

Optimizing Organizational Agility: Exploring the Impact of Flexible Work Arrangements

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Abstract

The evolving landscape of work, particularly catalyzed by the pandemic, has spurred organizations, including governmental bodies, to embrace novel work paradigms like Flexible Working Arrangements (FWA). In this milieu, Organizational Agility (OA) emerges as pivotal for navigating change. This study aims to scrutinize the impact of FWA on OA within Regional Departments of the Secretariat of the West Java Provincial Government. Utilizing a quantitative methodology and survey instruments, the research engaged 319 FWA-practicing employees across three regional departments. Findings from Structural Equation Modeling (SEM) analysis reveal a robust and positive correlation between FWA and OA levels. This study makes a substantial contribution by illuminating the potential for optimizing OA through FWA enhancement. Recommendations underscore the need for refining FWA implementation, bolstering OA, fortifying leadership engagement, and fostering robust employee support mechanisms, underscored by a call for continual monitoring and evaluation to ensure the efficacy of flexible work arrangements.

Key words: Flexible working arrangements, organizational agility, governmental organizations, human resource management, work paradigms

Introduction

Technological advancements, social dynamics, and shifts in the political landscape are influential factors that profoundly alter various aspects of our lives, including the context of the workplace (Vyas, 2022, 155). Scientific, technical, and manufacturing support encompasses assistance in technology implementation, forming partnerships, and fostering an innovative environment through collaboration, as well as establishing international cooperation in the field of innovation (Wahyuningtyas et al., 2023, 601). Technological advancements are considered a strategic key for companies to enhance their competitiveness, which can lead to achieving leading status and competitiveness in the current era (Fauziah & Wahyuningtyas, 2020, 1379). The combination of digital technological advancements and quarantine measures implemented during the COVID-19 pandemic has resulted in a significant proliferation of remote working practices known as 'working from anywhere' or Flexible Working Arrangement, which is a modern approach in the world of work (Chin et al., 2023, 2).

Organizational Agility, which enables organizations to adapt in a rapidly changing, uncertain, and volatile business environment, can enhance their competitiveness (Walter, 2021, 356). Agile is a set of methods, principles, and managerial frameworks that advocate for quick and flexible working approaches to achieve job objectives (Dudija, 2020, 291). In the government sector, which experiences numerous changes, including organizational structure, work methods, work culture, and to meet the needs of public services, civil servants' ability to effectively manage change through human resource management and advances in information technology is required (Saptarini & Mustika, 2023, 55).

The government is expected to meet the demand for digital skills to address future challenges in digital competition (Wahyuningtyas et al., 2021, 1). Organizations operating in constantly changing and competitive environments must continuously adapt and innovate to maintain their competitive edge (Abraheem, 2023, 27). Organizations with flexibility as a dynamic capability are effective in addressing change (Mrugalska & Ahmed, 2021, 16–17). The ability of human resources to adapt to new work patterns, such as Flexible Working Arrangement, is a key factor in the success of this organizational change, which also requires supportive infrastructure (Prihasnowo & Anggarini, 2023, 79–80).

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The Provincial Government of West Java officially launched the Dynamic Working Arrangement (DWA) or Flexible Working Arrangement (FWA) mechanism on June 19, 2023, where Civil Servants (ASN) can work without the need to be physically present in the office (jabarprov.go.id, 2023). The use of the term 'flexy' refers to work flexibility where working hours are adjusted according to the situation, allowing freedom in work (Mungkasa, 2020, 129).

Organizational agility can be a key factor in achieving the successful implementation of Flexible Working Arrangement (FWA) and maintaining organizational performance in a constantly changing environment. As discussed earlier, Flexible Working Arrangement is a crucial aspect in adapting work practices within the organizational environment, which also serves as a working system, while Organizational Agility is the organization's ability to respond to changes quickly and effectively.

Theories and Hypotheses

Flexible Working Arrangement Theory

Flexible Working Arrangement, or flexibility in the workplace, refers to the ability of employees to control their work time and location (Chung & Lippe, 2020, 1). Flexible Working Arrangement, or flexible work system, encompasses various schedules and work arrangements that provide employees with more freedom in determining their work time, location, and manner (Yildiz & Akkas, 2023, 158).

According to Robbins and Judge (2017, 162) as cited in (Mallafi & Silvianita, 2021, 3), the dimensions of Flexible Working Arrangement are as follows: Flexible location refers to a flexible work system that does not require employees to perform their tasks from the office or a permanently designated workplace, allowing work in non-fixed locations and flexible location-based work. Flexible time involves providing employees with the flexibility, with the company's permission, to arrange their work schedules outside of the regular working hours enforced by the company, such as flexible work scheduling and flexible working hours.

Organizational Agility Theory

Organizational Agility is a concept that enables companies to remain relevant in the highly competitive and rapidly changing business environment of today (Jaelani et al., 2021, 2). It is a characteristic that organizations must strive for as it is crucial for sustainable business success (Fridayani, 2021, 139). Organizational Agility is also defined as the ability of an organization to face change and achieve success with the support of employees and effective strategies (Setiyowati & Wulandjani, 2021, 217). Organizational Agility is an essential learning process for every organization to help them navigate evolving environmental changes and maintain their competitiveness (Sakitri, 2021, 1).

According to (Ahmed et al., 2022, 6–7), the dimensions of Organizational Agility (OA) are as follows: Responsiveness and Adaptability to the Environment encompass the ability to respond to new opportunities and threats arising during dynamic conditions, promptly detecting and forecasting changes in the environment caused by environmental shifts, and quickly adapting to changes to adjust resources, processes, and technologies. Decision-Making Agility and Innovation involve the capability to make quick decisions to address challenges of environmental change and readiness to consider innovations, new strategies, and necessary actions across various aspects such as partnerships. Effective Communication and Collaboration entail efforts to enhance effective information flow with organizational stakeholders and foster strong collaboration and effective communication in addressing environmental changes resulting from environmental shifts.

Hypothesis : Flexible Working Arrangement significantly positive influences Organizational Agility in Regional Departments of the West Java Provincial Secretariat.

Methods

This research was conducted through a survey by distributing questionnaires to employees in Regional Departments of the West Java Province. The sample used was selected using the stratified random sampling method from civil servants (ASN) who had implemented Flexible Working Arrangement. In this study, Structural Equation Model was employed using SMART PLS software to test theoretical causality through empirical data analysis. All variables in the study were measured using a 5-point Likert scale, where respondents indicated their level of agreement from "Strongly Agree" to "Strongly Disagree." Exogenous variables consisted of two dimensions of Flexible Working Arrangement, namely Flexible Location and Flexible Time.

Meanwhile, the endogenous variable was Organizational Agility, measured through three dimensions: responsiveness and adaptability to the environment, decision-making agility and innovation, and effective communication and collaboration.

Results

Respondents Characteristics

Out of a total of 192 respondents, there were 109 male respondents and 83 female respondents. Therefore, the percentage of male respondents is 56.77% of the total respondents, while the percentage of female respondents is 43.23%. Based on the educational background, 8 individuals (4.65%) have a high school diploma or equivalent, 26 individuals (15.12%) have a Diploma 3 (D3), 15 individuals (8.72%) have a Diploma 4 (D4), 94 individuals (54.65%) have a Bachelor's degree (S1), 28 individuals (16.28%) have a Master's degree (S2), and 1 individual (0.58%) holds a Doctoral degree (S3). With this variation, it can be concluded that the majority of respondents have a Bachelor's degree (S1), which contributes the most to the total number of respondents.

Based on the regional departments, there were 32 respondents from the Bureau of Organization, 80 respondents from the Regional Personnel Agency (BKD), and 80 respondents from the Department of Communication and Informatics (Diskominfo). Therefore, the percentage of respondents from the Bureau of Organization is 16.67% of the total respondents, the percentage of respondents from BKD is 41.67%, and the percentage of respondents from Diskominfo is 41.67%. Regarding the respondents' length of employment, it can be concluded that there is a significant variation in their work experience. A total of 17 individuals (9.88%) have less than 1 year of work experience, 60 individuals (34.88%) have 1 to 3 years of work experience, 41 individuals (23.84%) have 3 to 5 years of work experience, and 74 individuals (43.02%) have more than 5 years of work experience. Thus, the majority of respondents have diverse work experience, with most of them (more than 5 years) having a higher level of experience. This reflects the diversity of experience levels within the population of respondents in this study.

Data Analysis

Concerning respondents' answers regarding the Flexible Working Arrangement variable distributed among employees in three regional departments in the West Java Provincial Government, the following results were obtained. Regarding the Flexible Location dimension, the overall percentage average score reached 86%, categorized as "Very Good." This indicates that the majority of respondents feel capable of working from various locations, finding working from non-fixed locations provides scheduling freedom and enhances overall productivity. Respondents also feel empowered to choose their workplace outside the physical office, which aids in task completion. Additionally, flexibility in working from different locations is seen to improve the balance between respondents' personal and professional lives. Concerning the Flexible Time dimension, the overall percentage average score reached 85%, also categorized as "Very Good." Respondents recognize the benefits and positive impact of flexible working hours, feeling they have greater control over their work schedules, allowing for adjustments based on personal needs. This flexibility is perceived to enhance efficiency and productivity while providing an opportunity for better work-life balance.

Regarding respondents' answers concerning the Organizational Agility variable distributed among employees in three regional departments in the West Java Provincial Government, the following results were obtained. Regarding the Responsiveness and Adaptability to the Environment dimension, the overall average percentage score reached 83%, categorized as "Good." This indicates that the responsiveness and adaptability to the environment in the implementation of FWA in the regional departments of the West Java Provincial Government are functioning well. Concerning the Decision-Making Agility and Innovation dimension, the overall average percentage score also reached 83%, categorized as "Good." Thus, it can be concluded that decision-making agility and innovation in the regional departments of the West Java Provincial Government are perceived to be strong by the respondents. Regarding the Effective Communication and Collaboration dimension, the overall average percentage score reached 83%, also categorized as "Good." This conclusion reflects that the organization has effective communication and collaboration, which is positively perceived by the respondents.

Measurements

The measurement results of the outer loading reveal satisfactory quality for both the Flexible Working Arrangement and Organizational Agility variables. All statement items on both variables meet the convergent validity criteria, with values exceeding 0.70, indicating their effectiveness in explaining the latent variables being measured. The assessment demonstrates that each indicator effectively contributes to the understanding of the underlying constructs, reinforcing the robustness of the research findings.

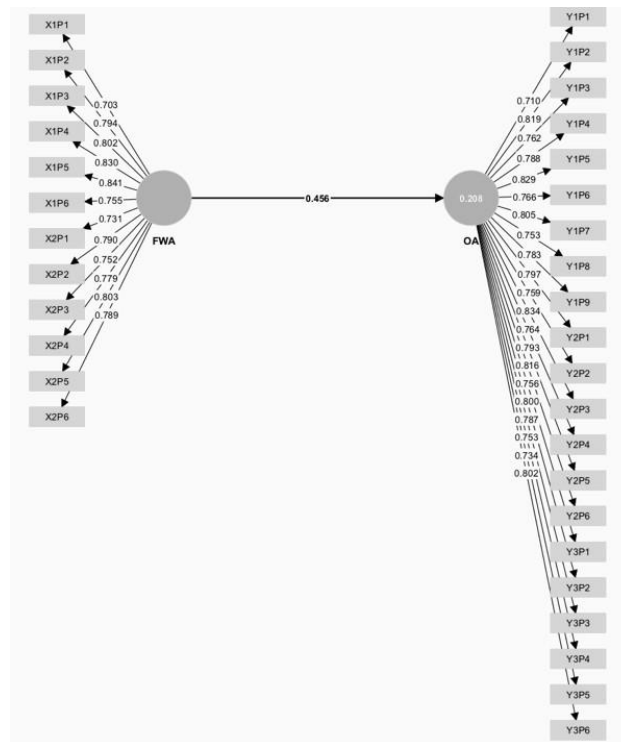


Figure 1 Outer Model

The results of the Discriminant Validity measurement using the Fornell-Larcker criterion, Cross-Loading measurements, and HTMT analysis indicate robust findings. According to the Fornell-Larcker criterion, the constructs exhibit good discriminant validity, with each construct's variability contributing more to its indicators than its correlation with other constructs (processing result: 0.782).

Table 1 Fornell-Larcker

Variable	FWA	OA
FWA	0.782	
OA	0.456	0.782

Cross-Loading measurements further confirm the consistent measurement of intended factors by each indicator, maintaining low loading values on other factors. Additionally, HTMT analysis reveals that the level of heterotrait is relatively lower than the level of monotrait, meeting established criteria. These findings collectively demonstrate adequate discriminant validity among latent variables, affirming their unique characteristics and distinguishability.

Table 2 HTMT analysis

Variable	FWA
OA	0.461

The reliability test results in Table 3, wherein the Flexible Working Arrangement and Organizational Agility variables are assessed, demonstrate adequate levels of reliability. The values of Cronbach's Alpha and Composite Reliability for both variables meet the established criteria, i.e., exceeding 0.70. This indicates that the measurement instruments exhibit high consistency and reliability, thus making them dependable for use in this research. This adequate reliability instills confidence that the measurement outcomes can be deemed accurate and trustworthy in assessing the concepts under investigation.

Table 3 The Reliability Test

Variable	Cronbach's alpha	Composite reliability (rho_c)
FWA	0.942	0.949
OA	0.968	0.971

The R Square value of 0.208 indicates the level of determination in the endogenous constructs, showing a substantial impact despite falling within the low category (> 0.19).

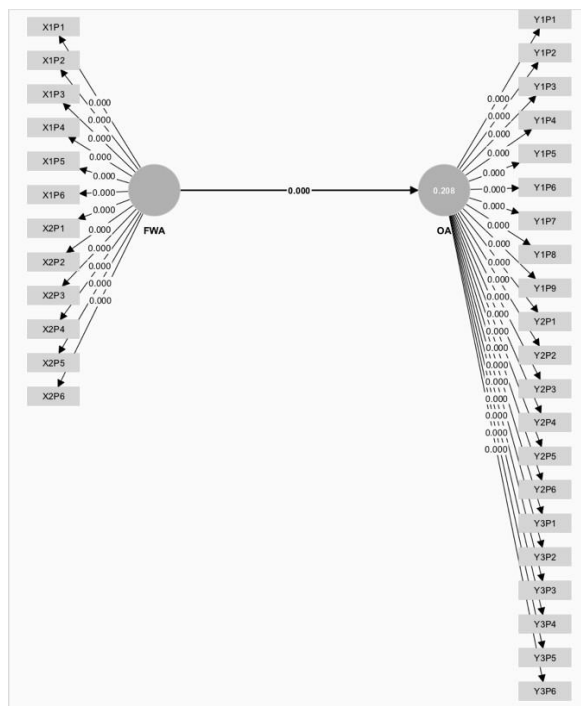


Figure 2 Inner Model

Table 4 R Square Value

Variable	R Square	R-square adjusted
OA	0.208	0.204

The Effect Size, evaluated through F Square and resulting in 0.263, exceeds the threshold of 0.15, indicating a moderate effect size for the model. This suggests that the variables included in the model moderately impact the dependent variable, demonstrating adequacy in explaining the influence of independent variables on the dependent variable.

Table 5 F Square Value

Variable	OA
FWA	0.263

Additionally, the Stone-Geisser Q-square test reveals a Q2 predict value of 0.171, indicating predictive validity in the model. This measurement suggests the model's ability to effectively predict observation values, enhancing confidence in the predictive relevance of the developed structural model.

Table 6 Q-Square Test

Variabel	Q ² predict
OA	0.171

The significance test results of the study indicate that the path coefficient of 0.456 is positively valued, with a T statistics value of 5.267 (> 1.96) and a P Values value of 0.00. These results suggest statistical significance in the relationship between the tested variables. With a P Values value of < 0.015, the research hypothesis can be accepted, meaning that Flexible Working Arrangement significantly influences Organizational Agility in the Secretariat of the West Java Provincial Government.

Table 7 The Significance Test

Hypothesis	Relation	Path Coefficients	T Statistics	P Values	Result
H1	Flexible Working Arrangement - >Organizational Agility	0.456	5.267	0.000	Accepted

Discussion and Conclusion

From descriptive analysis involving 192 respondents, it was found that the implementation level of Flexible Working Arrangement in the Regional Departments of the West Java Provincial Government reached a percentage of 85.16%, which falls into the category of very good. Meanwhile, Organizational Agility in the same regional departments reached a percentage of 82.82%, indicating that the organization's readiness level for change is also progressing well. The hypothesis tested in this study is that "Flexible Working Arrangement significantly influences Organizational Agility in the Regional Departments of the West Java Provincial Secretariat." After conducting a series of tests, including evaluating the path coefficient values, t statistics, and p values, the research results indicate that the Flexible Working Arrangement variable has a positive and significant impact on Organizational Agility. In this test, the path coefficient value reached 0.456, indicating a positive impact. Additionally, the t-statistics value of $5.267 \geq 1.960$, and the p-values value of $0.000 < 0.05$ provide an indication that H1 can be accepted. These findings illustrate that the more optimal the implementation of Flexible Working Arrangement in the regional departments of the West Java Provincial Secretariat, the greater its influence on its level of Organizational Agility.

Therefore, organizations need to pay attention to the level of Flexible Working Arrangement provided to employees, as this can affect the resulting level of Organizational Agility. These results are consistent with previous research conducted by (Cornelis & Febriansyah, 2023, 49) which found that adopting new work methods such as flexible worktime and flexible workplace has a positive impact on agility capability. Another study by (Koçyiğit & Akkaya, 2020, 110) also found a positive and significant impact of organizational flexibility on organizational agility and agility capability. These findings are further reinforced by the study of (Salmela et al., 2022, 1094–1095) which discusses how flexible work arrangements can affect organizational agility in this new context, with a focus on digital integration. Based on the test results conducted to determine the impact of Flexible Working Arrangement on Organizational Agility in the Regional Departments of the West Java Provincial Secretariat. The implementation of Flexible Working Arrangement within the Regional Departments at the West Java Provincial Secretariat is deemed to be highly effective, indicating a very good condition. Additionally, the assessment of Organizational Agility in these departments also reflects a favorable state, suggesting that the organizations are well-equipped to adapt to changing circumstances and maintain competitiveness. Furthermore, the study reveals a significant and positive correlation between Flexible Working Arrangement and Organizational Agility. This implies that as the level of Flexible Working Arrangement increases, there is a corresponding enhancement in Organizational Agility.

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