

Strategic Intent As A Driver Of Bank Performance: The Role Of Human Resource Specialization, Innovation Strategy, And Enterprise Risk Management

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Abstract

The collapse of 20 rural banks (BPR) in Indonesia in 2024—the highest figure in the past decade—highlights the urgent need for strategic measures to enhance industry resilience. This study investigates the effect of strategic intent on BPR performance, mediated by human resource (HR) specialization, innovation strategy, and enterprise risk management (ERM). Using data from 783 private conventional BPRs with core capital $\geq$ IDR 6 billion, the study applies partial least squares structural equation modeling (PLS-SEM) version 4.0 for analysis. The results indicate that strategic intent significantly influences performance both directly and through the mediating roles of HR specialization and ERM. Conversely, innovation strategy does not have a significant effect and fails to mediate the relationship, primarily due to limited resources, conservative market preferences, and regulatory constraints. These findings suggest that innovation alone is insufficient to drive performance without the support of strong HR capabilities and risk management frameworks. This study contributes to the extension of Strategic Intent Theory (Hamel & Prahalad, 1989) by integrating ERM as a crucial mechanism for sustaining long-term strategic vision. Practically, the findings underscore the importance of aligning strategic intent with HR development and ERM to enhance competitiveness and sustainability in the rural banking sector.

Keywords: strategic intent, enterprise risk management, human resource specialization, innovation strategy, rural bank performance

1. Introduction

Rural Banks (Bank Perekonomian Rakyat/BPR) play a critical role in Indonesia's financial ecosystem by promoting financial inclusion and supporting the economic empowerment of micro and small-scale enterprises (Hermanto, 2021). Their proximity to local communities, personalized service approach, and simplified administrative processes have sustained their relevance in meeting the needs of underserved markets. However, the rapid evolution of financial technology and regulatory frameworks has raised the urgency for BPRs to undertake institutional transformation to maintain competitiveness and resilience.

The enactment of Law No. 4/2023 on the Development and Strengthening of the Financial Sector (UU P2SK) marks a significant step in enhancing the strategic positioning of BPRs within regional financial systems. Yet, structural vulnerabilities remain prevalent. Data from the Indonesia Deposit Insurance Corporation (LPS) reveal a decade-long decline in the number of BPRs, with nearly 49% of failures attributed to fraud, weak risk management, and poor governance. In 2024 alone, 20 BPRs had their licenses revoked—the highest number recorded—signaling a systemic need for a strategic reorientation focused on sustainability and performance enhancement.

The concept of strategic intent, as proposed by Hamel and Prahalad (1989), underscores the importance of a compelling organizational vision in driving long-term performance. Nevertheless, the theory has drawn criticism for its idealistic nature, reliance on visionary

leadership, and limited capacity to address operational realities, particularly in volatile or resource-constrained environments. Moreover, the framework does not sufficiently account for how risk management, human capital capabilities, and innovation strategies interact with strategic intent to influence organizational outcomes.

To address these gaps, this study integrates the Strategic Human Resource Management (SHRM) theory (Wright & McMahan, 1992), the Enterprise Risk Management (ERM) framework (COSO, 2004), and Innovation Diffusion Theory (Rogers, 2003). These frameworks are operationalized as mediating variables—HR specialization, strategic innovation, and ERM—in examining the relationship between strategic intent and financial performance in the context of Indonesian BPRs. Despite their centrality in strategic literature, the roles of these mediating mechanisms remain underexplored in microfinance institutions and rural banking sectors.

By adopting this integrative approach, the study contributes theoretically to the extension of strategic intent theory by embedding key organizational capabilities as transmission mechanisms. Practically, the research provides actionable insights for policymakers and BPR management on aligning internal capabilities with external challenges, thereby fostering institutional resilience, improving governance, and enhancing performance sustainability.

2. Literature Review

2.1. Strategic Intent and Organizational Performance

Olalekan et al. (2024) emphasize that Strategic Intent plays a vital role in improving organizational performance, particularly for deposit-taking banks. They recommend that such banks implement well-formulated Strategic Intent if they aim to enhance their performance. Similarly, Odita and Bello (2015) examined the relationship between Strategic Intent and organizational performance in the banking industry and found that Strategic Intent and its dimensions (mission, vision, and goals) are significantly and positively associated with performance. Their study revealed that Strategic Intent accounted for 34% of the variance in organizational performance, with mission explaining 47%, vision 19%, and goals 58%.

Obonyo and Arasa (2020) support this finding, stating that organizations that systematically implement strategic planning processes report better performance outcomes. This aligns with research conducted by Onyegbula et al. (2023); Muriithi (2022); Danook & Obaidy (2022); Wanjiku et al. (2020); Gabau & Kinyua (2018); Timothy (2016); and Odita & Bello (2015), all of whom reinforce the positive link between Strategic Intent and organizational performance.

In Indonesia, the Financial Services Authority (OJK) mandates Strategic Intent as part of the business plans of Rural Banks (BPR) under POJK No. 15/POJK.03/2021, which requires the inclusion of (a) vision and mission; (b) strategic plans and initiatives; (c) key financial indicators; and (d) short- and medium-term targets.

Hypothesis 1 (H1): Strategic Intent has a significant effect on Bank Performance.

2.2. Strategic Intent and Human Resource Specialization

Coeurderoy, Davidsson, and Tywoniak (2008) demonstrated that internationalization as a growth strategy in new technology-based firms (NTBFs) requires specialized human resources and capabilities, with Strategic Intent acting as a supporting factor. Jirakraisiri, Badir, and Frank (2021) showed that a firm's Green Strategic Intent positively influences three components of environmentally friendly intellectual capital: human, organizational, and relational capital.

Alqershi (2021) further emphasized the link between strategic thinking, planning, innovation, and human capital, suggesting that strategic practices significantly influence human capital and act as mediators for performance outcomes. In the BPR context, HR specialization—defined in terms of training, education, knowledge, and skills—becomes an important novelty in operationalizing this variable.

According to Barney (1991), human resources that are rare and inimitable constitute a source of sustainable competitive advantage. Grant (2021) supports this by stating that specialized skills allow firms to respond better to market changes and adopt innovation relevant to their strategic goals. Ulrich et al. (2017) also emphasize the importance of developing specialized competencies to achieve strategic objectives.

Hypothesis 2 (H2): Strategic Intent has a significant effect on Human Resource Specialization.

2.3. Human Resource Specialization and Bank Performance

Numerous studies confirm the link between human capital and organizational performance. Research by Dwikat et al. (2023); Garvey et al. (2022); Rahman & Akhter (2021); Alqershi (2021); Seepanaa (2020); Ruiz et al. (2020); Massaro et al. (2015); Crook et al. (2011); and Sharabati et al. (2010) all indicate that human capital significantly contributes to performance outcomes.

Rahman and Akhter (2021) specifically investigated investment in employee training, education, knowledge, and skills in the banking sector, which had a significant positive impact on bank performance.

Hypothesis 3 (H3): Human Resource Specialization has a significant effect on Bank Performance.

2.4. Mediation: Strategic Intent → HR Specialization → Bank Performance

While studies such as Alqershi (2021); Seepanaa (2020); and Ruiz (2020) highlight the direct relationship between Strategic Intent and performance, others like Eze et al. (2020) and Richard (2013) suggest that this relationship may not always be direct or significant, indicating a possible mediating variable—human capital. Without adequate and specialized HR, Strategic Intent may fail to translate into practical performance improvements.

Hypothesis 4 (H4): Strategic Intent significantly affects Bank Performance through Human Resource Specialization.

2.5. Strategic Intent and Innovation Strategy

Hamel and Prahalad (1989) were among the first to argue that Strategic Intent provides a foundation for sustainable competitive advantage through innovation. Mintzberg (1994) and Christensen (1997) also stress that a clear Strategic Intent fosters organizational adaptability, creativity, and innovative capacity.

Song et al. (2011) found that strategic planning enhances product development and overall firm performance. This has been supported by more recent studies from Dhaafari et al. (2019); Bryson (2018); Alosani (2020); Mulaa & Kilika (2021); and Jirakraisiri et al. (2021).

Hypothesis 5 (H5): Strategic Intent has a significant effect on Innovation Strategy.

2.6. Innovation Strategy and Bank Performance

Research from Ko A (2021); Pisano (2015); Song et al. (2021); and Yusoff et al. (2019) confirms that the combination of innovation and strategic planning significantly enhances organizational performance. In the context of BPRs, innovation includes partnerships

such as P2P lending, and collaborations with commercial and regional development banks.

Hypothesis 6 (H6): Innovation Strategy has a significant effect on Bank Performance.

2.7. Mediation: Strategic Intent → Innovation Strategy → Bank Performance

According to Salkic (2014), innovation strategy acts as a crucial bridge between long-term strategic goals and operational implementation. Without effective innovation, organizations may struggle to realize the full potential of their Strategic Intent. This is echoed by Walker et al. (2009), who found that lacking innovation can weaken strategic outcomes.

Hypothesis 7 (H7): Strategic Intent significantly affects Bank Performance through Innovation Strategy.

2.8. Strategic Intent and Enterprise Risk Management (ERM)

Strategic Intent plays a role in guiding risk management practices. Hamel and Prahalad (1989) argued that clear Strategic Intent helps firms proactively identify and manage risks that may hinder long-term goals. Mintzberg (1994) and Christensen (1997) emphasized the integration of risk management into strategic planning, especially when dealing with technological change and market uncertainty.

A Deloitte (2013) report concluded that firms with strong Strategic Intent were more likely to embed risk culture across their operations. These findings are supported by Klučka & Grunbichler (2020); Teoh et al. (2017); and Soltanizadeh et al. (2016).

Hypothesis 8 (H8): Strategic Intent has a significant effect on Enterprise Risk Management.

2.9. ERM and Bank Performance

Candy (2021) found that ERM practices significantly improve both financial and non-financial performance of rural banks. Studies by Kanu (2020); Rehman & Anwar (2019); and Teoh (2017) support the role of ERM in strengthening performance outcomes by enhancing decision-making and operational control.

ERM systems are especially crucial in highly regulated industries like banking, where risk-related failures can be costly. Hamid et al. (2020) and Annalah et al. (2018) confirm the positive impact of ERM on profitability, capital cost, and shareholder value.

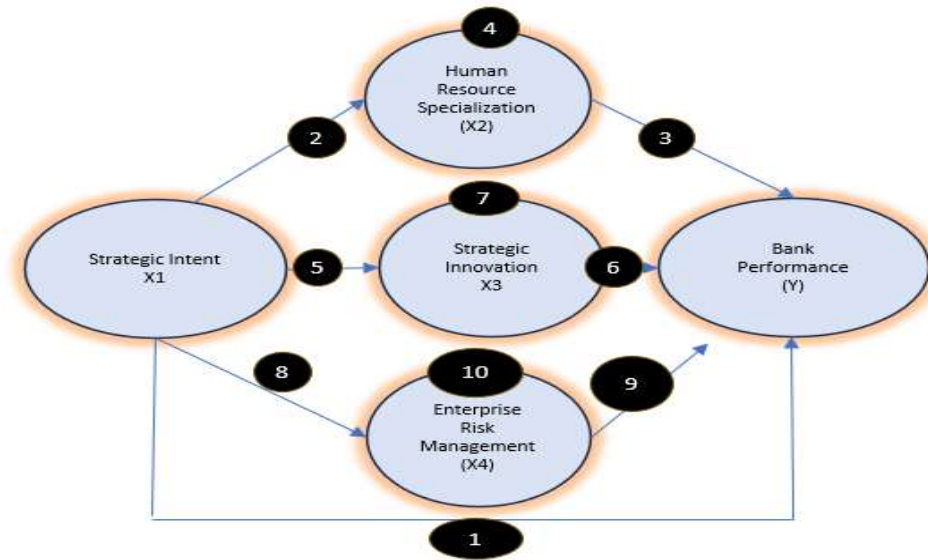
Hypothesis 9 (H9): Enterprise Risk Management has a significant effect on Bank Performance.

2.10. Mediation: Strategic Intent → ERM → Bank Performance

Anwar and Rehman (2019) demonstrated that ERM partially mediates the relationship between business strategy and SME performance. In the context of BPRs, weak risk governance has contributed to bank failures and fraud cases, highlighting the need for stronger ERM frameworks. Baxter et al. (2012) assert that robust ERM enhances market perception and internal control.

Given the heightened regulatory focus from OJK on BPR risk management, this study explores ERM as a mediating variable, offering a novel contribution to understanding how Strategic Intent is translated into performance.

Hypothesis 10 (H10): Strategic Intent significantly affects Bank Performance through Enterprise Risk Management.

Fig.1. Study Framework

3. Methodology

The research sample comprised 783 Rural Banks (BPRs), represented by Commissioners, Directors, or Senior Management. A purposive sampling technique was employed, with inclusion criteria limited to privately owned conventional BPRs with a minimum core capital above IDR 6 billion.

A survey approach was utilized to collect data, and questionnaires were distributed online directly to the respondents. Each variable was measured using instruments adapted from previous studies. The strategic intent questionnaire was adapted from Hamel and Prahalad (1989) and Danood and Obaidy (2022). Human resource specialization was measured using items adapted from Rahman and Akhter (2021), Chen and Huang (2009), Huselid (1995), and Lepak and Snell (1999). Bank performance was assessed using both financial and non-financial indicators. Financial performance was evaluated based on standards established in POJK No. 3 of 2022 and SE OJK No. 11 of 2022 regarding the Soundness Level of BPR and BPRS. Non-financial performance was measured using instruments adapted and modified from Hoque and James (2000) and Tefera and Abebe (2024).

All items were rated on a five-point Likert scale, ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Following data collection, validity, reliability, and hypothesis testing were conducted using Partial Least Squares (PLS). PLS was selected because of its robustness in contexts involving relatively small sample sizes, non-normal data distributions, and the exploration of emerging constructs (Hair et al., 2019).

4. Results

4.1 Respondent Profile

The demographic profile of respondents is presented in Table 1. Of the 783 participants, 423 (54%) were male and 360 (46%) were female, indicating a fairly balanced gender distribution. In terms of age, the largest group comprised respondents above 51 years old (41.4%, $n = 324$), suggesting that the leadership of BPRs is dominated by experienced individuals. Educational background showed that the majority of respondents (88.5%, $n = 693$) held an undergraduate degree, while only a small proportion had completed

postgraduate studies (7.5%, n = 59 with a master's degree). This reflects a relatively limited representation of advanced academic qualifications within the sector.

Regarding organizational position, a significant proportion of respondents (62.8%, n = 492) served as members of the Board of Directors, followed by senior managers (27.2%, n = 213) and commissioners (10%, n = 78). This indicates that the sample is strongly representative of strategic decision-makers within BPRs. Departmental distribution revealed that nearly half of the respondents (46%) were engaged in operational functions, while others worked in strategic (24.9%), credit and marketing (17.6%), finance (5.1%), and human resources (6.4%) departments. This distribution reflects the functional priorities of BPR operations, with a dominant focus on daily business processes and strategy implementation.

In terms of work experience, 46% of respondents had more than 21 years of tenure in the BPR industry, highlighting the maturity and stability of the workforce. Finally, the asset profile of the participating banks showed that 84% managed assets exceeding IDR 50 billion, while only a small portion fell within the IDR 10–30 billion (5.4%) and IDR 30–50 billion (7.8%) categories. This indicates that the majority of the sampled institutions are relatively large and financially stable.

Hence, the demographic characteristics of the respondents suggest that the survey data were drawn from highly experienced and strategically positioned individuals operating within well-capitalized BPRs. This strengthens the reliability of the findings, as the perspectives provided are grounded in substantial managerial experience and organizational scale.

Table 1. Characteristics of the respondents

Attributes	F	%
Gender		
Male	423	54
Female	360	46
Age		
26 – 30 years	40	5.1
31 – 35 years	72	9.2
36 – 44 years	170	21.7
45 – 50 years	171	21.8
> 51 years	324	41.4
Academic Background		
Senior high School/Vacations Degree	31	4
Undergraduate Degree	693	88.5
Master Degree	59	7.5
Position		
Senior Manager	213	27.2
Director	492	62.8
Commissioner	78	10
Department		
Finance	40	5.1

Credit and Marketing	138	17.6
Operational	360	46
Strategic	195	24.9
Human Resources	50	6.4
Experience		
5 – 10 years	161	20.6
11 – 15 years	142	18.1
16 – 20 years	120	15.3
> 21 years	360	46
Asset (Rp)		
10 - 30 billion	40	5.4
30 - 50 billion	86	7.8
> 50 billion	657	84

Note N=783

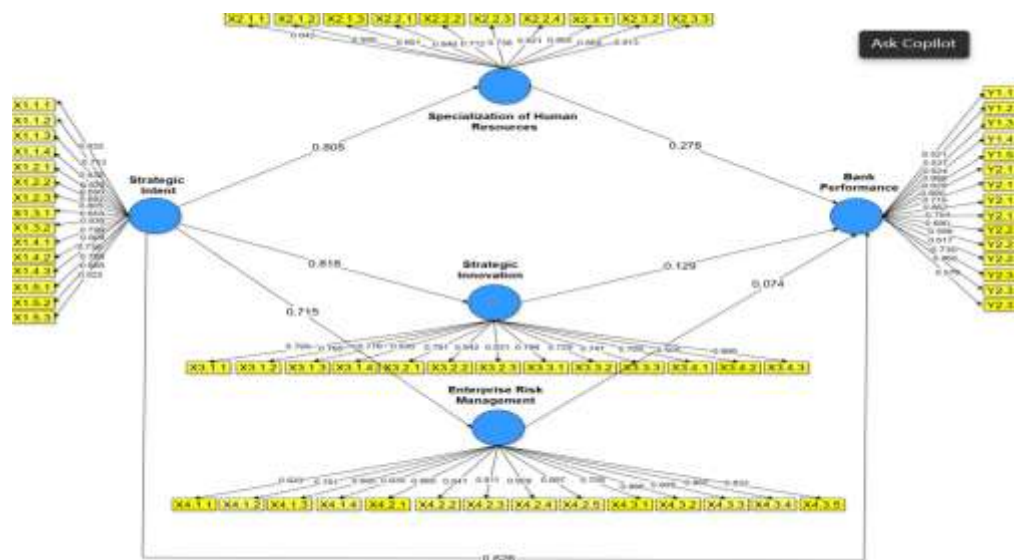
4.2 . Direct Relationship

By analyzing the findings of the structural model, we conclude that one hypothesis was not supported—the relationship between Strategic Innovation and Bank Performance. Meanwhile, the direct effects of Strategic Intent on Bank Performance, Strategic Intent on Human Resource Specialization, Strategic Intent on Strategic Innovation, Strategic Intent on Enterprise Risk Management, as well as the effects of Human Resource Specialization and Enterprise Risk Management on Bank Performance, received strong and satisfactory empirical support.

The complete estimation of the structural model is presented in Figure 2.

In Hypotheses 1, 2, 3, 5, 8, and 9, we predicted positive relationships between Strategic Intent (SI) and Bank Performance (BP), SI and Human Resource Specialization (HRS), HRS and BP, SI and Strategic Innovation (STI), SI and Enterprise Risk Management (ERM), and ERM and BP, respectively.

As illustrated in Figure 2, we found that Strategic Innovation (STI) does not have a statistically significant positive effect on Bank Performance.



Source: SmartPLS Output Results (2025)

Hypothesis	Path	Path Coefficient (β)	t-value	p-value	Result
H1	Strategic Intent → Bank Performance	0.276	4.382	0.000	Supported
H2	Strategic Intent → Human Resource Specialization	0.389	6.063	0.000	Supported
H3	Human Resource Specialization → Bank Performance	0.247	3.869	0.000	Supported
H5	Strategic Intent → Strategic Innovation	0.238	3.562	0.000	Supported
H6	Strategic Innovation → Bank Performance	0.053	0.910	0.363	Not Supported
H8	Strategic Intent → Enterprise Risk Management	0.363	5.654	0.000	Supported
H9	Enterprise Risk Management → Bank Performance	0.298	4.777	0.000	Supported

Source: SmartPLS Output Results (2025)

4.3 A Mediating Role of Strategic Intent and Bank Performance

The results of the indirect effect testing, also known as the effect of the mediating variable, are presented in Table 2.

Table 2. Hypothesis Testing Results and Path Coefficients – Direct Relationships

Hypothesis	Path	Path Coefficient (β)	t-value	p-value	Result
H4	Strategic Intent → Bank Performance (via HRS)	0,277	1,357	0,025	Supported
H7	Strategic Intent → Bank Performance (via STI)	-0,039	0,256	0,798	Not Supported
H10	Strategic Intent → Bank Performance (via ERM)	-0,156	1,154	0	Supported

Source: SmartPLS Output Results (2025)

5. Discussions and Contributions

5.1 Key Findings

The main findings of this study indicate that strategic intent has a positive and significant impact on bank performance, particularly within the context of rural banks (BPRs). This underscores the critical role of strategic intent as the foundational compass of organizational direction—serving not only as a long-term vision but also as a direct driver of operational effectiveness. In the case of BPRs, which typically operate within localized markets and face resource constraints, strategic intent emerges as a vital force for maintaining relevance and sustaining competitive advantage.

Moreover, the mediating role of human resource specialization reinforces the notion that the successful implementation of strategy is highly contingent upon internal readiness and competence. Without the presence of specialized and contextually relevant expertise, strategic intent risks remaining merely aspirational, lacking concrete realization. This finding aligns closely with the dynamic capabilities theory, which emphasizes that an organization's ability to adapt to environmental change hinges upon its human capital's capacity to manage and reconfigure resources with agility and precision.

In contrast, the study finds that strategic innovation does not have a significant effect on performance, nor does it serve as a mediating variable in the relationship between strategic intent and performance. This lack of effectiveness can be interpreted through the lens of the innovation–performance misalignment phenomenon, wherein innovation efforts fail to produce measurable outcomes due to a mismatch with market characteristics, customer needs, or internal capabilities. Notably, low scores on indicators such as strategic collaboration reflect barriers rooted in regulatory constraints, limited technological infrastructure, and cultural resistance to change. These findings suggest that innovation in the BPR sector remains largely symbolic rather than transformative, and its strategic utility is diminished in the absence of enabling conditions.

Additionally, Enterprise Risk Management (ERM) emerges as a crucial mediating factor that bridges strategic intent and performance. Ambitious strategic moves—such as digital expansion or service transformation—are inherently associated with increased strategic risks. An integrated ERM system enables the bank to proactively manage these potential disruptions, ensuring that strategic initiatives are executed without undermining institutional stability. This finding is consistent with existing literature that positions risk management not merely as a compliance tool but as an integral component of strategic execution that contributes to the achievement of long-term objectives.

Taken together, this study highlights that performance improvement in banks cannot rely on a single strategic lever. Rather, it requires the integration of strategic intent, internal capabilities—particularly in terms of human resources—and adaptive risk management systems. While innovation remains relevant, its impact on performance is highly contingent upon organizational context, technological readiness, and alignment with market demands. This multifaceted approach provides a more robust and sustainable foundation for enhancing organizational performance in complex and resource-constrained banking environments.

5.2 Implication

This study offers a number of implications that are both theoretical and practical in nature, with relevance not only for academic scholarship but also for financial industry practitioners and policymakers.

From a theoretical standpoint, the findings reinforce and extend existing literature in strategic management and dynamic capabilities. Specifically, the study underscores that strategic intent should not merely be understood as a visionary statement or aspirational goal; rather, it functions as a catalytic force that drives the development of organizational capabilities, especially when supported by human resource specialization and a robust enterprise risk management (ERM) framework. These findings align with the tenets of dynamic capability theory, which posits that the capacity to adapt and reconfigure internal competencies is critical for sustained performance. Furthermore, the study invites a reconceptualization of the role of innovation in the context of microfinance institutions such as BPRs. The insignificant impact of strategic innovation on performance, as demonstrated in the analysis, suggests that innovation alone does not guarantee improved outcomes—particularly when it is not grounded in organizational readiness or attuned to the actual needs of the target market. This insight contributes to

ongoing theoretical discussions by emphasizing the contextual nature of innovation effectiveness. Additionally, the identification of multiple mediating variables—human capital specialization and ERM—advances a more nuanced understanding of the pathways through which strategic intent influences organizational performance, thereby offering empirical support for more complex, integrated models of strategic impact.

Practically, this study provides clear guidance for BPR management and industry leaders. The articulation of strategic intent must go beyond rhetorical ambition and be translated into concrete internal development, particularly through investment in specialized talent. Training and recruitment strategies that target key areas such as digital banking, risk management, and microfinance product development are essential in aligning strategic intent with operational capability. Moreover, the findings advocate for a transformation in the perception and use of ERM, shifting from a compliance-oriented function to a core strategic tool that safeguards the execution of high-level initiatives. ERM, when effectively integrated, can enable BPRs to manage the inherent risks associated with ambitious strategic positioning, especially in volatile market environments. The study also highlights the need to reassess innovation strategies within BPRs. Given the lack of immediate performance impact, innovation should be reoriented toward enhancing business processes and service quality, rather than focusing solely on product novelty. Such an approach is more likely to yield operational efficiencies and customer value, which are critical in resource-constrained and trust-dependent environments like those served by BPRs. Finally, the implementation of strategic intent requires cross-functional integration between departments, especially human resources, information technology, and risk management. This integrative perspective ensures that strategic initiatives are executed cohesively and are responsive to evolving customer demands and regulatory contexts.

From a policy perspective, the research presents valuable implications for regulatory institutions. For the Financial Services Authority (OJK), the findings suggest that regulatory frameworks should facilitate the institutionalization of strategic intent within BPRs by enabling more flexible and adaptive planning models that reflect regional diversity and organizational uniqueness. OJK may also consider incentivizing long-term capability development, particularly in human capital and risk governance, as part of its broader industrial master plan. In addition, the Indonesia Deposit Insurance Corporation (LPS) can utilize strategic intent as an early indicator of resilience and recovery potential in the context of bank resolution. When evaluating failing or troubled BPRs, a well-defined and operationalized strategic intent—especially one that is supported by internal capabilities—can serve as a key consideration in determining whether a resolution pathway (such as rehabilitation) is viable under the least-cost principle.

Finally, the study opens several avenues for future research. Given the unexpected findings regarding strategic innovation, further inquiry is warranted to explore the underlying causes of its limited impact on performance. Qualitative or mixed-methods approaches could provide deeper insight into organizational culture, leadership dynamics, or market characteristics that may hinder innovation effectiveness. Future research may also incorporate moderator variables such as innovation culture, technological readiness, or leadership support to test whether these conditions strengthen the relationship between innovation and performance. Moreover, longitudinal research designs are recommended to capture the delayed effects of innovation initiatives, as many strategic investments take time to yield measurable outcomes. In addition, future studies could benefit from including external stakeholder perspectives—particularly those of customers or strategic partners—in order to obtain a more comprehensive understanding of the actual value and perception of innovation within the

market. This would allow researchers to better assess the extent to which strategic initiatives resonate beyond the internal boundaries of the organization and translate into sustainable competitive advantage.

In sum, this study not only contributes to the refinement of theoretical constructs within strategic management but also offers actionable insights for practitioners and policymakers seeking to enhance the resilience, adaptability, and performance of financial institutions operating in complex and resource-limited environments.

6. Limitations and Future Research

This study provides important contributions to the understanding of how strategic intent influences the performance of rural banks (BPRs), both directly and indirectly through human resource specialization, enterprise risk management (ERM), and strategic innovation. However, like all empirical research, it is not without its limitations.

The first limitation relates to potential response bias in the data collection process. Since the primary instrument used was an online self-administered questionnaire (Google Form), there is an inherent risk that some respondents may not have provided accurate or fully considered answers. Despite efforts to mitigate this—such as increasing the number of respondents and conducting direct interviews with BPR directors in collaboration with associations and the Indonesia Deposit Insurance Corporation (LPS)—the possibility of non-sampling errors or inattentive responses remains a concern. Such biases may affect the validity of the conclusions drawn, particularly in constructs that rely on subjective perceptions, such as strategic innovation or leadership intent.

Second, the timing of the study coincided with a period of significant instability within the BPR industry. The year 2024 saw an unusually high number of BPR closures, which may have shaped the way respondents viewed strategic priorities. In such an uncertain environment, organizational behavior often becomes more risk-averse and short-term focused. This "survival mode" tendency may have caused respondents to undervalue or deprioritize innovation and long-term strategic investments in favor of operational continuity and compliance, thereby influencing the results and limiting the generalizability of findings to more stable contexts.

Third, the scope of this research was limited to privately-owned BPRs. While this focus allows for a more homogeneous sample and deeper contextual understanding, it also limits the applicability of the results to other types of banks. Publicly owned BPRs (BPR-BUMD), cooperative banks, or large-scale commercial banks may operate under different strategic imperatives, regulatory constraints, and organizational capabilities. As such, future studies should expand the sample to include a broader variety of banking institutions in order to improve external validity and offer a more comprehensive view of strategic intent across the financial sector.

To address these limitations, several future research directions are proposed. First, future studies could benefit from employing mixed-methods or qualitative designs to explore the contextual factors behind the ineffectiveness of strategic innovation as observed in this study. In-depth interviews and focus group discussions with executives, employees, and regulators would provide richer, more nuanced insights into how innovation is perceived, implemented, and constrained within the BPR ecosystem. Second, the inclusion of moderating variables such as technological readiness, leadership style, organizational culture, or external environmental turbulence could help explain under what conditions strategic intent and innovation have a stronger or weaker effect on performance. Third, longitudinal studies or the use of panel data are recommended to capture the lag effects of strategic initiatives, particularly innovation, which often requires time before translating into tangible outcomes. The use of short-term, cross-sectional data in this study may have limited the ability to observe such delayed impacts.

Moreover, future research should seek to refine the measurement of strategic innovation by including more outcome-oriented indicators. Metrics such as the rate of adoption of new services by customers, digital transaction growth, post-implementation cost efficiencies, or customer acquisition attributable to innovation efforts would enhance construct validity and allow for more precise performance impact assessments. Finally, it is important for future studies to integrate external stakeholder perspectives particularly customers into the analysis. Understanding how customers perceive and respond to innovation or strategic changes could provide a more balanced evaluation of strategic effectiveness, beyond the internal organizational viewpoint that this study is primarily based on.

In conclusion, while the current research advances theoretical and practical understanding of strategic intent in the context of BPRs, its limitations provide fertile ground for future studies to explore this topic with greater methodological diversity, broader scope, and deeper contextualization.

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