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Organizational Agility-Oriented Management as a Response to the Dynamics of the Business Environment

Sujoko
Universitas Teknologi Yogyakarta, Indonesia

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Corresponding Author:
Author Name*: Sujoko
Email*:
sujokod2.01@gmail.com

Abstrak: Contemporary business environments characterized by volatility, uncertainty, complexity, and ambiguity compel organizations to move beyond rigid bureaucratic management toward agility-oriented approaches. This study examines how agility-oriented organizational management serves as a strategic response to dynamic business environments by integrating digital systems, human and cultural dimensions, and strategic agility. A qualitative multiple case study design was employed to explore organizational practices that reflect agility orientation. Data were collected through semi-structured interviews, non-participant observations, and document analysis involving organizations that have implemented digital transformation, adaptive performance systems, and cultural changes. The data were analyzed using thematic analysis through open, axial, and selective coding to identify patterns across cases. The findings reveal that agility emerges from the alignment of three primary pillars: digital transformation and performance systems that accelerate decision-making, people and organizational culture that foster adaptive behaviors, and strategic agility that enables rapid resource reconfiguration. When these elements are integrated, agility becomes institutionalized as a management orientation rather than an operational practice. This integration enables organizations to respond quickly to environmental turbulence, enhance innovation capacity, and sustain competitiveness. The study concludes that agility-oriented management is a comprehensive and systemic approach that allows organizations to proactively and adaptively navigate continuous business environment changes.

Keywords : Organizational agility, Digital transformation, Strategic agility, Organizational culture

INTRODUCTION

Contemporary business environments are increasingly characterized by volatility, uncertainty, complexity, and ambiguity driven by rapid digital disruption, shifting customer expectations, global competition, and regulatory turbulence. Organizations are no longer confronted with gradual and predictable change but with exponential and unexpected shifts that demand swift and adaptive responses. In this context, the central challenge for modern organizations is no longer limited to operational efficiency, but rather to their capacity to continuously adjust to dynamic external changes. This condition elevates the importance of agility-oriented organizational management as a strategic response to business environment dynamics (Morawiec & Sołtysik-Piorunkiewicz, 2023).

Despite these environmental pressures, many organizations remain embedded in bureaucratic, hierarchical, and rigid management systems. Vertical structures slow down information flow, prolong decision-making processes, and hinder cross-functional collaboration. In turbulent business environments, such rigidity causes organizations to lose momentum in responding to market changes, technological developments, and competitive pressures. Excessive bureaucracy generates organizational inertia that obstructs learning processes, delays technological adoption, and weakens the organization's ability to absorb new knowledge, directly reducing organizational agility and responsiveness (Çakmak, 2023; Morawiec & Sołtysik-Piorunkiewicz, 2023).

Moreover, organizations often experience what is referred to as organizational debt, namely the accumulation of outdated procedures, misaligned structures, and cultural norms that resist change. This organizational debt is frequently invisible but has significant consequences for the organization's capacity to adapt and innovate. Overly complex procedures, fragmented systems, and resistance-oriented work cultures prevent

organizations from operating in an agile manner. In this situation, bureaucracy no longer functions as a stabilizing mechanism but becomes a primary barrier to agility (Ahmad et al., 2025).

Recent studies indicate that organizational agility has emerged as a response to the limitations of bureaucracy in VUCA environments. Organizational agility is no longer understood merely as an operational capability within teams, but as a comprehensive management orientation encompassing systems, people, culture, and strategy. Agility is increasingly viewed as a prerequisite for organizational survival rather than an optional competitive advantage, particularly in the aftermath of global disruptions such as the COVID-19 pandemic and Industry 4.0 transformation (Agarwal et al., 2022; Mrugalska & Ahmed, 2021).

The first critical pillar in fostering organizational agility lies in digital transformation and performance management systems. Digitalization through enterprise resource planning platforms, integrated digital systems, and real-time performance metrics enables faster and more accurate decision-making. However, digital transformation alone is insufficient without aligning information systems with agile business strategies. The integration between information systems and strategic orientation is essential to ensure that technology serves as an enabler of agility rather than merely an administrative tool (Cosa & Torelli, 2024; Shebka et al., 2025).

The implementation of E-HRM and people analytics also plays a significant role in developing organizational agility. Digital recruitment systems, online training platforms, and adaptive performance evaluation tools allow organizations to manage human resources in a flexible and responsive manner. Digitalization in human resource management not only enhances efficiency but also supports the development of workforce agility necessary in dynamic business contexts (Alqarni et al., 2023; Zhang et al., 2025).



The second pillar of organizational agility is rooted in the human and cultural dimensions of the organization. Organizational mindfulness toward digital transformation enhances the organization's information-processing capabilities and strengthens market agility. Collective awareness of the need for change forms the foundation of an adaptive organizational culture (Li et al., 2019). Furthermore, workforce agility characterized by flexibility in tasks and working time demonstrates a strong correlation with organizational innovation capacity (Franco & Landini, 2021).

Practices such as job crafting and the creation of a positive organizational climate have been shown to foster agility even in bureaucratic contexts, including public sector organizations. This finding highlights that agility is not determined solely by formal structures but also by the extent to which individuals are empowered to adapt to change (Loghmani et al., 2021). Leadership unity, effective cross-functional communication, and a culture of continuous learning constitute the core elements of strategic agility within organizations (AlTaweel & Al-Hawary, 2021; Putri & Novitri, 2025; Sharma et al., 2025; Munandar & Witjaksono, 2025).

The third pillar concerns strategic and business agility, where agility becomes embedded within the strategic orientation of the organization. Strategic agility, which includes strategic sensitivity, resource fluidity, and leadership unity, has been found to significantly enhance organizational performance and innovation capability. Organizations capable of reallocating resources swiftly, adjusting strategies dynamically, and maintaining leadership alignment demonstrate higher responsiveness to environmental change (AlTaweel & Al-Hawary, 2021).

Although the literature on agility has expanded considerably, most studies still focus on agility at the operational level, such as agile project management, software development teams, or innovation units. Limited research addresses agility as an integrated organizational

management orientation that simultaneously encompasses systems, people, culture, and strategy. Furthermore, the majority of empirical studies are conducted in developed countries, leaving a contextual gap in understanding how agility-oriented management can be implemented in organizations with strong bureaucratic characteristics, such as those commonly found in Indonesia. This indicates a significant research gap in conceptualizing and operationalizing agility as a systemic management paradigm.

The novelty of this study lies in positioning agility not as a method or operational technique, but as a comprehensive orientation of organizational management. This research integrates digital systems, human and cultural dimensions, and strategic agility into a unified managerial framework that explains how organizations can respond effectively to business environment dynamics. By linking these three pillars within a single organizational management perspective, this study offers a new conceptual understanding of how agility can be institutionalized within organizational governance.

Accordingly, the purpose of this study is to analyze how agility-oriented organizational management serves as a strategic response to dynamic business environments and to identify the key organizational elements that enable agility to be embedded systemically within organizations.

METHOD

This study adopts a qualitative approach with a multiple case study design to explore how agility-oriented organizational management operates as a strategic response to dynamic business environments. The research focuses on organizations that have initiated digital transformation, implemented adaptive performance systems, and promoted cultural change toward agility. Data are collected through semi-structured interviews with top management, middle managers, and employees involved in digital systems, human resource practices, and strategic decision-making. In

addition, non-participant observations are conducted to capture real organizational practices related to information flow, cross-functional collaboration, and decision-making processes. Documentary analysis is also employed by examining internal documents such as organizational structures, standard operating procedures, performance reports, digital platform usage records, and human resource policies. These multiple sources of evidence allow data triangulation to ensure the credibility and richness of the findings.

The data analysis follows a thematic analysis procedure supported by coding techniques. Interview transcripts, observation notes, and documents are first subjected to open coding to identify initial patterns related to digital systems, people and culture, and strategic agility. The process continues with axial coding to establish relationships among these categories and to understand how they collectively shape agility-oriented management. Finally, selective coding is conducted to integrate the findings into a coherent conceptual explanation of how agility is institutionalized within organizational management. Throughout the analysis, constant comparison is applied to detect similarities and differences across cases, while member checking is used to validate interpretations with participants. This systematic analysis enables the study to generate an in-depth understanding of the organizational elements that enable agility to function as a systemic managerial response to business environment dynamics.

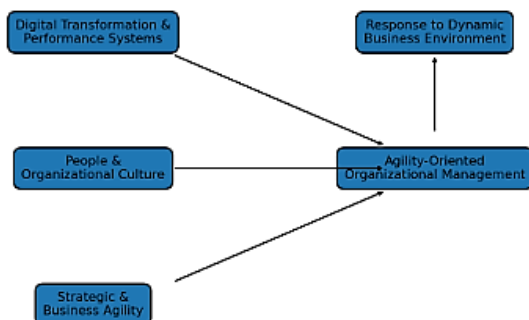


Figure 1. Diagram Conceptual this Research

RESULT AND DISCUSSION

Result

The table below summarizes the main findings derived from the open-axial-selective coding process, which groups the data into the three core pillars forming agility-oriented organizational management and their implications for organizational response to dynamic business environments.

Table 1. Summary of Thematic Findings on Agility-Oriented Organizational Management

Main Pillar	Key Indicators Found in the Field	Empirical Evidence from Cases
Digital Transformation & Performance Systems	Real-time data usage, ERP integration, digital dashboards, adaptive KPIs	Managers rely on live dashboards for weekly decisions; ERP integrates finance, HR, and operations; KPIs are reviewed monthly
People & Organizational Culture	Cross-functional collaboration, job crafting, learning climate, openness to change	Cross-department project teams; employees adjust roles flexibly; routine learning forums
Strategic & Business Agility	Resource reallocation, strategic sensitivity, leadership alignment	Project budgets are reallocated quickly when opportunities arise; short and intensive strategy meetings
Integration into Management Orientation	Alignment of systems, people, and strategy	HR policies, digital systems, and strategic meetings are interconnected
Outcome: Response to Dynamic Business Environment	Speed, adaptability, innovation, market responsiveness	New products launched faster; rapid response to regulatory changes

The findings indicate that organizational agility does not emerge partially, but is formed through the integration of three primary pillars: digital systems and performance management,



human and cultural dimensions, and strategic and business agility. These pillars do not operate independently; rather, they reinforce each other within daily managerial practices. Digitalization accelerates information flow and decision-making processes, organizational culture empowers individuals to adapt, and strategic agility ensures that the organization's direction can be continuously adjusted in response to external changes. These findings demonstrate that when systems, people, and strategy are aligned, agility evolves from a temporary operational practice into an institutionalized organizational management orientation. This condition enables organizations to respond to dynamic business environments more rapidly, innovatively, and adaptively, in line with the research objective formulated in this study.

Discussion

The findings of this study demonstrate that agility-oriented organizational management operates as a systemic response to increasingly VUCA business environments, where volatility, uncertainty, complexity, and ambiguity redefine how organizations must function to survive and compete. The empirical evidence gathered from multiple case contexts shows that agility is not practiced as an isolated operational technique, but rather embedded across strategic, digital, structural, and human resource dimensions of management. This result directly addresses the research objective by explaining how agility becomes institutionalized within organizational management and how it enables organizations to respond effectively to dynamic business environments.

The study reveals that agility emerges as a primary organizational response because contemporary business turbulence requires organizations to anticipate change while maintaining performance. Agility is widely conceptualized as the organizational capability to sense environmental changes, respond rapidly, and continuously enhance performance outcomes (Troise et al., 2022; Mrugalska & Ahmed, 2021; Çakmak, 2023). In the observed cases, organizations that embedded agility into

managerial routines demonstrated faster product adaptation, quicker strategic decisions, and improved responsiveness to regulatory and market shifts. This confirms prior findings that agility significantly improves financial performance, innovation capability, and competitiveness, particularly for organizations operating under environmental turbulence (Troise et al., 2022; Ahmed et al., 2022).

A key result of this study is the identification of strategic agility as the central managerial driver that connects environmental sensing with rapid resource reconfiguration. The cases show that leadership teams frequently conducted short, iterative strategic reviews and were willing to reallocate budgets, teams, and priorities when environmental signals changed. This practice reflects the sense-seize-reconfigure logic described in the literature on strategic agility (AlTaweel & Al-Hawary, 2021; Singh & Sheoran, 2025). Organizations did not treat strategy as a fixed annual plan, but as a continuously evolving orientation. Such findings support the argument that agility-oriented management requires fluid strategic thinking rather than static planning.

Digital agility also emerged as a dominant enabler of responsiveness. The integration of digital platforms, ERP systems, and real-time performance dashboards allowed managers to access accurate data instantly, shortening decision cycles significantly. This supports the view that digital technologies such as IoT, AI, cloud platforms, and integrated digital systems serve as enablers of agility by facilitating real-time information processing and coordination (Mrugalska & Ahmed, 2021; Kumar et al., 2025; Ping, 2025; Ahmed et al., 2022). The findings demonstrate that organizations do not achieve agility through digital adoption alone, but through the alignment of digital systems with decision-making and strategic processes.

The study further shows that process and structural agility are visible through the formation of cross-functional teams, flatter communication channels, and iterative work mechanisms. Organizations reduced hierarchical barriers and empowered teams to experiment and collaborate beyond formal departmental boundaries. These practices



reflect process agility and structural flexibility as highlighted in previous studies (Kale et al., 2025; Grocholski, 2022; Sharma et al., 2025). The removal of rigid bureaucratic layers enabled faster coordination and adaptation when facing environmental change.

Human resource agility also plays a crucial role in institutionalizing agility. The cases reveal that organizations invested in strategic HRM practices, continuous learning programs, and empowerment mechanisms that allowed employees to adapt their roles dynamically. This confirms that agility at the organizational level is strongly supported by an agile workforce cultivated through SHRM practices (Troise et al., 2022; Jian et al., 2024; John & Ragui, 2024). Employees were encouraged to engage in job crafting, cross-role participation, and continuous skill development, enabling the organization to adapt without relying solely on structural changes.

Another important finding is that agility enhances innovation capacity. Organizations capable of quickly sensing market shifts were able to develop and launch new products and services faster than competitors. This aligns with the argument that agility contributes directly to innovation capability by shortening development cycles and encouraging experimentation (Troise et al., 2022; AlTaweel & Al-Hawary, 2021; John & Ragui, 2024). Innovation was not treated as a separate function, but as a natural outcome of agile managerial practices.

The study also reveals important implications for organizational design. The evidence indicates that traditional bureaucratic designs are increasingly incompatible with dynamic business environments. Organizations that shifted toward flatter structures, autonomous teams, and dynamic feedback mechanisms demonstrated higher responsiveness and adaptability. This supports the notion that replacing rigid bureaucracy with flexible structures is essential for achieving agility (Mrugalska & Ahmed, 2021; Ping, 2025; Grocholski, 2022).

Moreover, the findings confirm that digital transformation and platform capability function as key enablers of competitive

advantage within agility-oriented management. Digital integration across departments reduces delays, improves coordination, and strengthens decision accuracy (Troise et al., 2022; Kumar et al., 2025; Ahmed et al., 2022). Digital agility becomes inseparable from organizational agility.

The study further highlights that agility contributes to organizational resilience. Organizations did not merely survive crises and disruptions but leveraged them as opportunities to innovate and reposition strategically. This finding aligns with the argument that agility strengthens resilience by enabling organizations to convert uncertainty into opportunity (Mrugalska & Ahmed, 2021; Miceli et al., 2021; Kale et al., 2025; Hamieddine, 2025).

Overall, the discussion demonstrates that agility-oriented organizational management is a multidimensional construct integrating strategic agility, digital agility, process and structural agility, human resource agility, and innovation agility. These dimensions interact synergistically to produce an organizational system capable of responding effectively to dynamic business environments. The findings extend previous literature by providing empirical evidence that agility becomes institutionalized when these dimensions are aligned within managerial practice.

This study contributes theoretically by positioning agility not as a methodological tool, but as a comprehensive management orientation embedded within organizational governance. Practically, it offers guidance for organizations seeking to redesign management systems to cope with VUCA environments. By integrating digital systems, human capital practices, structural flexibility, and strategic fluidity, organizations can transform agility into a sustainable managerial capability that directly supports long-term competitiveness.

CONCLUSIONS

Based on the findings and discussion, this study concludes that agility-oriented organizational management functions as a systemic and strategic response to dynamic business environments by integrating digital systems, human and cultural dimensions, and



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strategic agility into a unified managerial orientation. The alignment between real-time digital performance systems, empowered and adaptive human resources, and fluid strategic decision-making enables organizations to institutionalize agility beyond operational practices and embed it within organizational governance. This integration allows organizations to sense environmental changes, reconfigure resources rapidly, foster innovation, and maintain competitiveness in VUCA conditions. Therefore, agility is not merely a methodological approach but becomes a comprehensive management orientation that equips organizations to respond proactively, adaptively, and sustainably to continuous environmental turbulence, directly fulfilling the objective of this research.

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