

The Importance of Organizational Agility to Improve Performance: An Evidence from the Hotel Industry in the Post-COVID-19 Era

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ABSTRACT

The hospitality industry is one of the industries that experienced a hardest hit by the COVID-19 pandemic, such as a drastic drop in visitor levels and closed businesses. Despite the importance of organizational agility in the hospitality industry during post-pandemic recovery, there has been rare research on organizational agility in the hotel industry, especially in Indonesia. The research analyzed the effect of organizational agility on organizational performance through competitive advantage and organizational culture as mediating variables in hotels in Indonesia. The research sample was 76 hotels that consist of three-to-five-star hotels in Indonesia. The analysis was conducted using the Structural Equation Modeling (SEM) analysis method through smart Partial Least Square (PLS) software to test the research hypothesis. The results indicate that organizational agility plays an important role in increasing organizational performance. Organizational agility has a significant and positive impact on organizational performance in hospitality in Indonesia, with a competitive advantage and organizational culture as mediating variables. The research helps management to understand the importance of having organizational agility in a company to deal with uncertain conditions. The findings also help management not only focus on quality but also on how companies can meet customer needs, create competitiveness, take risks, innovate, and increase profitability to improve organizational performance.

Keywords: organizational agility, competitive advantage, organizational performance, organizational culture

INTRODUCTION

The COVID-19 pandemic has triggered various crisis shocks that hit economies worldwide (Sugiharto et al., 2021). It has greatly affected economic development and posed severe challenges for companies (Qin et al., 2020). Tourism-supported businesses, including mass transportation, hotels, and tertiary product businesses, are the most affected sectors by COVID-19 (Devi et al., 2020). As a result, tourism trends have changed, so adjustments are needed to cope with conditions imposed by new realities in the industry, especially

hospitality (Robina-Ramírez et al., 2021). Basically, the hospitality industry has specific objectives to be achieved, one of which is to increase profits and compete with competitors. Business organizations are required to have dynamic capabilities to deal with business turbulence. One of these dynamic capabilities is the ability of the organization to be fast and flexible in dealing with continuous change (Saputra et al., 2022). An uncertain business environment creates many challenges and risks for organizations. Thus, it requires business organizations such as hotels to adapt quickly.

In Indonesia, many hotels have experienced a drastic drop in visitor levels and have even closed their businesses because they cannot survive in crisis due to the COVID-19 pandemic (Alexander, 2020). The COVID-19 pandemic has shown that many organizations have yet had crisis management, a flexible culture, and plans to deal with shocks (Alalmai, 2021). The hotel industry has also been greatly affected by the COVID-19 pandemic. Hence, it needs to increase its agility to adapt to all the changes that will occur in the future and achieve its competitive advantage to compete and improve company performance after the crisis caused by the COVID-19 pandemic.

Previous studies have concluded the importance of organizational agility in general companies (Cegarra-Navarro & Martelo-Landroguez, 2020; Cheng et al., 2020), higher education (Menon & Suresh, 2021), and hospitality industry (Champatong et al., 2022; Darvishmotevali et al., 2020). Some other studies have correlated the importance of organizational agility during crises, especially the COVID-19 pandemic (Al-Omoush et al., 2020; El Idrissi et al., 2023; Wanasida et al., 2021). However, no studies have examined the impact of organizational agility, specifically in the hardest-hit industry by the pandemic, namely the hospitality industry. This specific industry research on post-pandemic business performance is important since tourism contributes 5% to Indonesia's gross domestic product (PwC Indonesia, 2022). Furthermore, some region of Indonesia, such as Bali, is very dependent on the tourism and hospitality sector.

The hotel industry in Indonesia has begun to experience post-pandemic recovery since 2022 (Prima, 2022). It is noted that not many studies link organizational agility with organizational culture, especially in developing countries such as Indonesia. Therefore, researchers realize the importance of conducting research on the effect of organizational agility on hotels in Indonesia after the COVID-19 pandemic. By examining organizational performance, researchers want to measure whether organizational agility affects the organizational performance of hotels in Indonesia after the COVID-19 pandemic.

Recent studies have showed the importance of organizational agility towards organizational performance (Felipe et al., 2017; Gyemang & Emeagwali, 2020; Rafi et al., 2022). Organizational agility has been linked to a company's ability to adapt external and internal changes (Ulrich & Yeung, 2019), increased competitiveness, and organization-oriented internally and externally (Walter, 2021). Thus, an agile organization will pay attention to its internal culture to support flexibility, customers, and competitors. However, there is rare empirical evidence that investigates the relationship between organizational agility and these internal and external changes. Therefore, the research aims to fill the gap by investigating the relationship between organizational agility, organizational culture, competitive advantage, and organizational performance.

Organizational agility is described as the ability of an organization to identify and respond to opportunities and threats in the environment easily, quickly, and agilely (Rafi et al., 2022). In this competitive environment, organizational agility has become an important competency for a company and can significantly impact the company's performance (Ravichandran, 2018). It allows organizations to control and adapt to sudden environmental changes and manage activities under uncertainty. In addition, organizational agility is related to quick response to achieve goals through adaptation and flexibility to respond quickly and effectively to changes in the surrounding work environment (Alalmai, 2021).

Increasing competition among competitors forces companies to continue to innovate, provide value to consumers, and compete in the market. Therefore, the company must have a competitive advantage. Competitive advantage is a characteristic that a company can have over its competitors. It is a winning strategy used by collaborating companies to compete more effectively in the market (Munir et al., 2019). It is achieved by finding better ways to position the company against its competitors in current and anticipated market developments. It is an important goal for all companies and can only be achieved through a continuous orientation (Al-Abdallah & Al-Salim, 2021).

Organizational agility is also the ability to perceive opportunities for innovation, respond to those opportunities, and quickly redesign processes to take advantage of market conditions (Darvishmotevali et al., 2020). Therefore, companies need to develop responsive organizational agility so that companies can continuously collect, monitor, process change signals, make innovative decisions, adapt quickly to take advantage of market opportunities, and facilitate the achievement of sustainable competitive advantages (Bi et al., 2015). The results of El Nsour (2021) show that organizational agility is positively and significantly influenced by competitive advantage. Based on this description, the first hypothesis can be stated as follows.

H1: Organizational agility has a positive effect on competitive advantage.

Next, in a dynamic industry, organizational agility depends more on employees, managers, technology, and work culture (Muduli, 2016). Organizational culture provides guidelines for employees and the behaviors and norms expected to be followed (Shea et al., 2021). Culture consists of deeply ingrained patterns of behavior that reflect the assumptions, values, and ideologies that members share in the workplace. Organizational culture is an important factor that determines whether a firm is more inclined to innovation and often more flexible (Alamsjah & Yunus, 2022).

Organizational agility can improve business continuity and planning, systems, corporate culture,

and management practices (Alalmai, 2021). An agile and flexible organization can anticipate, adapt, and learn from unforeseen circumstances (Holbeche, 2019). Thus, the speed and flexibility of the organization in responding to changes can make the organizational culture stronger so that the organization can survive in a constantly changing environment. Prior studies show the relationship between organizational agility and culture (Alamsjah & Yunus, 2022; Carvalho et al., 2021). Based on this description, the second hypothesis can be formulated as follows.

H2: Organizational agility has a positive effect on organizational culture.

To achieve the expected organizational performance, organizations also need a competitive advantage. Organizational performance relates to the extent to which the organization utilizes resources and achieves production, financial performance, and organizational goals (Abeysekara et al., 2019). The existence of competition causes companies to have a competitive advantage to compete. Competitive advantages possessed by companies can improve financial performance and business processes so that they can lead organizations to high performance (Ploenhad et al., 2019). According to Abeysekara et al. (2019), a relationship exists between competitive advantage and organizational performance. Based on this description, the third hypothesis can be stated as follows.

H3: Competitive advantage has a positive effect on organizational performance.

Organizational culture also has a large impact on organizational performance. A culture that is appropriate to the organization will have an impact on the performance of its employees so that it can lead to increased productivity and organizational performance (Shahzad et al., 2012). Through organizational culture, employees will develop and share knowledge through continuous interactions, which will have a positive impact on organizational performance (Shea et al., 2021). A successful organization indicates that they have consistent management practices with their culture in increasing their organizational performance (Altay et al., 2018). According to Shea et al. (2021), organizational culture has a positive and significant effect on organizational performance. Hence, based on this description, the fourth hypothesis can be formulated as follows.

H4: Organizational culture has a positive effect on organizational performance.

Organizational performance is also the ability of an organization to achieve its goals by utilizing its resources effectively and efficiently. However, organizations need an appropriate performance measurement system to measure and evaluate

organizational performance both financially and non-financially (Shahzad et al., 2012). The existence of organizational agility allows organizations to act agile in turbulent environmental conditions. It is expected to result in a significant increase in organizational performance (Yildiz & Aykanat, 2021). There is a strong relationship between organizational agility and organizational performance (Cho et al., 2022). Organizational agility has been proven to be a very important tool for companies, especially in situations where there is an environment of uncertainty. Based on this description, the fifth hypothesis can be formulated as follows.

H5: Organizational agility has a positive effect on organizational performance.

According to Ravichandran (2018), organizational agility is the speed of responsiveness to customers and operational and strategic flexibility. It provides a competitive advantage and has a significant impact on organizational performance when implemented. Organizations can maintain their positions and profits with organizational agility when changes occur in the business environment. Organizational agility can improve organizational performance, especially if the company has a sustainable competitive advantage. Competitive advantage is a profit strategy that differentiates an organization from other organizations, and if it is sustainable, the company can become a market leader (Munir et al., 2019). Prior studies show the mediating role of competitive advantage towards organizational performance (Saeidi et al., 2015; Ploenhad et al., 2019; Gyemang & Emeagwali, 2020). Based on this description, the sixth hypothesis can be formulated as follows.

H6: Competitive advantage as mediation has a positive effect on organizational agility and performance.

The existence of a diverse organizational culture can affect the level of organizational agility (Felipe et al., 2017). Organizations that can adjust their culture in line with their ability to adapt and respond to environmental changes that occur quickly to adapt according to the conditions of the global business environment will achieve the organizational performance they are targeting. The relationship between organizational agility and culture makes a significant contribution and increase in organizational performance (Arokodare et al., 2019). Despite the known importance of organizational culture towards organizational performance (Shea et al., 2021), few empirical studies investigate the mediating role of organizational culture in the relationship between agility and performance (Arokodare et al., 2019). According to Holbeche (2019), there will be an organizational culture shift when an organization tries to implement agility. Based on this description, the

seventh hypothesis can be stated as follows.

H7: Organizational culture as mediation has a positive effect on organizational agility and performance.

METHODS

The approach applied in the research is quantitative. The research applies a causal quantitative method by looking at the causal relationship of the studied variables on the research sample. The research observes the relationship between organizational agility, competitive advantage, organizational performance, and organizational culture. The research framework can be seen in Figure 1.

The population in the research is 3-to-5-star hotels in Indonesia. The research chooses 3-to-5-star hotels as the unit analysis since starting from 3-star hotels are usually part of a larger chain of hotels. Another reason is the massive number of players in 3-to-5-star hotels in Indonesia. Hence, it creates high competitiveness in the market. Furthermore, many foreign players also come and invest in the industry, increasing the competitiveness in the market and resulting in high growth of the number of hotels in Indonesia (UNWTO, 2023). In addition, the customers start to see that the services of 3, 4, and 5-star hotels are indifferent, shown by fiercely competitive prices.

The sample to be examined is 76 hotels. The sampling technique used is non-probability sampling. The research uses purposive sampling to specify the sample. The sampling is carried out by determining research subjects that meet several criteria determined by the researchers. The sample criteria are hotel

employees who work in 3-to-5-star hotels in Indonesia and have worked for at least two years in the hotel industry. Data are measured using an interval scale showing categories and ratings of 1 to 5.

The research uses primary data by collecting data directly from primary sources or where research subjects are conducted. Then, the data are measured using an interval scale that can indicate categories and ratings of 1 to 5. In determining the value, answer options are calculated using a Likert scale.

The research obtains data by distributing questionnaires to 3-to-5-star hotels in Indonesia. Questionnaires are distributed online to parties currently working in the hospitality industry in Indonesia. Questionnaire data collection in one month obtains a total of 107 respondents. Of the total respondents, 76 respondents meet the criteria determined by the researchers. The other 31 respondents do not meet the criteria because they do not come from a 3-to-5-star hotel or have worked for less than two years. Respondents come from 76 different hotels in Indonesia. Respondents are also anonymous to maintain their confidentiality.

The data analysis technique utilizes the Structural Equation Modeling (SEM) method using smart Partial Least Square (PLS) software to analyze the relationship between variables. The research also uses descriptive analysis techniques to provide a description or describe a picture in the form of empirical data based on the collected data. Descriptive analysis uses the mean and standard deviation.

In the outer model, an analysis phase is measured using validity and reliability tests. A validity test using convergent validity is assessed based on outer loadings and Average Variance Extracted (AVE). The expected

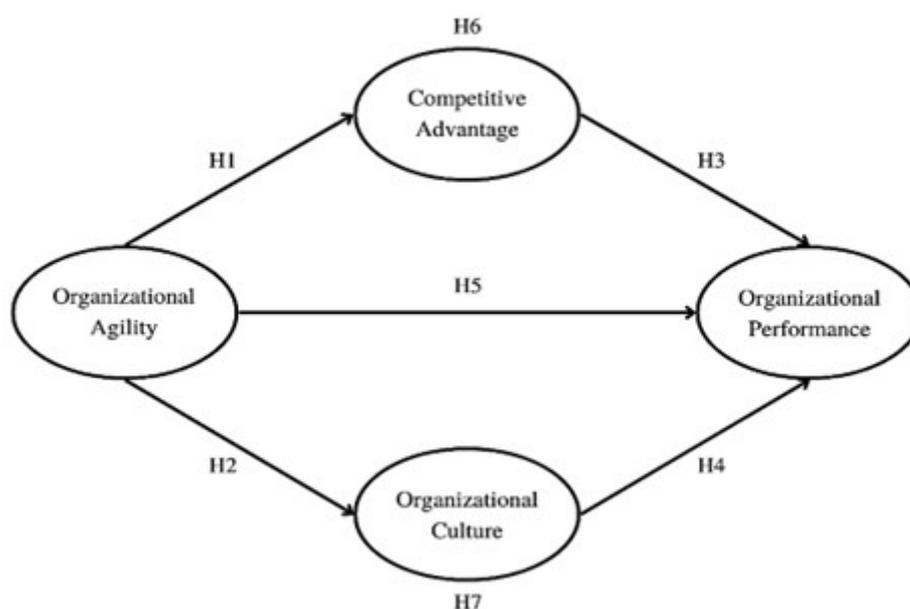


Figure 1 Research Framework

value of outer loadings is more than 0,7 (0,5–0,6 is considered sufficient), and the expected AVE value is more than 0,5. The reliability test is carried out using Cronbach's alpha with an expected value of 0,7 and an ideal value of 0,8 or 0,9. In addition, the reliability test also uses composite reliability with an expected value of more than 0,7 (Hair et al., 2009).

In the inner model, there is a coefficient of determination (R^2) and predictive relevance (Q^2). According to Hair et al. (2019), the coefficient of determination ranges from 0 to 1. In general, the coefficient values are 0,75 (substantial), 0,50 (moderate), and 0,25 (weak). For predictive relevance, it is said to be good if Q^2 is more than 0.

Testing the hypothesis uses the t-test to conclude whether the influence of a variable has a significant effect or not. The t-statistic is used to see the significant level of hypothesis testing through the bootstrapping procedure. The hypothesis is significant if the t-statistic is more than 1,96 and insignificant if the t-statistic is less than 1,96. The hypothesis will be accepted if the p-value is less than 0,05 and rejected if the p-value is more than 0,05 (Jogiyanto & Abdilah, 2009).

RESULTS AND DISCUSSIONS

Table 1 shows the respondents' profiles based on the hotel star. There are 17 3-star hotels (22,37%), 39 4-star hotels (51,31%), and 20 5-star hotels (26,32%). From these results, the majority of respondents come from 4-star hotels in Indonesia.

Table 1 Profile of Respondents by Hotel Star Category

No	Hotel Star Category	Number of Hotels	%
1.	Three stars	17	22,37
2.	Four stars	39	51,31
3.	Five stars	20	26,32
Total			100,00

Table 2 shows the respondents' hotel location. It consists of 21 hotels from the Surabaya area (27,63%), 11 hotels from the Balikpapan area (14,47%), 10 hotels from the Makassar area (13,16%), 7 hotels from the Samarinda area (9,21%), 5 hotels from the Malang area (6,58%), 3 hotels from each area of Bali, Yogyakarta, and Jakarta (3,95%), 2 hotels from each area Banjarmasin, Semarang, and Palangkaraya (2,63%), and 1 hotel from each area of Bandung, Kudus, Solo, Probolinggo, Sidoarjo, Jombang, and Palembang (1,32%). From the result, it can be concluded that most respondents are from hotels located in Surabaya.

Table 3 (see Appendices) shows the measurement items adopted in the research. Organizational agility indicators are adopted from Van Oosterhout et al. (2007). Competitive advantage indicators are from Li et

al. (2006). Then, organizational culture measurements are from Müller and Nielsen (2013) and Azeem et al. (2021). In addition, the balanced scorecard concept is adopted to measure organizational performance using indicators from Mehralian et al. (2018).

Table 2 Profile of Respondents Based on Hotel Location

No	Hotel Location	Number of Hotels	%
1	Surabaya	21	27,63
2	Balikpapan	11	14,47
3	Makassar	10	13,16
4	Samarinda	7	9,21
5	Malang	5	6,58
6	Bali	3	3,94
7	Yogyakarta	3	3,94
8	Jakarta	3	3,94
9	Banjarmasin	2	2,63
10	Semarang	2	2,63
11	Palangkaraya	2	2,63
12	Bandung	1	1,32
13	Kudus	1	1,32
14	Solo	1	1,32
15	Probolinggo	1	1,32
16	Sidoarjo	1	1,32
17	Jombang	1	1,32
18	Palembang	1	1,32
Total			100,00

In Table 4 (see Appendices), it can be seen that the value of each factor loading and AVE are bigger than 0,5. It indicates that each indicator studied has met the requirements of convergent validity. In organizational agility, the indicator with the highest mean value and factor loading is the OA3 indicator. These results indicate that the respondents' answers are in accordance with statistical results where companies can quickly respond to customers' requests. They are also aware of customer agility, which plays an important role in organizational agility.

In competitive advantage, the indicator with the highest mean value is the CA3 indicator, while the indicator with the highest factor loading results is the CA5 indicator. It shows a discrepancy between the results of respondents' answers and statistical results. Management must be more aware of the delivery dependability of the organization because the focus of competitive advantage is not only related to the quality offered to customers but also how the company can meet customers' needs in a timely manner. This indicator is very important in achieving a competitive advantage. When fulfilling customers' orders quickly and responsively, companies can maximize profits

and get customer satisfaction, which can become a competitive advantage.

In organizational culture, the indicator with the highest mean value is the OC11 indicator, and the indicator with the highest factor loading result is the OC5 indicator. There is a discrepancy between the results of respondents' answers and statistical results. The management must be more aware because it does not only focus on producing high quality and predicting future performance but also how companies can innovate, take risks, and try new things. Statistical results show that the adhocracy culture gives better results than other cultures in the research.

In organizational performance, the indicator that has the highest mean value is the OP6 indicator, and the indicator with the highest factor loading value is the OP8 indicator. It has a discrepancy between the results of respondents' answers and statistical results. Management must be more aware of organizational learning and growth because it is not only related to the internal processes of an organization but also how companies can produce high-quality employees. Human resources, infrastructure, technology, culture, and other skills in business are important in improving organizational performance.

Figure 2 shows that all outer loadings are more than 0,50. Hence, it can be considered practically significant. In organizational agility, the highest outer loading appears in the dimensions of customer agility. In the competitive advantage, the highest outer loading is the delivery dependability dimension. In the organizational culture, the highest outer loading is found in the adhocracy dimension. Meanwhile, organizational performance has the highest outer loading in the learning and growth dimension.

In Table 5 (see Appendices), the R^2 value for the competitive advantage is 0,65, which means that the

coefficient value is moderate. Competitive advantage can be explained through organizational agility of 65%. Meanwhile, the organizational performance has an R^2 value of 0,79. It means that the coefficient value is substantial, and organizational performance can be explained through organizational agility of 79%. Finally, the R^2 value for the organizational culture is 0,71. It means that the coefficient value is moderate. Organizational culture can be explained through organizational agility of 71%.

Next, the results also show that the Q^2 values for competitive advantage, organizational performance, and organizational culture are 0,64, 0,68, and 0,71, respectively. All three variables have Q^2 values more than 0, so predictive relevance can be said to be good. The resulting predictive relevance value is quite large. It means that organizational agility can measure competitive advantage, organizational performance, and organizational culture well.

Based on the results of the data analysis in Table 6 (see Appendices), it is known that organizational agility and competitive advantage have a t-statistical significance level of 11,68. It indicates a bigger t-statistic value than 1,96, and a p-value of 0 shows that the p-value is smaller than 0,05. Hence, there is a significant influence significant. The original sample value is 0,81, which indicates that organizational agility and competitive advantage have a positive relationship. It proves a significant and positive relationship between organizational agility and competitive advantage. So, H1 is accepted.

The research has the first hypothesis stating that organizational agility positively affects competitive advantage. After carrying out several stages of testing using the SmartPLS application, it can be said that organizational agility directly affects competitive advantage. The impact generated by organizational

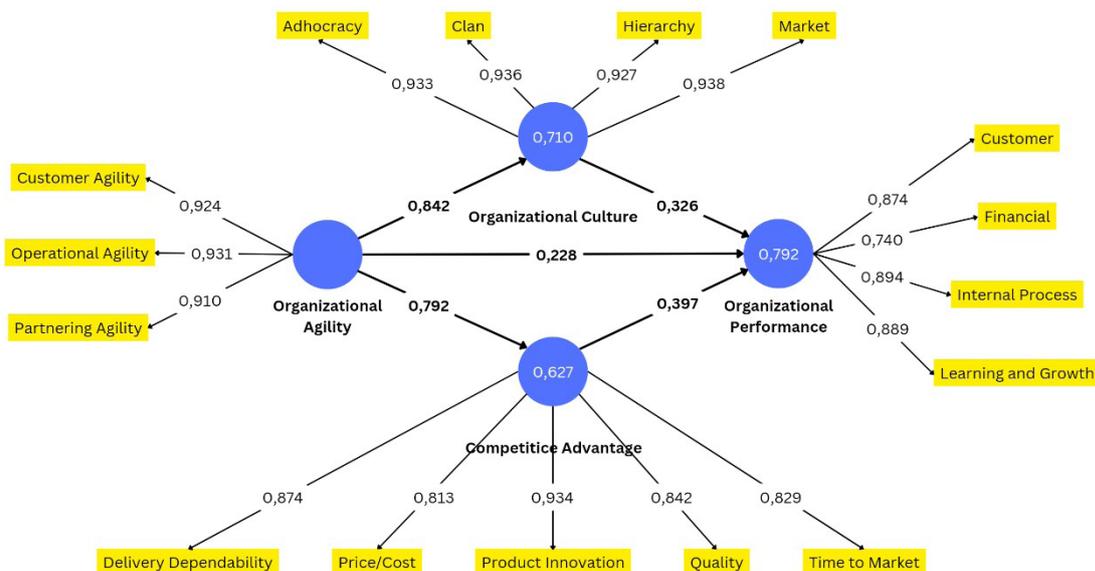


Figure 2 Outer Model in the Research

agility on competitive advantage is positive. The better organizational agility conditions in the company will increase the company's competitive advantage. To become a competitive advantage, companies must take advantage of their agility in creating something unique for the company so that these capabilities can become a competitive advantage. Organizational agility is important for achieving competitive advantage (Medeiros & Maçada, 2022). The results are in line with the research of El Nsour (2021) and Clauss et al. (2021), showing that organizational agility has a positive and significant influence on competitive advantage. The research results confirm the argument that organizational agility is increasingly becoming an important factor in achieving sustainable competitive advantage in knowledge-intensive industries. Organizational agility is an important potential and dynamic capability to achieve sustainable competitive advantages in terms of agile capabilities, such as flexibility, responsiveness, speed, high quality, and customized services to the organization. Thus, organizational agility has an important role in achieving a competitive advantage for the hospitality industry in Indonesia.

Likewise, there is a relationship between organizational agility and organizational culture. It can be seen from the t-statistical significance level of 15,26 and a p-value of 0. These results indicate that organizational agility and organizational culture have a significant effect. The original sample value is 0,85, showing that organizational agility and organizational culture have a positive relationship. It proves a significant and positive relationship between organizational agility and organizational culture so H2 is accepted.

The impact generated by organizational agility on organizational culture is positive and significant. It shows that the ability of organizations to respond to changes quickly and adapt to the environment can influence and strengthen organizational culture. Given the highly uncertain and constantly changing business context, organizational agility plays a role in how companies can adapt to environmental and external changes. The concept of organizational agility includes flexibility and adaptability. The results are in line with the prior studies which have shown the relationship between organizational agility and culture (Alamsjah & Yunus, 2022; Carvalho et al., 2021). Organizations should be agile and adapt to unpredictable changes quickly and effectively (Holbeche, 2019). Meanwhile, organizational culture is a capability that allows companies to continue to organize their resources to build a response to the future in the form of new products, services, or business models (Felipe et al., 2017). In the face of major changes, organizational agility must be made a culture rooted in the organization, not just a temporary capability. In addition, agility owned by the company must be implemented as a culture within the organization so that it can be accepted and carried out by all members.

The research also shows the results that

competitive advantage has a positive effect on organizational performance. The t-statistics and p-value of 3,69 and 0 indicate that the two variables have a significant relationship. The original sample value is 0,38, meaning that competitive advantage and organization performance have a positive relationship. There is a significant and positive relationship between competitive advantage and organizational performance. Hence, H3 is accepted.

According to Atnafu and Balda (2018), having a competitive advantage proves that a company has advantages compared to its competitors, such as lower prices, higher quality and reliability, and shorter delivery times. With a competitive advantage, companies can improve their performance, and the profits earned will also increase. A company with a short time to market and fast product innovation can become a market leader and enjoy a larger market share and sales volume, resulting in high financial performance, customer satisfaction and loyalty, and relationship effectiveness. This competitive advantage is important for the organization to have its uniqueness that competitors do not own to improve organizational performance. This argument is in line with the research results that competitive advantage has a positive effect on organizational performance. The impact generated by competitive advantage on organizational performance is positive (Shea et al., 2021). Therefore, the competitive advantage possessed by the company will increase the organizational performance of the company.

Based on the results of the data analysis, organizational culture has a positive effect on organizational performance. The t-statistics and p-value of 2,77 and 0,006 indicate that the two variables have a significant relationship. The original sample value is 0,34, meaning that organizational culture and organization performance have a positive relationship. A significant and positive relationship exists between organizational culture and organization performance, and H4 is accepted.

Organizational culture has a positive influence on organizational performance. The better the organizational culture is, the better the organizational performance will be. These results are in line with Joseph and Kibera (2019), showing that organizational culture is an important structure in the performance of a company. The culture shared by most organization members determines how the organization interacts with its internal and external environment to find solutions to organizational problems, such as performance and survival. Organizational culture plays an important role in exemplifying the behavior and performance of an organization through the collective efforts of all members of the organization. Organizational success depends on the effective alignment of strategy, structure, and culture. With a culture that is in accordance with the organization, the people in the organization will have the same motivation and goals. Hence, organizational performance will increase.

Organizational agility and organization performance have a t-statistical significance level of 1,99 and a p-value of 0,047, indicating that the t-statistics has a bigger value than 1,96, and a p-value is less than 0,05. These results indicate a significant influence. The original sample value is 0,23 that organizational agility and organization performance have a positive relationship. H5 is accepted, showing a significant and positive relationship between organizational agility and organization performance.

According to Cho et al. (2022), companies with high organizational agility perform better than their counterparts. These results align with the research results, which state that organizational agility has a positive effect on organizational performance. Better application of agility can increase organizational performance (Cho et al., 2022). Organizational agility is a company's ability to adapt to external and internal changes, meet customer demands and expectations quickly, lead change, improve culture, practices, and outcomes, and maintain a continuous competitive advantage (Ulrich & Yeung, 2019). Therefore, the existence of organizational agility allows companies to compete with competitors in a constantly changing environmental condition, respond quickly to changes, and innovate to improve organizational performance.

The research results in Table 6 also show that the p-value of the indirect effects are 0,001 and 0,005. So, the p-value is less than 0,05. It is also known that the indirect effect of competitive advantage and organizational culture on organizational agility and organization performance has a t-statistical significance level of 3,34 and 2,83, which has a significant level of bigger t-statistics than 1,96. These results conclude that with a competitive advantage and organizational culture as mediators, organizational agility has a stronger indirect effect on organizational performance than the direct relationship between organizational agility and organization performance. It shows that there is a mediating effect of competitive advantage and organizational culture in the relationship between organizational agility and performance, so H6 and H7 are accepted. These results align with the previous studies which highlight the mediating role of competitive advantage and organizational culture towards organizational performance (Gyemang & Emeagwali, 2020; Arokodare et al., 2019).

Organizational agility is a positive capability. It is strongly influenced by competitive advantage. Organizational agility is also an important potential and dynamic capability for achieving sustainable competitive advantage in terms of agile characteristics, such as flexibility, responsiveness, speed, culture of change, and high-quality service (El Nsour, 2021). The agility that has the most influence on the organization is customer agility. The way companies respond to customers and provide online facilities to customers is the most important thing in increasing agility in the company. The discrepancy between the results related to the respondents' answers and statistical results also shows that companies should

focus not only on quality but also on how they can respond to customers' requests in a timely manner, as it is the most important thing in achieving competitive advantage. Statistical results also show that the organizational culture that is most influenced by organizational agility is an adhocracy culture. This culture emphasizes the company's ability to innovate, take risks, and try new things. Companies must be ready to face change and adapt quickly in a changing environment. It helps companies to strengthen their culture so that employees can continue to develop, innovate, and provide good performance. To improve organizational performance, companies should not only focus on the quality of products and services provided. They must also focus on how companies can produce high-quality employees because human resources can improve the performance of an organization. The way companies can respond quickly to customers and fulfill customers' orders on time can produce high employee performance so that company performance can increase. In facing major changes, agility must be established as a culture that is rooted in the organization to improve company performance. Maintaining organizational agility into a culture that all organization members can accept certainly takes time. However, if organizational agility is not maintained, organizational resilience in facing uncertain changes will decrease and enable poor performance. According to Joseph and Kibera (2019), organizational culture is important to creating good organizational performance. Improving organizational performance requires the company's ability to innovate quickly, dare to take risks, and try new things. With competitive advantage and organizational culture as mediators, organizational agility has a stronger indirect effect in producing better organizational performance compared to the direct relationship between organizational agility and organizational performance.

CONCLUSIONS

The research provides empirical evidence regarding the impact of organizational agility on organizational performance by also considering internal and external factors of the organization, like organizational culture and competitive advantage. Furthermore, the research is one of few studies investigating the impact of organizational agility, specifically in the hardest-hit industry by the COVID-19 pandemic, namely the hospitality industry.

The research results indicate that organizational agility has an important role in increasing organizational performance. Organizational agility has a significant and positive impact on organizational performance in hospitality in Indonesia, with a competitive advantage and organizational culture as mediating variables. Management should realize that organizational agility will have a stronger effect on organizational performance when the organization also has a high orientation on its internal (organizational culture) and external organization (competitive

advantage) from the perspective of its customers and competitors. The findings help management not only focus on quality but also on how companies can meet customers' needs, create competitiveness, dare to take risks, innovate, and increase profitability to improve organizational performance. The research also helps company management to understand the importance of implementing agility in facing uncertain business conditions. In today's uncertain business environment, companies must continue to innovate and adapt quickly to compete with competitors, so organizational agility is needed within the company.

Several suggestions can be given to companies and management. First, companies should provide online facilities to customers to increase the value of the company's customer agility. Second, to increase the company's competitive advantage, management should focus on more than just the quality offered to customers (quality). It should also focus on how the company can meet customers' needs in a timely manner (delivery dependability). Third, management should be more aware of how the organization can continue to innovate and be willing to take risks because improving the culture within the organization does not only focus on high quality. Fourth, management is more aware of how the organization can produce high-quality employees to improve company performance.

Nevertheless, the research only investigates general organizational agility in one specific industry. Future research can explore different industries using specific agility enablers, such as workforce or digital agility. Further research can also use other variables related to organizational agility and performance to expand the research framework. Additional variables that can be added to the research framework are leadership and management control systems. A larger and more diverse number of samples can help further research to get better results.

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APPENDICES

Table 3 Measurement Items Used in the Research

Indicator	Questions	
OA1	Our company can respond to competitors by shortening the time to market new services (Customer Agility)	
OA2	Our company provides online facilities to customers (Customer Agility)	
OA3	Our company can quickly respond to customers' requests (Customer Agility)	
OA4	Our company has a wide selection of suppliers for our goods and services (Partnering Agility)	
OA5	Our company can innovate quickly in creating new technologies to differentiate itself from competitors (Partnering Agility)	Van Oosterhout et al. (2007)
OA6	The complexity of business processes within our company is increasing due to an increase in interdependence relations in business networks (Partnering Agility)	
OA7	Our company makes changes in internal business processes, such as purchasing operations, sales operations, room service, etc. (Operational Agility)	
OA8	Our company can meet the increasing demand for financial transparency and accountability (Operational Agility)	
OA9	Our company is capable of carrying out major organizational changes, such as mergers, acquisitions, structural changes, digital transformation, etc. (Operational Agility)	
CA1	Our company can offer competitive prices (Price/Cost)	
CA2	Our company can compete based on the quality of products and services (Quality)	
CA3	Our company can offer quality services to customers (Quality)	
CA4	Our company can fulfill customer orders on time (Delivery Dependability)	Li et al. (2006)
CA5	Our company offers reliable services (Delivery Dependability)	
CA6	Our company provides services that can be tailored to customers' wishes (Product Innovation)	
CA7	Our company can offer services according to customers' needs (Product Innovation)	
CA8	Our company can meet customers' needs for new features (Product Innovation)	
CA9	Our company is the first to introduce new services to the market (Time to Market)	
CA10	Our company can develop new services faster than competitors (Time to Market)	
OC1	Our company is like a big family. People in the company share a lot of things (Clan)	
OC2	Leaders in our company provide a lot of assistance to employees (Clan)	
OC3	Our company emphasizes human resource development, teamwork, employee commitment, and concern for others (Clan)	
OC4	Our company is a very dynamic place to work, and employees dare to take risks (Adhocracy)	
OC5	Leaders in our company provide a lot of innovation and dare to take risks, create new competitions, and try new things (Adhocracy)	Müller and Nielsen (2013) and Azeem et al. (2021)
OC6	Our company emphasizes innovating, getting new resources, creating new competition, and trying new things (Adhocracy)	
OC7	Our company is result-oriented with a focus on getting the job done. Employees are very competitive and achievement-oriented (Market)	
OC8	Leaders in our company are result-oriented and work seriously and aggressively (Market)	
OC9	Our company insists on competitive action, surpassing the competition, and achieving market victory (Market)	
OC10	Our company is a very structured and controlled place, and there are many procedures that regulate employees (Hierarchy)	
OC11	Leaders in our company coordinate, organize, and ensure that the company's efficiency runs smoothly (Hierarchy)	
OC12	Our company emphasizes the efficiency, stability, and smooth operation of the company as important (Hierarchy)	
OP1	Our company has higher profitability compared to competitors (Financial)	
OP2	Our company has higher efficiency compared to competitors (Financial)	
OP3	Our company has good customer relationship management (Customer)	
OP4	Our company pays attention to customers' requests (Customer)	Mehralian et al. (2018)
OP5	Our company's internal processes are tailored to meet customers' needs (Internal Process)	
OP6	Our company has a high commitment to service quality (Internal Process)	
OP7	Our company has a high level of employee satisfaction (Learning and Growth)	
OP8	Our company runs ongoing training to produce employees with high skills (Learning and Growth)	

Table 4 The Results of Factor Loading, Descriptive Statistics, and Reliabilities

Variable	Indicator	Factor Loading	Dimensions Loading	Mean	Std Dev	
Organizational Agility						
Customer Agility	OA1	0,74	0,924	4,16	0,61	Cronbach's alpha @ 0,92 Composite reliability 0,92 AVE 0,60
	OA2	0,71		4,40	0,67	
	OA3	0,82		4,47	0,68	
Partnering Agility	OA4	0,76	0,910	4,28	0,68	
	OA5	0,78		4,21	0,66	
	OA6	0,76		3,95	0,74	
Operational Agility	OA7	0,77	0,931	4,25	0,65	
	OA8	0,83		4,09	0,71	
	OA9	0,78		3,99	0,73	
Competitive Advantage						
Price/Cost	CA1	0,78	0,813	4,57	0,66	Cronbach's alpha @ 0,94 Composite reliability 0,95 AVE 0,66
Quality	CA2	0,79	0,842	4,53	0,64	
	CA3	0,79		4,68	0,59	
Delivery Dependability	CA4	0,78	0,874	4,38	0,73	
	CA5	0,89		4,42	0,75	
Product Innovation	CA6	0,83	0,934	4,26	0,71	
	CA7	0,83		4,43	0,68	
	CA8	0,88		4,04	0,70	
Time to Market	CA9	0,75	0,829	3,72	0,91	
	CA10	0,82		4,04	0,77	
Organizational Culture						
Clan	OC1	0,86	0,936	4,25	0,76	Cronbach's alpha @ 0,96 Composite reliability 0,96 AVE 0,69
	OC2	0,80		4,22	0,75	
	OC3	0,84		4,41	0,67	
Adhocracy	OC4	0,83	0,933	4,09	0,81	
	OC5	0,88		4,21	0,75	
	OC6	0,86		4,24	0,67	
Market	OC7	0,87	0,938	4,15	0,66	
	OC8	0,78		4,26	0,66	
	OC9	0,83		4,20	0,83	
Hierarchy	OC10	0,83	0,927	4,30	0,80	
	OC11	0,84		4,45	0,64	
	OC12	0,79		4,29	0,67	
Organizational Performance						
Financial	OP1	0,62	0,740	4,26	0,64	Cronbach's alpha @ 0,90 Composite reliability 0,90 AVE 0,59
	OP2	0,73		4,26	0,66	
Customer	OP3	0,79	0,874	4,46	0,57	
	OP4	0,82		4,49	0,57	
Internal Process	OP5	0,79	0,894	4,34	0,58	
	OP6	0,75		4,50	0,64	
Learning and Growth	OP7	0,78	0,889	4,25	0,63	
	OP8	0,82		4,26	0,68	

Table 5 The Results of Coefficient of Determination (R²) and Predictive Relevance (Q²)

	R ²	Q ²
Competitive Advantage	0,65	0,64
Organizational Performance	0,79	0,68
Organizational Culture	0,71	0,71

Table 6 The Results of the Hypotheses Test

Hypotheses	Original Sample	T Statistics	P-Values	Empirical Evidence
H1: Organizational Agility → Competitive Advantage	0,81	11,68	0***	Supported
H2: Organizational Agility → Organizational Culture	0,85	15,26	0***	Supported
H3: Competitive Advantage → Organizational Performance	0,38	3,69	0***	Supported
H4: Organizational Culture → Organizational Performance	0,34	2,77	0,006**	Supported
H5: Organizational Agility → Organizational Performance	0,23	1,99	0,047*	Supported
H6: Organizational Agility → Competitive Advantage → Organizational Performance	0,31	3,34	0,001***	Supported
H7: Organizational Agility → Organizational Culture → Organizational Performance	0,29	2,83	0,005**	Supported

Notes: *p < 0,05, **p < 0,01, and ***p < 0,001.