

# From strategy to implementation: a relational model of vertical-horizontal alignment in Indonesian financial services

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## Abstract

This study addresses a gap in strategy implementation research by identifying the core factors enabling vertical-horizontal alignment and explaining how they interact as a relational system. Such enabling factors and their relational mechanisms remain underexamined in the literature. Adopting an interpretive qualitative approach and a multiple-case study design, the study draws on 20 semi-structured interviews with directors, general managers, and managers from four Indonesian financial services organizations. The findings reveal six core enablers: clear strategy, strong leader, strategic management office, management system, communication, and open discussion. These enablers do not operate in isolation but interact as a dynamic relational system in which clear strategy functions as the central integrative factor linking strategy formulation and implementation, while the entry point into the alignment process may vary across organizations. This study contributes to the strategy implementation literature by reframing vertical-horizontal alignment as a dynamic relational process. Practically, it provides a diagnostic basis for organizations seeking to strengthen cross-level and cross-functional alignment in strategy implementation.

**Keywords:** *strategic management, strategy formulation, strategy implementation, strategy alignment, vertical-horizontal alignment.*

## Introduction

Strategy implementation remains a major organizational challenge (Cândido & Santos, 2015) because many strategies lose momentum during execution, and the implementation process is less theoretically developed than strategy formulation (Holm et al., 2026; Rowe & Nevmerzhytskyi, 2025; Wowerath, 2026). Strategies often fail not because organizations lack a strategy, but because the strategy is not properly translated into clear work priorities, is not commonly understood, and is not consistently enacted across hierarchical levels and organizational functions. This persistent gap between formulated strategy and organizational outcomes points to a fundamental, underexamined problem: the absence of mechanisms that translate strategy into coherent work priorities enacted consistently across levels and functions.

The strategy implementation literature reinforces this diagnosis by reframing the core challenge. The central issue in implementation is not whether an organization has a strategy, but whether that strategy can be translated into clear work activities and consistent actions throughout the organization. Strategy implementation is thus not an administrative stage following formulation, but an organizational process requiring alignment among strategic direction, managerial decisions, work coordination, and day-to-day operations (de Oliveira et al., 2019). Rowe and Nevmerzhytskyi (2025) accordingly

argue that the essence of strategy implementation lies in internal alignment, a perspective that shifts the focus from strategy as a document to strategy as an organizational process enacted by actors across multiple levels.

Within this multi-level process, middle managers occupy a particularly important role. They do not merely receive direction from top management but actively interpret strategy, maintain team focus, and connect strategic objectives with operational realities. Tawse et al. (2024) highlight the importance of middle manager leadership and coordination for implementation effectiveness, while Wowerath (2026) emphasizes their role in translating strategy through communication, feedback, and active sense-giving processes. Strategy implementation, therefore, inherently involves cross-level and cross-functional challenges, making alignment a central rather than peripheral implementation issue.

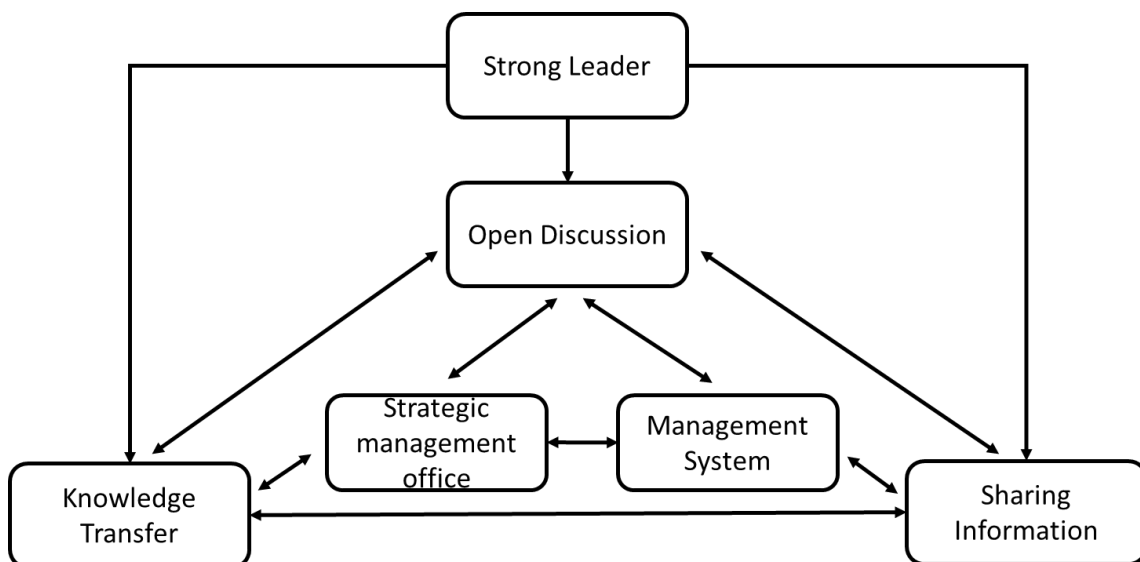
Vertical–horizontal strategic alignment is critical in this context because it links strategies formulated by top management with their translation across hierarchical levels and coordination across functions (Ghonim et al., 2022; da Silveira et al., 2018; Hrebiniak, 2006; Roche & Baumgartner, 2025). The vertical dimension concerns the cascading of strategic objectives from higher to lower levels, while the horizontal dimension concerns the alignment of meaning, priorities, and actions across functions so that strategy is not implemented in a fragmented form (Srivastava & Sushil, 2017). Recent studies affirm that both dimensions are essential and equally important, though they are often discussed separately in the literature (Lajevardi, 2024). Wilson et al. (2024) point to vertical and horizontal alignment in Hoshin Kanri; Vinayavekhin and Phaal (2023) emphasize alignment, integration, and synchronization across organizational layers; Monteiro De Barros and Fischmann (2020) propose specific indicators of organizational alignment for achieving strategy implementation effectiveness; Nyman et al. (2025) show that integrated business planning bridges strategy and operational coordination; and Wowerath (2026) demonstrates that OKRs strengthen integrative implementation through transparency, communication, and cross-functional collaboration. Complementing these structural perspectives, recent work also indicates that alignment cannot be sustained through target cascading or formal systems alone, but depends on leadership quality, open communication, and strategic clarity (Bellis et al., 2023; Smith & Thomas, 2024; Stadler & Scheidegger, 2024; Tawse et al., 2024). Yet despite these contributions, vertical–horizontal alignment frequently remains an implicit backdrop rather than an integrated implementation challenge, even though many implementation failures arise precisely at the intersection of the two dimensions.

A synthesis of this prior literature suggests that vertical–horizontal alignment is supported by at least four groups of mechanisms. The first concerns the flow of information and understanding across levels and functions, reflected in practices of information sharing and knowledge transfer (Hrebiniak, 2013). The second concerns spaces for dialogue, participation, and clarification, reflected in open discussion as a structural practice (Wilson et al., 2024). The third concerns leadership that maintains strategic direction and organizational focus, represented by the notion of a strong leader (Bertolotti et al., 2019; Tawse et al., 2024). The fourth concerns facilitative structures and managerial systems that sustain the rhythm of implementation, represented by the strategic management office and the management system (Kaplan & Norton, 2008a). When synthesized, these mechanisms surface six candidate factors: information sharing, knowledge transfer, open discussion,

strong leader, strategic management office, and management system. However, these factors remain dispersed across the literature and have not yet been integrated into a dedicated explanatory model of vertical–horizontal alignment.

This gap is significant. Holm et al. (2026) note that the strategy implementation literature remains fragmented, while Vigfússon et al. (2021) demonstrate, through an empirical review, that the obstacles and success factors of strategy implementation are dispersed across studies. Foss and Mazzelli (2025) further call for greater attention to dynamic social interactions among managers across organizational levels. As a result, while potentially relevant factors have been identified, the literature has not yet sufficiently explained which core factors actually shape vertical–horizontal alignment and how the relationships among those factors operate in organizational practice.

Building on this synthesis, this study begins with an initial proposition model incorporating the six factors identified above. At this stage, the model is positioned as a preliminary conceptual framework rather than the study's final model, it serves as a theory-informed point of departure. The model also includes proposed relationships among the factors: a strong leader is expected to encourage knowledge transfer and information sharing, which in turn strengthens open discussion, while the strategic management office and management system are expected to function as facilitative and integrative mechanisms maintaining alignment from formulation to implementation. Figure 1 presents this initial proposition model of Vertical–Horizontal Alignment Factors.



**Figure 1. Initial Proposition Model**

The existence of this initial model does not mean that the research questions are already answered. The model still requires empirical examination because it is built from a literature base that remains partial and fragmented, the relationships among factors are derived from theoretical synthesis rather than empirical observation, and the literature can identify candidate factors but cannot determine which are truly core or how their relationships actually operate in practice. This study therefore adopts a theory-informed multiple-case design rather than a purely grounded approach: the initial framework helps focus the analysis but must still be tested, enriched, and revised through empirical data

(Gülpınar, 2024; Herber et al., 2026).

Based on these gaps, this study addresses two research questions: (1) what core factors enable the emergence of vertical–horizontal strategic alignment? and (2) how do the relationships among these factors shape strategy implementation in organizational practice? To answer these questions, the study adopts an interpretive qualitative approach using a multiple-case study design involving four financial service organizations in Indonesia.

This study offers three contributions that depart explicitly from prior work. First, whereas existing research has examined alignment enablers separately leadership (Tawse et al., 2024), dialogue (Bellis et al., 2023), or deployment systems (Wilson et al., 2024). This study integrates them into a relational model, reframing vertical–horizontal alignment as a dynamic relational process rather than a static condition of fit (Chorn, 1991; Schweikl & Obermaier, 2023). Second, it identifies six core factors that enable this alignment in practice: clear strategy, strong leadership, a strategic management office, a management system, communication, and open discussion. Third, it shows that clear strategy functions as the central linking factor in the relational system, while the entry point into alignment varies across organizations, a diagnostic dimension that prior literature has not articulated. The findings provide both a refined theoretical framework and a diagnostic basis for organizations seeking to strengthen cross-level and cross-functional alignment.

## **Methods**

This study adopts an interpretive qualitative, theory-informed multiple-case study design (Yin, 2018). The aim is not only to identify the factors enabling vertical–horizontal strategic alignment, but also to understand how those factors interact in organizational practice as a relational process across hierarchical levels and functions (Fife & Gossner, 2024; John Creswell, 2018).

Case selection was conducted purposively at the organizational and informant levels. At the organizational level, four cases were selected based on three criteria such as operating in the financial services industry, located in Java and Bali, and possessing clear hierarchical structures within a highly regulated environment. The four selected organizations were BCA Digital (digital bank), FIF (multifinance company), BPR Lestari (rural credit bank), and Bank Sinarmas (conventional bank) chosen not to represent the entire sector but to provide rich and varied empirical contexts for examining vertical-horizontal alignment in practice. The selection of financial services organizations also responds to recent calls for more empirical examination of strategy implementation in commercial banking within developing economies (Yegzaw & Imiru, 2024).

At the informant level, the sample consisted of directors, general managers, and managers involved in strategic planning, deployment, coordination, and execution. These positions were selected because they could provide detailed accounts of how vertical–horizontal alignment was interpreted, enacted, and maintained across levels and functions. A total of 20 informants participated, with five from each organization. To protect confidentiality, all informants are identified using participant codes (e.g., BCD-D1 for a director at BCA Digital). Sample adequacy was assessed through purposive relevance and data saturation, the latter determined by three criteria such as additional interviews no longer generated new major themes (Vasileiou et al., 2018), additional data no longer

altered the relational structure among factors, and information from subsequent informants no longer enriched established categories (Kruasom et al., 2025).

Data were collected through semi-structured interviews between 15 May and 7 July 2025. The interview protocol was developed from the literature review and the initial proposition model, then expert-reviewed and pilot-tested to ensure clarity, relevance, and field suitability. Interviews with BCA Digital and FIF informants were conducted in person, while BPR Lestari and Bank Sinarmas interviews were conducted online via Zoom. All interviews were audio-recorded, transcribed using Cockatoo, and manually reviewed prior to analysis.

The data were analyzed iteratively using Atlas.ti 25, following the principles suggested by Miles et al. (2014). The analysis proceeded through three stages. First, open coding identified candidate factors and concepts mentioned by informants across all transcripts. Second, axial coding grouped related codes into higher-order categories and traced relational links between factors, these links were established only when informants explicitly articulated how one factor triggered, enabled, or required another, rather than being inferred by the researchers. Third, selective coding integrated cross-case patterns into the relational model. To maintain analytic transparency, a threshold of seven or more mentions was applied as an operational decision to distinguish core from peripheral factors across the four cases, consistent with recent discussions on saturation criteria in qualitative research (Ahmed, 2025; Rahimi, 2024). This threshold is not treated as a universal qualitative rule but as a transparent analytic boundary.

Qualitative rigor was maintained through credibility and dependability (Ahmed, 2024). Credibility was supported through purposive informant selection, audio recording with manually verified transcription, and consistent focus on participants directly involved in strategy formulation, cascading, coordination, and implementation. Dependability was ensured through uniform procedures across all cases, coding, thematic grouping, and relational mapping, applied consistently from data collection through analysis.

## **Result and Discussion**

Analysis of 20 informants from four financial service organizations shows that vertical–horizontal strategic alignment is shaped by six core factors: clear strategy, strong leader, strategic management office (SMO), management system, communication, and open discussion. These factors emerged as the most prominent in the data, were sufficiently distinguishable from other factors, and appeared across all four cases. Beyond identifying the factors, the analysis also reveals how these factors interact as a relational system in which clear strategy functions as the central integrative element. The results and discussion are organized into four parts: (1) the six emerging enablers, (2) the relational model derived from cross-case synthesis, (3) cross-case variation and negative cases, and (4) theoretical and practical implications.

Table 1 presents the relative prominence of factors across the interviews. Core factors were identified through their relative prominence, distribution across the four companies, and relevance to vertical–horizontal alignment formation. A threshold of seven or more mentions was treated as an operational decision to maintain analytic transparency rather than as a universal qualitative rule (Ahmed, 2025; Rahimi, 2024).

**Table 1. Relative Prominence of Alignment Factors**

Empirically Derived Factors	BCA Digital	FIF	BPR Lestari	Bank Sinarmas	Total
Clear Strategy	4	3	4	5	16
Strong Leader	3	1	3	5	12
Strategic Management Office (SMO)	4	2	3	1	10
Management System	3	2	3	2	10
Communication	1	1	3	3	8
Open Discussion	4	1	1	1	7
Culture	0	0	3	1	4
Trust	1	1	0	1	3
Responsibility	0	1	1	1	3
Mindset of Company	1	1	0	1	3
Interests					
Work ethics	0	1	1	0	2
Growth Mindset	0	1	1	0	2

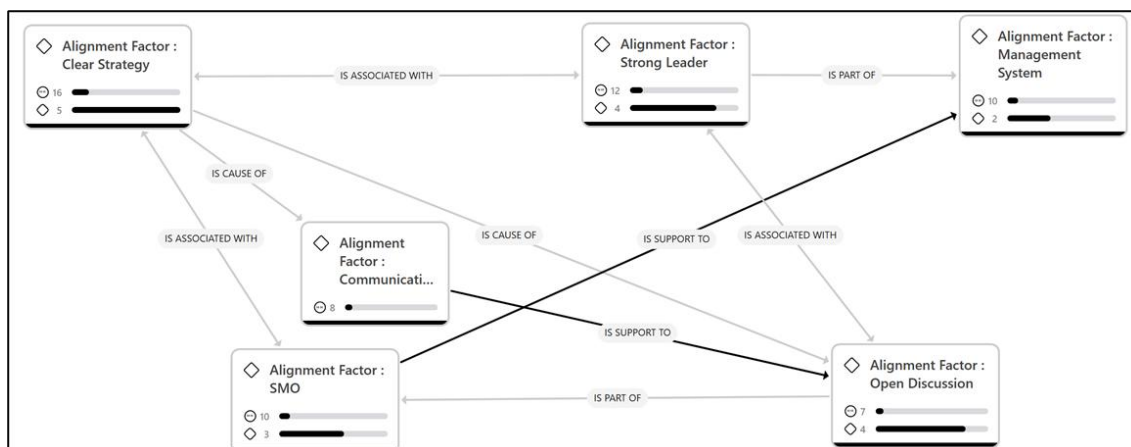
The distribution pattern in Table 1 reveals that clear strategy dominates across all four organizations, 16 total mentions, appearing three to five times per case, indicating that strategic clarity is universally salient: informants consistently referenced it as the starting point of their alignment reasoning regardless of organizational type or size. Strong leader (12 mentions) and SMO and management system (10 each) show relatively even cross-case distribution, suggesting their relevance is not limited to specific organizational types or contexts. Communication and open discussion, while meeting the threshold, show more variable distributions: open discussion was mentioned four times at BCA Digital but only once at FIF, BPR Lestari, and Bank Sinarmas, respectively, suggesting that its prominence may be more context-sensitive than universal. The non-core factors, culture, trust, responsibility, and the company's mindset, consistently fell below the threshold across all four cases. Rather than being irrelevant, these factors appear to operate as background conditions that may moderate the effectiveness of the six core factors, rather than directly enabling alignment in their own right.

Each of the six core factors carries a distinct meaning in this context. Clear strategy refers to the clarity of targets, goals, priorities, and strategic initiatives that serve as a shared reference point across levels and functions; as BPR-D1 stated, "the goals and targets must be clear; even the entire breakdown must be clear." Strong leader refers not only to firm leadership but also to drive, decisiveness, openness, and the ability to maintain strategic direction throughout implementation. The strategic management office operates as a facilitative function that helps management plan, align, and execute strategy, taking various organizational forms but substantively serving as a connector and steward of alignment. This conceptualization is consistent with Sandhu et al. (2024), who demonstrate that project and strategy management offices play a critical role in translating strategic plans into coordinated implementation across project-based organizations. The management system comprises mechanisms, templates, rules, and forums that sustain implementation rhythm and make strategy consistently monitorable; as BSM-M3 noted, "the setting of KPIs and targets has to be aligned... there also needs to be a timeline, a person in charge, and a monitoring process." Communication bridges strategy and shared understanding, ensuring

that strategic messages are clearly conveyed and adequately received, a function recently shown to have direct effects on organizational performance (Wanza & Lanoi, 2025). Open discussion provides a space for exchanging input, clarifying issues, and collectively seeking solutions, requiring a sufficiently safe environment in which understanding can be tested.

The six factors can be further understood by their primary contributions to each alignment dimension. Clear strategy, communication, and open discussion operate primarily at the meaning-making layer: they ensure that strategic intent is understood, shared, and actively interrogated across levels and functions. Without this layer, strategy may be cascaded structurally but remain fragmentary in how it is interpreted and enacted at different organizational levels. Strong leader and the strategic management office operate primarily at the directionality layer: they ensure that alignment has both a human anchor, the leader who sustains strategic focus and models implementation commitment, and an institutional anchor, the SMO that coordinates integration and facilitates cross-level and cross-functional coherence. This dual-anchor finding is consistent with Tawse et al. (2024), who show that middle manager leadership and coordination are critical to implementation effectiveness, and with Kaplan and Norton (2008b), whose Office of Strategy Management framework positions the SMO as an institutional steward of strategy execution. However, our findings extend both by demonstrating that neither leadership nor the SMO operates independently, their effectiveness is reciprocally anchored by strategic clarity. The management system operates at the rhythm layer: it ensures that alignment is not episodic but embedded in the operational calendar through KPIs, monitoring mechanisms, timeline governance, and regular review cycles. Understanding these three layers, meaning, direction, and rhythm, clarifies why the six factors must work as an interdependent system. Weakening any single layer tends to produce alignment that is clear but unsustainable, directed but poorly institutionalized, or systematized but disconnected from the shared understanding that gives those systems genuine organizational force.

Cross-case synthesis revealed a consistent relational pattern across all four organizations, which is synthesized into the integrated model presented in Figure 2 presents Final Relational Model of Vertical–Horizontal Alignment Factors (Atlas.ti).



**Figure 2. Final Relational Model**

Nine relational links emerged from the cross-case synthesis, summarized in Table 2. The nine links do not form a simple linear chain but a relational network in which some factors

serve as hubs, connecting to multiple others, while others serve as conduits or endpoints. Clear strategy, linking bidirectionally to strong leader and SMO and directionally to communication and open discussion, functions as the primary hub of the model. This finding extends Smith and Thomas (2024), who demonstrate that strategic clarity directly improves multidimensional task performance, by showing that clarity functions not merely as a performance driver but as the central integrative mechanism through which all other alignment factors are activated. It also resonates with Bellis et al. (2023), who argue that shared strategic framing is a prerequisite for productive organizational dialogue. The SMO functions as a secondary hub, receiving influence from open discussion and clear strategy while activating the management system downstream. Communication and open discussion function as intermediate nodes: they receive activation from clear strategy and leadership while feeding into the SMO's facilitative work. The management system functions primarily as an endpoint, it is the institutionalized form through which the combined influence of all upstream factors is operationalized into day-to-day practice. This network architecture has an important implication: the activation of each factor is contingent on the degree to which its upstream factors are already functioning adequately. Organizations that attempt to deploy a management system without the prior activation of leadership, clear strategy, and SMO facilitation are likely to find that the system operates in an administrative rather than strategic mode, present in form, but disconnected from strategic purpose. This finding nuances prior structural perspectives on strategy deployment. Wilson et al. (2024) and Roche and Baumgartner (2025) emphasize the importance of cascading mechanisms such as Hoshin Kanri, but do not theorize the conditions under which these systems become genuinely strategic rather than merely administrative. Our findings suggest that upstream activation, through leadership, clear strategy, and SMO facilitation, is precisely what determines whether a management system fulfills its strategic or administrative role.

The model reveals two structurally important features. First, clear strategy sits at the center of the model, linked reciprocally with both strong leader and strategic management office, and directionally to communication and open discussion. This central position reflects its role as the integrative factor that channels strategic intent into shared work priorities. Second, open discussion and the strategic management office form a downstream loop with the management system, in which open discussion enriches SMO facilitation and the SMO in turn activates management-system mechanisms.

Among these, four relations carry particular theoretical weight. The reciprocal link between clear strategy and strong leader (Relation 1) shows that strategic clarity and leadership co-produce one another rather than operating sequentially: strategy clarifies what leaders mobilize toward, while leaders sustain and reinforce strategic clarity during implementation. The reciprocal link between clear strategy and the SMO (Relation 3) shows that the SMO operates substantively only when anchored by a clear reference point, while simultaneously helping clarify and translate strategy across levels. The directional link from communication to open discussion (Relation 7) shows that without adequate communication, discussion becomes unproductive because participants lack a common understanding. This sequencing resonates with Bellis et al. (2023), who argue that dialogue enables the evolution of new strategic opportunities. Our findings add nuance by showing that openness alone is insufficient, productive discussion requires prior communication of clear strategic content as a shared reference point. Finally, the directional link from SMO to

management system (Relation 9) shows that systems and templates only become genuinely active when an SMO function ensures their consistent use, rather than being reduced to administrative formality.

**Table 2. Summary of Relational Links**

No.	Relationship	Type	Illustrative Quote
1	Clear strategy ↔ Strong leader	Reciprocal	<i>"If I had to say which comes first, it has to be the leadership of the BOD. Only after that comes clear strategy."</i> (FIF-D1)
2	Strong leader → Management system	Directional	<i>"So the first thing is leadership. From leadership comes OKR."</i> (BPR-M3)
3	Clear strategy ↔ SMO	Reciprocal	<i>"After that comes clear strategy. Only then is there a corporate planning function that acts as a catalyst."</i> (FIF-D1)
4	Clear strategy → Communication	Directional	<i>"The very first thing is the goal. The second is clarity. The third is communication."</i> (FIF-M1)
5	Clear strategy → Open discussion	Directional	<i>"So there are four, yes: clear strategy, understanding, open discussion, then leadership, follow-up, and timeline."</i> (BPR-GM1)
6	Strong leader ↔ Open discussion	Reciprocal	<i>"This is 1 (clear message), this is 2 (leadership/drive). Then this is 3, open discussion."</i> (BCD-D1)
7	Communication → Open discussion	Directional	<i>"After there is a clear target, then it is communicated... after the target is communicated, only then comes openness."</i> (BPR-M2)
8	Open discussion → SMO	Directional	<i>"Then there is technical discussion and collaboration across units. After that, it is stitched together, and then the SMO will oversee it."</i> (BCD-D1)
9	SMO → Management system	Directional	<i>"The corporate planning function acts as a catalyst... what remains is KPI sharing and the PDCA system."</i> (FIF-D1)

Although the model exhibits a dominant cross-case pattern, the entry points into the alignment process varied across organizations. BCA Digital was clear-strategy driven, FIF leader-driven, BPR Lestari SMO-driven, and Bank Sinarmas combined an early SMO role with strong leadership support (Table 3). These variations indicate that the relational pattern is stable, but the trigger point depends on organizational context, such as industry maturity, leadership strength, and the institutional position of the SMO function.

The entry-point variation implies that diagnostic work cannot be uniform: practitioners should first identify which factor is already strongest in their context and use that as the primary activation lever. A leader-driven organization, such as FIF, should harness its leadership strength to build strategic clarity and subsequently institutionalize this through SMO structures and formal management systems. An SMO-driven organization, such as BPR Lestari, should ensure that its facilitative capacity is paired with explicit leadership endorsement to avoid the risk of the SMO being perceived as a planning or documentation function rather than a genuine strategy-integration mechanism. A clear-strategy-driven organization, such as BCA Digital, should use its established strategic clarity as the

foundation for strengthening open discussion and leadership coherence. In all cases, the destination is the same relational model, but the path is necessarily contextual, shaped by the specific organizational resources, institutional maturity, and leadership conditions from which alignment must be built.

**Table 3. Interpretation of Model Differences**

Company	Dominant entry point	Model interpretation
BCA Digital (digital bank)	Clear strategy emerged as the initial factor that enabled leaders to make open discussion productive, thereby serving as the initial foundation for the alignment process.	Clear strategy-driven; strategic clarity keeps discussion and coordination focused in a fast-changing context.
FIF (multifinance company)	Strong leaders are the primary drivers of a clear strategy. Together, these two factors form the initial chain that drives execution.	Leader-driven; strong leadership anchors direction and sustains the rhythm of execution.
BPR Lestari (rural Credit Bank)	The SMO serves as the initial driver and the primary facilitator, helping leaders clarify strategy. The management system also influences the SMO.	SMO-driven; the facilitative function acts as a bridge between strategy, systems, and implementation.
Bank Sinarmas (conventional bank)	The SMO serves as the initial driver of strategy development, but its effectiveness depends on strong leadership support.	SMO-supported by leadership; facilitation matters, but its effectiveness depends on strong leadership support.

Negative case analysis was conducted to test the robustness of the dominant pattern (Aanazy & Boshra, 2025). Three areas of divergence emerged. First, while most informants identified clear strategy as the entry point, several began with leadership (FIF-D1, BPR-M3) or with the SMO (BPR-M1, BSM-M2). Second, the SMO's strategic role was not automatic: FIF-M3 and BSM-GM1 described corporate planning functions operating mainly in administrative or documentation modes, indicating that SMO effectiveness depends on organizational maturity, formal mandate, and leadership-conferred legitimacy. Third, the position of open discussion varied: BCD-M3 placed it very early in the chain, while BSM-GM1 placed it in the middle, suggesting that open discussion serves as a starting mechanism in some cases but becomes effective only after sufficient strategic clarity in others. These divergences do not invalidate the model; rather, they confirm that the relationships among factors are inherently contextual.

What the combined positive and negative case analysis ultimately demonstrates is that vertical–horizontal alignment is a dynamic, context-sensitive relational achievement rather than a fixed structural condition. The six factors appear consistently across all four cases, but the precise configuration, which factor activates first, which serves as the primary integrating mechanism, and which requires external support to function effectively,

depends on organizational characteristics such as leadership strength, SMO mandate, and strategic maturity. This pattern aligns with contingency perspectives in strategy implementation research (Hrebiniak, 2006; Rowe & Nevmerzhytskyi, 2025) and resonates with recent findings from Indonesian banking, where Mulyana et al. (2024) demonstrate that successful strategic transformation depends on context-specific governance mechanisms rather than universal templates.

## **Conclusion**

Theoretically, this study makes three contributions. First, it reframes vertical–horizontal alignment from a static condition of fit into a dynamic relational system, consistent with Wowerath (2026), who conceptualizes implementation mechanisms as mutually reinforcing. Second, the empirical model diverges meaningfully from the initial proposition: while four literature-derived factors persisted, knowledge transfer and information sharing did not emerge as distinct categories but manifested in more practical forms as communication and open discussion. Third, clear strategy emerged as the central integrative factor, not merely an output of formulation, but the mechanism through which strategy becomes executable across levels and functions. Middle management, while not a distinct factor, plays a critical bridging role in activating these mechanisms (Franck et al., 2025; Gagnon et al., 2025).

Practically, the relational model serves as a diagnostic tool for identifying where alignment problems originate, enabling organizations to start with the weakest yet most influential factor rather than improving execution in general. Intervention should typically begin with strategic clarity, then be reinforced by leadership, supported by the SMO, sustained through the management system, and enacted through communication and open discussion. For executives in financial services and similarly regulated industries, alignment failures rarely stem from a single missing element but from broken links between factors, a strategy can be clear yet poorly communicated, an SMO can exist yet lack legitimacy, and a management system can be elaborate yet disconnected from leadership intent. Strengthening alignment, therefore, requires attention not only to the presence of each factor but to the integrity of the relations connecting them.

Three limitations should be noted. First, this study defines alignment as the cascading of strategy from top management across levels with horizontal coordination across functions (Roche & Baumgartner, 2025); other alignment dimensions, such as strategy–environment or strategy–resource fit, lie outside its scope. Second, the findings draw on four financial services companies in Java and Bali with 20 director- and manager-level informants, and are therefore best understood as analytic rather than statistical generalization. Third, data were collected between May and July 2025, so the dynamics identified may differ in other temporal or industry contexts.

Future research may test the relational model quantitatively, particularly using structural equation modeling to examine the centrality of clear strategy and the contingent role of the SMO. Comparative studies across less-regulated, technology-driven, or family-owned sectors would help establish the boundary conditions of the model and clarify whether entry-point variation generalizes beyond financial services. Longitudinal designs would reveal how the relational pattern evolves as organizations mature or change leadership. Finally, deeper investigation of middle managers as bridging actors, rather than

a separate factor, would enrich understanding of how the alignment system operates in everyday practice.

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