Strategic Decision Speed and Firm Performance: Case Studies on the Indonesian Telecommunication and Professional Advisory Sectors

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Abstract— **previous research has shown that strategic decision speed is positively correlated with firm performance especially in high velocity industry ((Wally and Baum, 2003; Eisenhardt, 1989). This posits further questions: What are the antecedents of strategic decision speed? How do those factors affect the decision process? How do different organizational contexts affect decision making? To answer the questions, two cases involving four companies in Indonesia were analysed using combined frameworks and organizational theories from Mintzberg (1996), Kreitner and Kinicki (2007) and Hart (1992). The data was collected through direct observations during the author's consulting engagement in the four companies throughout a four-year period. Results show that organizational structure, culture, and power do have a significant influence on strategic decision making speed and performance. They also show that organizational contexts (Mintzberg, 1996) have implications on organizational structure, culture, and power. Further studies on the subject, involving Indonesian and other South East Asian companies could help managers improve the responsiveness of Indonesian companies to external changes in a globalized setting in the future and provide richer understanding on extant organizational theories.**

Keywords— **organization structure, corporate culture, power structure, strategic decision making speed, strategy process**

Abstrak* – Penelitian sebelumnya menunjukkan bahwa kecepatan keputusan stratejik berkorelasi positif pada kinerja perusahaan khususnya di industri high velocity (Wally dan Baum, 2003; Eisenhardt, 1989). Sehingga muncul pertanyaan berikut: Faktor-faktor apa saja yang mempengaruhi kecepatan keputusan stratejik? Bagaimana konteks organisasi mempengaruhi pengambilan keputusan? Untuk menjawabnya, dua kasus pada empat perusahaan di Indonesia dianalisa menggunakan kerangka gabungan dan teori-teori organisasi dari Mintzberg (1996), Kreitner dan Kinicky (2007), dan Hart (1992). Data dikumpulkan melalui observasi langsung penulis saat bertugas sebagai konsultan di keempat perusahaan tersebut dalam kurun waktu empat tahun. Hasilnya menunjukkan bahwa struktur organisasi, budaya, dan kekuasaan memiliki pengaruh signifikan pada pengambilan keputusan stratejik dan kinerja. Konteks organisasi (Mintzberg, 1996) juga berpengaruh pada struktur organisasi, budaya, dan kekuasaan. Penelitian lanjutan perlu dilakukan pada perusahaan Indonesia dan Asia Tenggara untuk membantu manajer meningkatkan daya tanggap perusahaan Indonesia terhadap perubahan eksternal dalam iklim globalisasi di masa depan, serta memperkaya pemahaman akan teori-teori organisasi yang ada.

Kata Kunci— **organization structure, corporate culture, power structure, strategic decision making speed, strategy process**

I. INTRODUCTION

The objective of this paper is to present a set of theoretical propositions regarding the implications organization structure, culture and power on strategic decision making speed and firm performance, based on extant perspectives on organization and strategy process. Importantly, it also demonstrates two cases that have become the foundation for the theoretical propositions.

Without protective and entry barriers (Porter, 1980), few Indonesian companies can be expected to have the level of agility in decision making and decision executions required to successfully compete in the open economy. This is reflected in by the fact that many foreign investors have entered the Indonesian telecommunication, banking, and professional advisory service sectors. In the era of increased global and regional competitions (e.g. ASEAN Free Trade Area and ASEAN China Free Trade Agreement), the condition could lead into a state where the imbalance between domestic and foreign market power increases and the country's indigenous competitive advantage eventually diminishes. Therefore, studying the speed of decision making in Indonesian companies would address an important issue in the economy while giving a deeper theoretical understanding on the matter.

The central question of this literature study is whether the speed of decision making is as important as timely execution in predicting firm performance. And if so, based on the resource based views (Penrose 1959; Wernerfelt,1984) whether certain ways of structuring and properties of internal resources such as structure, culture, and power may affect performance through the mediation effect of strategic decision making speed. The following sections will present the theoretical views on organization structure, culture, power, and organizational contexts which tend to give rise to certain organizational configurations that allow faster decision making and better firm performance. Next, two case studies involving four firms whose different organizational contexts will demonstrate how the structure, culture and power affect the decision process and performance. The paper will conclude with a discussion on areas for future research.

II. Literature Review

2.1 Strategic Decision Speed and Firm Performance

Currently, there are many definitions of strategy and many views on how strategies should be made. One definition which encompasses the different views is 'strategy is a course of action for achieving an organization's purpose' (Witt, 2004). In reality, actions taken by a firm are not entirely planned nor random, some are intended and others are not. The deliberate and emergent actions/strategies of the firm are not necessarily contradictory but in many cases can be complementary. Together, they form the realized strategy (Mintzberg and Waters, 1985). The realized strategy and actions will ultimately determine a firm's performance.

Every realized actions, whether deliberate or emergent, comes from a decision making process. The decision process can be formal or informal, centralized or participative, and the outcome of the process (i.e. decisions) can be supported or resisted by the members of the organization. Whatever the end results and the process are, every strategic decision making process naturally requires a certain amount of time because it must be done in several steps. The deliberate rational model decision-making process involves five cognitive stages 1) give attention to a problem or opportunity, 2) collect information, 3) develop an array of options, 4) value the options using expected costs and benefits, and finally 5) select the option with the greatest utility (Fredrickson, 1984; Mitchell and Beach, 1990 in Baum and Wally, 2003). Other researchers also point out the role of intuition in the process (Barnard, 1938; Fiske, 1992; Isenberg, 1986) that could accelerate fact finding and evaluation processes due to past experiences. Gathering information, making sense of it, and synthesizing a conclusive decision takes time, even for most experienced managers.

In most strategic situations, it is almost impossible to get complete information in order to make a fully rational decision. Even if so, one will not be able process the entire pieces of the puzzle due to bounded rationality (Simons, 1958). Searching for and analyzing information can be a lengthy process and delay actions. It is therefore widely assumed that strategic decision making speed is one important aspect of decision making. This is not to suggest that hasty decision making will always produce favorable results. Rather, speed and quality must coexist in order to produce good performance. Eisendhardt (1999) argued that the ability to make fast, widely supported, and high-quality strategic decisions on a frequent basis is the cornerstone of effective strategy, especially in rapidly changing environments. She suggested that there are four ways to increase the quality of decision making: 1) building collective intuition so top management can see opportunities and threats sooner and more accurately 2) stimulating quick conflict to improve strategic thinking without sacrificing decision process time 3) maintaining a disciplined pace that drives the decision process to a timely conclusion 4) defusing political behaviour that creates unproductive conflicts and wastes time. Her arguments reinforces the proposition that decision speed is an essential factor in decision making process because it is likely to be correlated with firm performance.

Several empirical studies have been done to substantiate the relationship between decision making speed and performance (Eisenhardt, 1988, 1989; Judge and Miller, 1991 in Baum and Wally, 2003). Judge and Miller found positive correlation between speed and performance in high-velocity environment. However, the relationship was negative in low-velocity environment (such as hospitals and textiles).

To challenge the general hypothesis that speed predicts performance, Baum and Wally (2003) conducted a 4-year longitudinal study involving more than 300 CEOs on the effect of strategic decision speed upon subsequent firm performance. The direct and indirect predictor effects of dynamism upon speed and performance were a primary focus of the study. In the end, the study identified environmental and organizational characteristics that relate to decision speed and confirmed that fast strategic decision-making predicts subsequent firm growth and profit. The decision speed mediates the relation of dynamism, munificence (industry's capacity is to accommodate all players), centralization, and formalization with firm performance. The simplified conceptual framework of Baum and Wally's study is shown in Figure 1

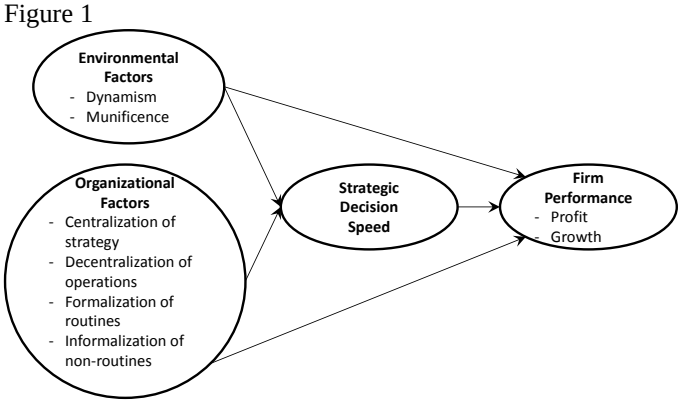

Figure 1. Simplified conceptual framework of Baum and Wally (2003) research on Decision Speed on Performance

The study involved a comparison of two models, one without mediation effect of decision speed to performance (i.e. direct relationships between external and organizational factors to firm performance) and the other with mediation effect (decision speed as the mediating factor). The results are summarized in Table 1.

Table 1.

Key findings of Wally and Baum's research (2003) on decision speed

Variables	Direct Model	Indirect Model
Decision speed	Positive (+) on growth	(+) on growth and profit
Environmental		
Dynamism	(+) on profit	(+) on growth and profit
Munificence	(+) growth and profit	(+) on growth and profit
Organizational		
Centralization of	(+) on growth and	(+) on growth and

strategy	profit	profit
Decentralizations of operations	(+) on growth and profit	(+) on growth and profit
Formalization of routines	(+) on growth and profit	(+) on profit
Informalization of non-routines	(+) on growth and profit	(+) on growth and profit

Another equally important finding of the research is that dynamism, munificence, centralization of strategy, decentralization of operations, formalization of routines as well as informalization of non-routines tasks are all significant predictors of decision speed

The research by Baum and Wally has demonstrated the impact of strategic decision making speed on firm performance. It confirms that speed is a critical aspect in the decision making. Furthermore, it identified two external factos, i.e. environmental dynamism and munificence, as well as four internal organizational factors that determine decision making speed, i.e. centralization of strategy, decentralization of operations, formalization of routines as well as informalization of non-routines tasks. The internal factors are related to structural aspect of an organization's design (as will be discussed in Section 3 of this paper).

The study was conducted with limited samples (US companies only). Therefore, it requires another empirical proof in order for one to be able to extend its generalizability to different contexts (e.g. emerging markets like Indonesia). Secondly, although the study had some control variables related to firm size and firm's past performance, it did not differentiate the organizational contexts of the firms such as 'entrepreneurial', 'mature', 'professional', 'innovative', or 'diversified' organizations proposed by Mintzberg (1979). It also did not include organizational cultural and power factors which arguably have significant predicting ability for strategic decision making speed.

There are many potential antecedents for strategic decision making speed depending on which school of strategy formation one adopts (Mintzberg, 1988). For example, if one believes that strategy formation is a planning (formal process) then the data collection process, organization structure, coordinating mechanism, presence of dedicated strategic planning staff, and methodologies could be the potential antecedents of strategic decision speed. Mintzberg (1998) argues that there are ten schools for strategy formation: design (conception process), planning (formal process), positioning (analytical process), entrepreneurial (visionary), cognitive (mental process), learning (emergent process), power (negotiation process), cultural (collective process), environmental (reactive process), and configuration (transformation process) school.

The approaches adopted in this paper is rational (cognitive, design, and planning schools), cultural, as well as power schools, thereby extending the organizational antecedents from structural factor by including cultural and power factors. The following section will describe the first antecedent, the organizational structure

2.2 Organizational Structure and Decision Speed

The Configuration Theory

The structuring of organization has drawn significant attention from strategic management scholars. Mintzberg (1996) argues that neither the 'one best way approach' nor the 'contingency (it all depends)' goes very far in helping managers to structure an organization that will best serve its mission. He proposes that the third approach, 'the configuration approach' for such prescriptive purpose. According to Mintzberg, an organization structure consists of six basic parts: the operating core, strategic apex, middle line, technostructure (analyst outside the line authority), support staff, and ideology (strong culture). In addition, there are six basic coordinating mechanisms that allow different individuals work together in various tasks: mutual adjustment, direct supervision, standardization of work, standardization of outputs, standardization of skills, and standardization of norms. Finally, there are nine parameters of design: job specialization, behaviour formalization, training, indoctrination, unit grouping, unit size, planning and control systems, liaison devices, and decentralization.

Mintzberg further argues that some contingency factors should also affect the design parameters of an organization. He presents some of the relationships in the following hypothesis (Mintzberg, 2003): age and size, environment, and power (external control and internal coalitions).

Mintzberg finally suggests 6 typical configurations which we will refer throughout the paper.

TABLE 2. SIX TYPICAL ORGANIZATION CONFIGURATIONS (MINTZBERG, 1996)

Configuration	Environment	Key Part of Organization	Type of Decentralization
Entrepreneurial	Dynamic and simple	Strategic apex	Centralization
Machine/ Mature	Stable and simple	Technostructure	Limited horizontal dec.
Professional	Stable and complex	Operating core	Horizontal dec.
Innovative	Dynamic and complex	Support staff	Selected dec.
Diversified	Mixed	Middle line	Limited vertical dec

Impact of Organization Structure on Decision Speed

By juxtaposing the constructs from Baum & Wally's research (2003) and Mintzberg's configurations (1979, 1996), we can derive a new framework as depicted in Figure 2. The new framework differentiates strategic vs. non-strategic centralization and routine vs. non-routine formalization. Based on the new conceptualization, the author argues that:

1. There is no single organizational configuration (Mintzberg, 1979) that can best facilitate strategic decision speed or highest performance
    - Entrepreneurial firms, while they have high strategy centralization and high non-routine informalization (both increasing strategic decision speed by

reducing the time to gain consensus or to formalize strategy), they also have less operation decentralization and less routine formalization (both reducing strategic decision speed because the entrepreneur also needs to spend some time on operational and routine tasks). In this case, the positive forces are counterbalanced by the negative forces to produce an indeterminate decision making speed.

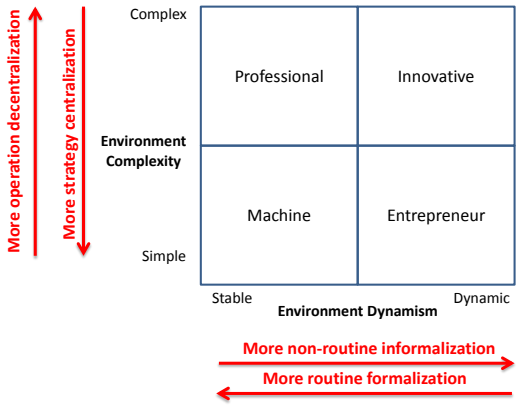

Figure 2. Organization Configurations (Mintzberg, 1979, 1996)

juxtaposed with Centralization/Formalization concept (Baum and Wally, 2003)

- Machine organizations tend to have high routine formalization and strategy centralizations (both increasing decision speed) but less non-routine informalization (too much bureaucracy) and operation decentralization both leading into reduction of decision speed. Again, positive forces are counterbalanced by negative forces.
- Analogous paradoxes also hold true for Professional and Innovative firms.

2. Therefore, decision speed can be maximized in each and every configuration. The key is to achieve as much as possible centralization of strategy, decentralization of operations, formalization of routines, and informalization of non-routines (Baum and Wally, 2003).

Mintzberg's organizational configuration theory (1979) provided significant theoretical and practical contributions by helping academicians and practitioners understand why certain structures better fit certain types of environment, and how strategy process can be very different in various contexts. The theory also prescribes the basic elements, coordinating mechanisms, and design parameters which are important in designing an organization.

Despite the theory's insights, Mintzberg (1979) did not elaborate the difference between strategic versus operational centralizations and between routine versus non-routine formalizations. The use of refined differentiation of the organizational structure can have more meaningful practical implications. In terms of decision speed, strategy centralization (but not operational centralization) can be beneficial. The same also holds true for formalization. Routine formalization is advantageous but the opposite is true for non-routine activities.

2.3 Organizational Culture and Decision Speed

Cultural Strength and Decision Speed

In his configuration theory, Mintzberg (1979, 1996) describes a strong culture as an ideology that holds an organization together. But culture does not just serve as adhesive for an organization. The strength of culture has been studied by many researchers and found to have significant impact on performance stability. Sorensen (2002), argues that instead of studying the impact of cultural strength on the level of performance, one should study its impact on the variability of performance. In a relatively stable environment, firms with strong corporate cultures are found to have less variability of performance than firms with weak corporate cultures. Firms with stronger cultures have greater capacity to implement incremental adjustment because they can learn better. Therefore, they can quickly adjust to small environmental changes and yield stable performance. Culture ultimately reflects the group's effort to cope and learn and is the residue of learning process (Schein, 1992).

However, in turbulent environment where radical changes take place, norms and assumptions could quickly change. It requires firms to have the capability for second order learning and question their own assumptions. In this case, incremental adjustment will not be able to help firms to cope with the situation. They must explore new ways of thinking. In such situation, strong-culture will be ill-suited to the exploratory learning mode (Sorensen, 2002). Therefore, the author argues that in a dynamic (high velocity) environment, the stronger a firm's corporate culture is, the less able the firm will be to make timely strategic decisions and actions. Such company needs more time to learn the mismatch between their existing culture and the environments. Vice versa, in a stable environment, the stronger the corporate culture is, the faster strategic decisions can be made due to the effect of collective intuition on the decision process.

Cultural Types and Decision Speed

Kreitner and Kinicki (2007) propose three perspectives to explain how culture can enhance an organization's performance: 1) the strength perspective (strong culture creates goal alignment, employee motivation, and appropriate controls), 2) the fit perspective (an organization's culture must be aligned with its environment, better fit causes higher performance), and 3) adaptive perspective. In the last perspective, the most effective cultures should help organizations anticipate and adapt to environmental changes. Kreitner and Kinicki (2007) also quote a team of management experts who describe this 'winning' culture as:

> "An adaptive culture entails risk-taking, trusting, and proactive approach to organizational as well as individual life. Members actively support one another's efforts to identify all problems and implement workable solutions. There is as shared feeling – enthusiasm, doing whatever it takes - members are receptive to change and innovation."

This type of culture is conducive for speedy strategic decision making. Openness to new ideas, trust, risk-taking,

can all support faster decision making regardless of how centralized/decentralized or how formal/informal a firm is. Conversely, conservativeness, distrust, and risk avoidance culture can delay strategic decision making.

Mintzberg (1998) describes corporate culture as the 'dominant logic' or 'dominant values' that will determine the decision making style in an organization. When Alfred Sloan reorganized General Motors, a new culture was introduced and brought into the company. It emphasized careful analysis and deliberate decision making. There were never to be any surprises. The culture creates perceptual filter or lens that establishes people's decision premises (Snodgrass, 1984). The new culture at GM limits spontaneity and entrepreneurship through formality. Eventually, one of the drawbacks of the new culture was manifested in the sluggish response to the invasion of Japanese cars to the US resulting in the demise of the company in 2009.

Another study on cultural type is The GLOBE (Global Leadership and Organizational Behavior Effectiveness) project initiated by Robert J. House (in Kreitner and Kinicki, 2007). It identified 9 parameters of corporate culture: power distance, uncertainty avoidance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, humane orientation. Based on the description proposed by the GLOBE project, it is arguable that the these cultural dimensions potentially have different effects on decision speed as described in Table 3. Some cultural dimensions can accelerate, some do not impact, while the rest can hold up strategic decision process

TABLE 3. THE POTENTIAL IMPACT OF GLOBE CULTURAL DIMENSIONS (KREITNER AND KINICKI, 2007) ON THE DECISION SPEED

Positive (faster speed)	Neutral (no impact)	Negative (slower speed)
Power distance	Gender egalitarianism	Uncertainty avoidance
Assertiveness		Collectivism
Performance orientation		Humane orientation
Future orientation		

2.4 Organizational Power and Decision Speed

Impact of External Power on Decision Speed

Mintzberg (1996) proposed that political and power games are the forces which pull an organization apart. He suggested that: 1) the greater the external control of an organization, the more centralized and formalized its structure, 2) a divided external coalition will tend to give rise to a politicized internal coalition, and vice versa. The first statement implies that external power will affect decision making speed indirectly through organization structure. It can then be deduced that the more control external power has on a firm, the faster the decision making within the firm is, because the organization will have a more centralized and formal structure. The second argument suggests that external division of power will create internal coalitions that could decelerate strategic decision making due to negotiation or consensus building.

Impact of Power Games on Decision Speed

Mintzberg (1983) also has some views on an organization's internal power and politics which he describes as "games". He mentioned thirteen games which included: insurgency games (to resist authority), counterinsurgence (using legitimate power), sponsorship (building power base by superiors), empire building (power base building by line managers), budgeting game (using resources to build power base), expertise game (non sanctional use of expertise to build power base), line versus staff (defeating rivals), rival camps game (building alliances in zero sum internal game), strategic candidates game (political candidates to support desired change in organization), and others. The presence of one or more of the political games in an organization indicates that there are divisions of internal views or groups. These internal divisions are likely to delay strategic decisions because political processes need to take place before one view (group) in the organization can 'win' the internal conflict and have the legitimacy to make the strategic decisions

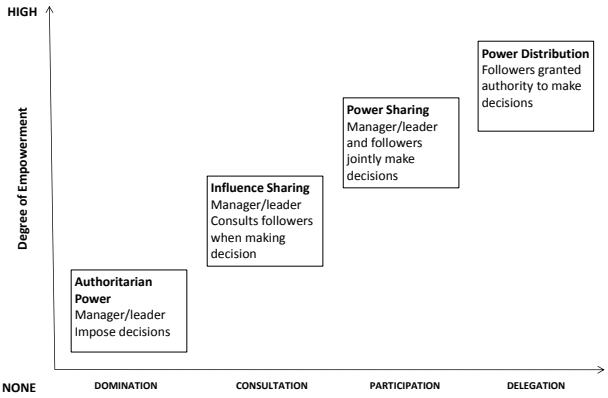

Figure 3. Degrees of Empowerment (Kreitner and Kinicki, 2007)

Impact of Empowerment on Decision Speed

Another concept related to power is empowerment, which is the power distribution within an organization. Niehoff, et.al (2001) suggested a 15-item empowerment scale which Kreitner & Kinicki (2007) then summarized and presented in Figure 3. It shows four levels of empowerment in an organization. This figure shows that empowerment is a different concept from decentralization. While centralization/decentralization relates to the formal power and office, empowerment relates to how the power is exercised, often informally. For example, a leader of an organization in which all strategic decisions are centralized under his authority (high strategy centralization) still has the choice to involve or not to involve his colleagues and senior managers in making the decision. If the centralized formal power (the leader) chooses to involve his colleagues, the leader then adopts the "influence or power sharing" empowerment mode. On the other hand, if the leader chooses to make the decision himself, he/she employs the "domination mode". In both cases

the legitimate power does not shift, it still resides under the leader's full centralized authority.

Therefore, how managers exercise their power in making decisions can make a lot of difference in decision speed. It can then be argued that the more authoritarian the top management is the faster the decisions can be made.

2.5 Organizational Context, Decision Process and Speed

The author argues that each organizational context (Mintzberg, 1996) tends to adopt a certain type of decision process, as described in the typology developed by Hart (1992) that will impact its strategic decision speed. To describe the relationship between organizational context and decision process, the author offers a set of propositions that have been summarized in Table 5.

In a typical entrepreneurial company operating in a relatively simple and dynamic environment, the strategic decision makers (sometime the entrepreneur himself) usually establish the vision for the firm using symbolic method, and make fast decision using command and control approach. A large 'machine' organization operating in a simple and stable organization, on the other hand, must deal with a large number of layers within the organization which warrant a top-down command/rational, formal and relatively slow decision process. A professional organization in a complex and stable organization, such as a university, typically relies on the operating core (faculty) and makes decisions through a lengthy iterative/transactive process. In an innovative company in a complex and dynamic environment (e.g. technology company), the top management typically plays the role of sponsors and they tend to adopt a generative and relatively fast decision making. In a diversified firm, the business unit managers are usually involved in strategic decisions at corporate level and adopt a transactive and relatively lengthy process.

TABLE 5.

ORGANIZATIONAL CONTEXT (MINTZBERG 1979) & DECISION MAKING (HART, 1992)

	Entre-preneu rial	**Machine**	**Professi onal**	**Innova tive**	**Diversi fied**
Environ-ment	Simple, dyna-mic	Simple, stable	Com-plex, stable	Com-plex, dyna-mic	Combi-nation (mixed)
Key part	Apex	Techno-structure			Middle line
Strategist	The leader (entrepr eneur)	Top manage ment and planning techno-crats	Opera-ting core	Opera-ting core with top mgt.as spon-sors	Middle line (busi-ness level manage rs)
Likely Strategy Making (Hart, 1992)	Symbol ic, Comma nd	Comman d, Rational	Transact ive (iterati-ve learn-ing)	Genera tive	Transac tive, rational
Likely Decision Speed	Fast	Slow, due to formality	Slow due to iteration s	Fast	Slow, due to cogniti ve limit

III. METHODOLOGY

The data provided in the case studies was obtained through first-hand observation by the author during the his assignments as management consultants at two global consulting firms, Booz Allen Hamilton (strategic consulting) and Ernst and Young (Big Four accounting firm), while serving their clients, among others largest telecommunication sectors in Indonesia, Telkomsel and Indosat. The author was involved in several large scale technology implementation and strategy based transformation (SBT) projects for Indonesia's largest corporations between years 1998-2002. The observations were then analyzed by theoretical frameworks on organizational structure, culture, and power that have been presented in the literature review section.

IV. CASE STUDY AND ANALYSIS

In the following sections, two cases will be presented as preliminary supports for the previously described theories and propositions. The first case in the telecommunication sector demonstrates the impact of organizational structure, culture, and power on decision speed in two different contexts, 'machine' and diversified' companies. The second case shows how the organizational structure and culture influence the speed of adaptation in professional and innovative contexts.

4.1 Impact of Organization Structure, Culture and Power on Decision Making Speed: A Case on a Machine vs. Diversified Context

Between year 2000 and 2003, the Indonesian telecommunication industry faced a critical change due to the Law no 36/1999 that was implemented in order to liberalize the sector. New telecommunication companies were granted operating licenses by the authority. The regulator expected that increased competition would improve product/service variety, quality, accessibility and affordability. In year 2000, the cellular penetration in the country was still below 50% of the population, providing plenty of room for the expansion of the cellular operators such as Telkomsel, Indosat and Exelcomindo. In this situation, Telkomsel, the first and largest cellular operator then, made a swift strategic decision. The company, a 'machine' type in Mintzberg's typology (1996), had a single business in the fast growing cellular sector. Telkomsel's strategy was to expand its network as fast as possible and it successfully became the first operator that has a nationwide coverage. As the first mover, it built strong

brand loyalty and was enjoying above average margin and market share. The successful fast expansion can partly explained by how strategic decisions were made in the firm. The machine structure of the company, strategy centralization and routine formalization, had allowed a strategic decision making process that was significantly faster than its competitors.

The firm also had a strong adaptive culture that made it open, flexible and quick in adopting new technology and practices. For example, the 'customer orientation culture strategic initiative' was swiftly introduced throughout the firm by involving an external world class strategy consultancy firm. In addition, there was very little political game played by external parties to influence the strategic direction of the company since the majority of the equity was owned by Telkom (incumbent). Internally, no significant power conflicts took place. All of these factors have contributed to the fast decision process and implementations. The swift decision made in year 2000 and the following three-year implementation have helped Telkomsel to became the first nationwide operator. It grew its customer base from 1.69 to 9.6 million subscribers in just three years.

Indosat, on the other hand, was a diversified organization. It had an international direct dial (IDD) business as its primary source of revenue, local and long distance services, data services, multimedia services and growing mobile/cellular service (directly through IM3 and indirectly through its subsidiary, Satelindo). The change of the industry landscape stirred intense and prolonged internal debates among the directors and GMs, as to whether the firm should change its focus from an international carrier into a Full Network and Service Provider (FNSP) with balanced business portfolio, or into a FNSP with focus on the mobile sector. The slow decision making process resulted in delayed integration of its subsidiary Satelindo, the second largest cellular operator at the time, into the company's IM3's greenfield cellular operation and almost too late integration and expansion of the networks.

The diversified nature of Indosat delayed the decision making because some of its business units had difficulties in adopting a new fact, that the telecommunication landscape had changed and heavily tilted toward the mobile business. The internal tensions and conflicts of interests were so strong that they limit the ability of the firm to achieve consensus, even at the broadest level, on the direction of the firm. To make things worse, the firm's culture tended to be regressive (projecting past ways of doing things to the future) rather than adaptive, an indication that the firm suffered active inertia (Sull, 1999).

TABLE 6.

COMPARISONS OF MACHINE (TELKOMSEL) AND DIVERSIFIED (INDOSAT) CONTEXTS

	Telkomsel	**Indosat**
Context	Machine (mature and focused solely on cellular sector)	Diversified business (international lines, local and long distance fixed lines, multimedia, data, and cellular)
Structure	Functional	Diversified (M-form), creating tensions among divisions
Culture	Adaptive culture	Regressive (resistant to change)
Power	Almost no internal power games	Distributed (CEO and directors have limited power on general managers) Strong indication of political games Conflict of interests among divisions
Decision Speed	High	Low
Performance	Market leader and highest profitability	Lower profitability and *distant* 2nd player

The formalization of almost everything (including non-routine decisions) exacerbated the already slow decision making in the firm. There was a procedure for every meeting. Every plan was to be submitted in a formal form, and data must be verified and supported by the firm's dedicated formal strategic planners. All of those factors provided very little room for emerging strategy such as the rise of mobile sector. Finally, there were strong indication that political games were taking place in the firm, that include things such as the insurgency game and empire building. Some general managers did not support the corporate transformation to the extent that they almost disregard the corporate strategic blueprint towards the Full Network Service Provider. The cost of the delayed response was high. Indosat lost the opportunity to become a strong competitor for Telkomsel. Today, it has even lost its position as a distant second player to a third position in terms of market share to Exelcomindo.

It can be concluded that organizational structure, culture, and power had significant effects on the strategic decision making speed and implementation at Telkomsel and Indosat. Further study on should be done to provide more empirical evidence and understanding on what structure, culture and power set up that would best fit a certain organizational context.

4.2 Impact of Structure and Culture on Adaptation: A Case on a Professional vs. an Innovative Context

The second case contrasts the impact of structure and culture on a firm's adaptive responsiveness to a strategic change within a professional context, that will be represented by a Big Four accounting firm, and an innovative context that will represented by a strategic consulting firm.

Aside from the assurance and audit services, many accounting firms provide advisory services for their clients. The advisory services provided by the big four accounting firms (Ernst & Young, PricewaterhouseCoopers, KPMG, and Deloitte) sometimes compete with the consulting services provided by strategic consulting firms (McKinsey, Booz Allen, Boston Consulting Group, etc.). Even so, the advisory services

provided by the two groups of companies are usually different. The former group typically focuses on engagements that deal with operational improvements, while the latter focuses on projects which involve strategic issues such as portfolio restructuring or strategy based transformations (SBTs).

The client engagement approaches are also different. The first group of companies typically employs certain 'proven / prescribed / off-the-shelves methodologies' to ensure consistency and increase efficiency. The project teams usually consist of members with similar experience and expertise. The first group resembles more of the Professional Context suggested by Mintzberg (1979). The second group typically has a very strong emphasis on effectiveness, by pushing project teams further from the standard methods in order to find relevant solutions tailored to clients' specific problems, an approach which in many cases results in novel answers. The project teams usually have a diverse mix of expertise. Therefore, the second group resembles Mintzberg's Innovative Context (1979). The dominant logic (Mintzberg, 1998) of the first group is efficiency and consistency, while in the second group, effectiveness through innovation.

Table 7 summarizes the key differences of the two groups. The differences in structural, cultural, and power within the two groups seem to be correlated with the groups' differences in strategic decision making speed. The first group generally introduces fewer novel products/solutions in comparison with the second group that typically generates new solutions in every project. Consequently, the second group seems to be able to meet new and unprecedented needs in the market faster than the first group.

TABLE 7. COMPARISONS OF PROFESSIONAL AND INNOVATIVE CONTEXTS

	Big Four Accounting Firms (Professional context)	**Strategic Consulting Firms (Innovative context)**
Leading Companies	Ernst & Young, PricewaterhouseCoopers, Deloitte, KPMG	McKinsey, Booz & Company, Boston Consulting Group, Bain & co., A.T. Kearney
Business Lines	Professional accounting firms and advisory services on operations	Strategy consulting and strategic transformation
Project Approach	Replication and efficient methodologies	Effective solutions and methods tailored to client problems
Structure	Pigeonholing. Every branch office has similar groups of practices.	Project Teams with regional administrators (adhocracy). Different groups of experts located in many parts of the world
Culture	Efficiency and consistency	Effectiveness through innovative solutions
Power	Strategic and operational decisions centralized in the managing partners (e.g. choosing staff or clients, setting billing rates)	New service platforms may emerge from operating core (project teams), while some decisions still reside with managing partners (clients, staffing, billing rate, etc.)
Decision Speed	Slower than second group (limited introduction of new services)	Higher than first group (quick up/downsizing and rapid introduction of new service platforms)
Performance	Lower profitability and revenue per consultant (relies so much on leveraging junior staff)	Very high profitability and revenue per consultant (lower staff to partner ratio)

The second case indicates that within the professional advisory industry, there could be several types of business that will have different implications on the organizational structure and culture, although they all seem to adopt a similar power structure. Further broad sample study is required to provide better and generalizable understanding on business type – organization structure/culture/power relationship. The case also provides another evidence that the organizational structure, culture, and power do have significant effects on strategic decision speed and subsequently firm performance.

V. CONCLUSION

This paper explores the theoretical implications of organizational structure, culture and power structure on the decision making speed and firm performance. Based on various existing theories (Mintzberg, 1979; Kreitner and Kinicki 2007), empirical studies (Wally and Baum, 2003) and deductive analyses, the author suggested two main propositions: 1) decision making speed is positively related to firm performance, and 2) organizational structure, culture and power structure significantly influence strategic decision making speed.

The two case analyses involving four different contexts provide supports for both propositions and thereby giving theoretical contribution by confirming organizational theories presented in this paper. From the practical point of view, the insight from this paper could help managers assess the implications of the structure, culture, and power in their organizations on strategic decision speed and firm performance. It should also help managers to be aware that the optimal organizational structure, culture, and power are contingent on the nature of the industry and organizational context in which they operate.

VI. Limitation and Future Research

The generalizability of the findings in this paper is limited because the case studies were based on author's first hand experience in just four companies. In order to provide more theoretical contribution, the propositions in this paper need to be tested through further grounded research or empirical study. Research on the relationship between the antecedents of decision speed (organizational structure, culture, and power structure and strategic, etc.), the decision speed and decision quality, and firm performance, in different organizational contexts in Indonesia and the South East Asia could enrich current understanding on the subject, because current organizational theories are mostly based on research in the Western context. As Hofstede (1997) pointed out (in Hatch, 2006), differences in national culture may have consequences in how firms make decisions and operate. For example, many Indonesian companies are known to be more political, less goal-oriented, less decisive, less adaptive, and generally slower than Singaporean firms in making decisions and taking actions. A comparative regional study will not only give theoretical values but also significant practical values by suggesting how Indonesian firms and leaders could modify the way they operate in a more globalized setting in the future.

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