&E) of implementation at each stage. The purpose of evaluation extends beyond verifying whether strategic goals are being met—it is also vital for identifying performance deviations, operational bottlenecks, and latent opportunities for refinement. As emphasized by Mbago and Njoroge (2023), robust M&E practices serve as decision-making enablers, providing empirical feedback that supports the revision of internal policies, reallocation of resources, and continuous improvement of performance indicators. Without structured monitoring mechanisms, even the most well-designed strategies risk failure during execution. Regular evaluations function as feedback loops that help translate strategic intent into operational coherence and accountability. They also play a central role in institutional learning, enabling organizations to adapt and improve in response to dynamic challenges (Okfalisa et al., 2009). In short, M&E is not a peripheral administrative task, it is an essential managerial practice that ensures that implementation remains aligned, measurable, and responsive.

Considering the various constraints and potential solutions discussed, it can be concluded that the successful implementation of risk management in strategy execution largely depends on an organization's ability to adapt to limitations and commit to gradual innovation. In Indonesia, this is particularly evident in sectors such as MSMEs, early-stage startups, and local governments, where resource scarcity often hampers structured strategic planning and risk governance. Nonetheless, practical entry points, such as digitalizing basic operational processes, strengthening human capital through targeted training, and fostering active stakeholder engagement, can serve as transformational early-stage interventions. As demonstrated by Handayani et al. (2024), digital tools and diversified mitigation strategies have improved income stability and risk responsiveness among MSMEs in Bandar Lampung. Similarly, Fauzan & Syara (2025) highlight the role of organizational agility, coupled with risk management, in enhancing MSME competitiveness post-pandemic .

Furthermore, adopting a phased strategic approach, focusing on risk prioritization, inclusive participation, and continuous monitoring, can provide a robust foundation for realizing long-term strategic visions. Even in environments with limited resources, organizations that design measurable, inclusive, and adaptive risk management systems are more capable of maintaining strategic alignment and resilience. As Ulupui et al. (2024) argue, the integration of risk identification with organizational readiness is essential for sustaining strategic momentum in Indonesian MSMEs (Ulupui et al., 2024). Ultimately, strategic success is not defined by resource abundance, but by the precision and responsiveness with which risk management is embedded into strategic execution. Organizations that recognize this imperative are better positioned to thriv, even amid uncertainty.

CONCLUSION

A comprehensive review of the literature reveals that organizational strategy success depends less on formulation quality and more on effective execution, which requires synergy among visionary leadership, aligned management controls, responsive policies, performance measurement systems, and risk management. Strategic failures often arise from inadequate top management commitment, misaligned controls, and poor organizational readiness for change. Executive strategic leadership, particularly participatory and transformational styles, is vital in fostering an adaptive, performance-driven culture. Tools like the Balanced Scorecard and continuous performance audits enable organizations to respond effectively to market volatility and external disruptions. Crucially, integrating risk and change management bridges strategic planning with operational realities, especially amid digital transformation and uncertainty.

Future research could explore how emerging technologies and data analytics might further enhance real-time strategy execution and risk assessment to improve organizational agility in rapidly evolving global environments.

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