

THE PIVOTAL ROLE OF PERFORMANCE MANAGEMENT SYSTEMS IN MEDIATING ORGANIZATIONAL AGILITY AND PERFORMANCE

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ABSTRACT

Research Purposes. This study aims to investigate the influence of organizational agility on organizational performance in the hospitality industry.

Research Methods The data analysis technique used is Structural Equation Modeling (SEM) with SmartPLS 4 Software to analyze the relationship between variables. The sampling technique used is non-probability on 105 employees/business owners in the hotel sector with 3-5 stars in Indonesia.

Research Results and Findings. The findings show that organization agility does not possess any direct correlation with organization performance among starred hotels in Indonesia. Furthermore, positive and significant correlation from organizational agility to performance can be established through the mediatory of performance management system implementation and supportive organizational culture among the industry. The result of this study generates enticing implications towards hospitality business leaders.

ABSTRAK

Tujuan Penelitian. Penelitian ini ditujukan untuk mengetahui kelincahan organisasi pada performa organisasi di industri perhotelan.

Metode Penelitian. Teknik analisa data yang digunakan adalah Structural Equation Modeling (SEM) menggunakan perangkat lunak SmartPLS4 untuk menganalisis hubungan antar variabel. Sampel yang digunakan adalah sampel non-probabilitas pada 105 karyawan / pemilik bisnis hotel bintang 3-5 di Indonesia.

Hasil Penelitian dan Temuan Penelitian. Hasil penelitian menunjukkan bahwa kelincahan organisasi tidak memiliki pengaruh langsung pada performa organisasi hotel berbintang di Indonesia. Lebih jauh, pengaruh positif dan signifikan dari kelincahan organisasi pada performa organisasi dapat dicapai melalui mediasi dari implementasi sistem manajemen performa dan juga budaya organisasi yang mendukung. Hasil penelitian ini memberi implikasi yang menarik pada para pimpinan di bisnis perhotelan.

INTRODUCTION

The shift from VUCA (Volatile, Uncertain, Complex, Ambiguous) into BANI (Brittle, Anxious, Nonlinear, and Incomprehensible) environment has affected how organizations operate their businesses and activities. Agility has become an essential factor determining the survival of an organization in this era, as it boosts organizational capability in improving their overall performance (Al Taweel & Al-Hawary, 2021; Cegarra-Navarro et al., 2016; Nafei, 2016; Rafi et al., 2021a). In the local context of Indonesian organizations, similar results can be found in the recent research (Wanasida et al., 2021). As the wave of disruption and the change of business environment are happening

transnationally, the research above can be the benchmark on how agile organizations can generate increases in their performance level, regardless of demographic context, organizational form, and the nature of challenges they face. For example, the recent Covid outbreak caused one major hotel chain to plummet approximately 90% of revenue per availability room (RevPar) in China and even 100% in some other nations (Choirisa, 2022). In Indonesia alone, the overall hotel occupancy rate reached the lowest level of 20% during the initial stage of the COVID-19 outbreak (Saputri et al., 2021). It caused more than 1,200 hoteliers lost their jobs (Saputri et al., 2021). Hotels are also classified as one of the industrial sectors operating in a dynamic

environment; thus, uncertainty is becoming necessary (López-Gamero et al., 2023).

The end of worldwide travel restrictions post-COVID brings a competitive climate among lodging industries. As COVID-19 slows and the tourism climate slowly returns to the previous state, lodging industries worldwide, particularly in Indonesia, will again compete to host their guests. Data from the Indonesian Ministry of Tourism and Creative Industry (Widi, 2022) suggests that profits obtained from the tourism sector rose to more than 750% at the end of 2022 compared to the previous year, which was triplet the target and more than 3,700 starred hotels in Indonesia were competing each other to contribute to the number (Mustajab, 2022). Such massive opportunities from tourist influx both domestically and internationally require strategic thinking and adaptation to the market. Only adaptive lodging industries will be able to exploit the opportunity. Financial structure is no longer becoming the sole determining factor of hotel survival (Gémar et al., 2016). All aspects, especially human resources, must perform at their peak level to win the market (Gémar et al., 2016; Shi et al., 2021; Widawati et al., 2023). The question remains on how this could be achieved through agile organizational management, which enables its members to adapt to a dynamic business environment.

Agility in an organization will not be established without any shift in its culture or behaviour. Therefore, organizational agility is heavily related to organizational culture (Holbeche, 2019). Organizational culture has always been an integral and emphasized part of hospitality organizations, as pointed out by some research; its existence may improve intimacy with customer (Rahimi & Gunlu, 2016), innovation (Del Rosario & René, 2017), reputation (González-Rodríguez et al., 2019), and particularly performance (Devie et al., 2023; González-Rodríguez et al., 2019; Nazarian et al., 2017). Another realistic way to maintain the performance level is achieved through the implementation of a performance management system, which is not something new in hotel industries, both overseas (Panno, 2020; Mirfakhraddini, 2022) and locally (Ariyanto & Yulianah, 2023).

Whether or not organizational culture and the existence of performance management systems implemented in a hotel may support the main connection between agility and performance has, unfortunately, yet to be addressed in the previous research. This signifies the need for research

investigating how starred hotels in Indonesia can improve their competitive performance in the current situation. This research exploits the empirical gap left by the previous research by incorporating organizational culture and performance management systems as the mediators, instead of predictors, on the relation between organizational agility and performance in the Indonesian 3-5 hotel context.

The topic elevated in this study is consistent with the research previously conducted by the writers, as the writers themselves have conducted similar research regarding organizational development in various industries in the Indonesian context (Devie et al., 2023; Wibowo et al., 2022; Wibowo et al., 2023), all of which emphasize how business organizations may survive the current challenges.

This research is expected to provide a basis for hotels to evaluate whether or not they have been agile enough to react to the challenges. Just like a human's bodily system uses white blood cells to prevent disease and illness, hotel managers can also evaluate whether the existing culture and the implementation of a performance management system (two of which belong to the organization's internal environment) have so far contributed to improving their overall business performance. Academically, this research is also expected to be the most recent milestone for the following studies regarding the survival of hospitality industries.

This paper is arranged into several sections, with the later sections respectively explaining how the hypotheses are deduced from the relationship between organizational agility, organizational culture, property management system, and organizational performance; data collection and analysis; findings; analysis and discussion; and conclusion.

LITERATURE REVIEW

The concept of organizational agility (OA) has been developed since the early 80s, and more studies have exponentially been conducted ever since, especially during the industrial 4.0. The emergence of Industrial Revolution 4.0 post-2010s brings a heavier emphasis on agility; some research mentioned that technological and infrastructure updates brought by the revolution have changed the way organizations operate and inevitably push organizations to be more agile (Cho et al., 2023; Jesse, 2018; Matthiae & Richter, 2018; Mrugalska & Ahmed, 2021).

Researchers have coined the term organizational agility with the capability of an organization to sense and react to existing opportunities as well as to deal with any incoming threat properly, consistently, and continuously (Mrugalska & Ahmed, 2021; Rafi et al., 2022; Žitkienė & Deksnys, 2018). How an organization grasps opportunity relies on its capabilities (competence, motivation, and experience). At the same time, response quality will be determined by its so-called enablers (resources an organization currently possesses) (Žitkienė & Deksnys, 2018). An organization's agility can be seen in how it assesses and responds to its internal and external business environments, reflected in the measurement adopted in this research (Rafi et al., 2022). Žitkienė and Deksnys (2018) have further developed this environmental analysis by observing organizations' operational activity, partners, and customer relationships through an alternate perspective. This perspective also incorporates Information Technology as one of the fundamental factors conforming to the recent industrial revolution, and this measurement has since been developed to suit a more general context, one of which is performed by (Rafi et al., 2022).

In the lodging industry, several published studies investigating the implementation of organizational agility have been conducted, with results pointing out direct positive outcomes: improvement of innovation, management quality, adaptability, and performance (Darvishmotevali et al., 2020; Khalil et al., 2023; López-Gamero et al., 2023; Melián-Alzola et al., 2020).

Organizational performance (OP) reflects how well the organization achieves previously set goals. This means that the organization needs to compare the expected results with the actual results achieved to know whether the work carried out is according to the organization's plans and goals. Organizational performance is an essential indicator for both small, medium and large businesses (Sietas et al., 2022; Thathsara & Sutha, 2021; Abeysekara et al., 2019; Ernita et al., 2020; Rehman et al., 2019). Organizational performance can be measured by looking at financial aspects, customer aspects, learning and growth aspects, and internal process aspects. The financial aspect can be seen from the organization's financial performance, while the customer aspect can be seen from the data obtained from the consumer's point of view. Next, the learning and growth aspect can be seen from the performance of the organization's human resources, the implementation of organizational culture and the use of technology that can help business

processes. The internal process aspect can be seen in how work is implemented in an organization. This will measure the quality of work the organization produces (Rafiq et al., 2020).

The employees in the organization determine organizational performance in the hotel industry. This happens because the employees carry out activities to provide services to their customers, so hotel employees are the most valuable resource for the hotel where they work (Khalil et al., 2023). If linked to the method of measuring organizational performance formulated by Kaplan, employees as a hotel's human resource assets will determine financial performance, the level of satisfaction of consumers who use the products and services offered, the implementation of work culture and the use of technology and determine the quality of each job performed (Nguyen et al., 2022; Sarwar & Muhammad, 2020).

Organizational culture (OC) is the behaviour possessed by members of an organization based on norms, beliefs, ideologies and beliefs that are believed and carried out together. Through organizational culture, each member can provide new ideas, apply these ideas and share them with all members of the organization, and this can make an excellent contribution to the organization because it indirectly produces positive things that can increase the productivity or performance of the organization (Rehman et al., 2019; Shea et al., 2023; Reidhead, 2020). According to Quinn and Cameron (2019), organizational culture is divided into several types, namely clan culture, adhocracy culture, market culture and hierarchy culture. Quinn and Cameron (2019) further explained that every organization must have these four types of culture, and maintaining a balance between these four types of culture is very important for an organization because it can create an optimal management system.

Clan culture focuses on the relationships between each group member, social interaction, and the need to feel included. These are essential aspects because they are thought to increase work productivity. A conducive working atmosphere that prioritizes the principle of collaboration is perfect for the development process of organizational members. Next, adhocracy culture is an organizational culture that focuses on the ability of each member to provide a quick response. The ability to adapt, flexibility, and high creativity are essential because they can create a dynamic work environment that is expected to provide opportunities for each group member to innovate

and contribute positively to the organization.

Meanwhile, market culture is a hierarchy culture that focuses on a bureaucratic system where the main focus is efficiency in producing products and providing services to consumers. Organizations that adhere to a hierarchical culture tend to have a structured work environment and have clear procedures for almost all organizational activities. The most critical value for this culture is stability, where this value is used in carrying out daily activities (Azeem et al., 2021; Del Rosario & Rene, 2017).

Performance Management System (PMS) is a management approach regulated through communication between leaders and team members regarding planning, providing feedback on ongoing processes and evaluation processes of what has been previously planned. (Ariyanto & Yulianah, 2023; Nursam, 2017). The performance management system involves the use of resources owned by the company to achieve predetermined goals; the more effective the work of the company's employees and the more efficient the use of the resources owned can make the company have good performance so that a control process is needed from the leader's company towards each member of its team. Therefore, every company needs a system that can help leaders ensure the company's performance meets expectations (Ariyanto & Yulianah, 2023; Hristov et al., 2021).

Hypothesis Development

Organizational agility is essential for companies, and adapting to ever-changing conditions is a company's competitive advantage. A company can have this capability well, but of course, it cannot be separated from the ability of every employee who works in it. The work culture in the company can support the company in achieving its desires. A company's work culture will determine whether the employees have a positive attitude in accepting the initiatives made and how each employee tries to convince other employees that their actions are appropriate and can contribute positively to the company. It is all for the common interests and welfare of every employee. In the hotel industry, employees are required to meet guests' diverse needs to carry out their duties; employees always help each other because cooperation is the primary key in this industry. Previous studies have investigated the relationship between organizational agility and organizational culture (Alamsjah & Yunus, 2022; Carvalho et al., 2021). This

culture of mutual assistance can positively contribute to the company by indirectly supporting hotels in always being agile. The first hypothesis (H₁) is that organizational agility positively and significantly impacts the organizational culture of hotels in Indonesia.

A strong organizational culture will have a good impact on the organization because every employee or member of the organization has references and guidelines that can be relied upon to ensure the behaviour of each member. Previous research conducted by (Nazarian et al., 2017) shows that organizational culture has a positive and significant effect on organizational performance. Organizational culture is a resource that can be utilized well because it can provide a competitive advantage for an organization. Employees who follow the organizational culture well will also have good adaptability so that when changes occur, each employee can follow it well and provide solutions to every problem guests face. Furthermore, the results of research conducted by (Nazarian et al., 2017) in the hotel industry show that organizational culture has a positive and significant effect. An organizational culture that encourages innovation and flexibility will help create competitiveness for a hotel; this means a culture that supports employees in creating new solutions for guests who use the services offered. Apart from that, it also accustoms employees always to be ready for changes due to the very dynamic conditions of the hotel industry (Nazarian et al., 2017). The second hypothesis (H₂) is that organizational culture has a positive and significant impact on the performance of hotels in Indonesia.

Organizational agility allows an organization to adapt quickly to face changes in the business environment internally and externally. This ability to adapt quickly can be a differentiator from competitors. Every employee is required to be able to dash, adjusting the pace of work to the speed desired by the company they work for, with the hope that the productivity of each employee will be very high. Therefore, so companies can measure each employee's performance, they need a system that can help them do this job (Ariyanto & Yulianah, 2023). Previous studies from Panda (2022) and Li et al. (2020) generate organizational agility that will impact performance management because a performance management system which consists of work planning, control of what has been planned and work evaluation can help companies ensure that each employee has performed as expected. Every

work plan that is mutually agreed upon at the beginning of the year will be monitored by this system so that it is hoped that by the end of the year, the agreed goals can be achieved and become an excellent contribution to the company (Hristov et al., 2021). The third hypothesis (H₃) is that organizational agility positively and significantly impacts the performance management system of hotels in Indonesia.

A performance management system involves planning, monitoring and evaluation processes. Every company needs this system to ensure organizational performance meets expectations. The creators of the system and perpetrators are every employee in the company, so it can be said that the most important contribution to the company is getting the best results from the individuals who are part of the company. The ability of each member of the company to work effectively and utilize existing resources efficiently is a demand that must be met so that the productivity of each employee is expected to increase and provide the best results as expected. Previous studies have also highlighted the importance of performance management systems on organizational performance (Khaltar & Moon, 2020). The fourth hypothesis (H₄) is that the performance management system positively and significantly impacts hotels' organizational performance in Indonesia.

Organizational agility allows an organization to identify, control, and maximize business processes useful as a competitive advantage. Previous research shows that organizational agility has a positive and significant effect on organizational performance (Ashrafi et al., 2019; Çallı & Çallı, 2021; Rafi et al., 2022; Wanasida et al., 2021). In the hospitality context, organizational agility is reflected in the ability of each employee to respond to changes that occur. There are so many unique guests with various types of requests that hotel employees are always required to be creative and able to adapt to these diverse guest requests. With good adaptability, hotel employees directly demonstrate good organizational performance (Darvishmotevali et al., 2020). The fifth hypothesis (H₅) is that organizational agility has a positive and significant impact on the performance of hotels in Indonesia.

Organizational agility has proven to give organizations good organizational performance and competitiveness. Organizational culture, which is a strategic asset for an organization, can also provide advantages that are important for the success of an organization. Previous research conducted by Arokodare et al. (2019) proves that organizational

agility positively and significantly affects organizational performance with organizational culture as a mediating variable. The strategic effectiveness of an organization is influenced by organizational culture by forming the motivation of organizational members to prioritize the interests of the organization above the interests of each of its members. In the context of this research, organizational culture influences an organization's strategy to adapt and change, so the more robust an organization's organizational culture, the more difficult it is for its members to consider new types of strategies. Therefore, awareness of organizational culture is critical before an organization implements its strategy. The sixth hypothesis (H₆) is that Organizational culture mediates the impact of organizational agility on the organizational performance of hotels in Indonesia.

While traditional methods like efficiency, effectiveness and productivity are used to assess organizational performance, a more holistic approach is a balanced scorecard. This method provides a well-rounded view of the organization's health and enables better performance management, which is why a performance management system is crucial (Ravichandran, 2018). Organizational agility represents how fast the organization adapts to changes in a respective area. With these skills, some companies will have the ability to adapt their performance management system. Hence, an adaptable performance management system will result in good organizational performance. If a company has a performance management system that can support connecting the organization's ability to become more agile or, in other words, can adapt to an environment that is changing very quickly. This company can have good organizational performance. If a company has a performance management system that can support connecting the organization's ability to become more agile or, in other words, can adapt to an environment that is changing very quickly. This company can have good organizational performance. The seventh hypothesis (H₇) is that the Performance management system mediates the impact on the relationship between organizational agility and the organizational performance of hotels in Indonesia.

Research Framework

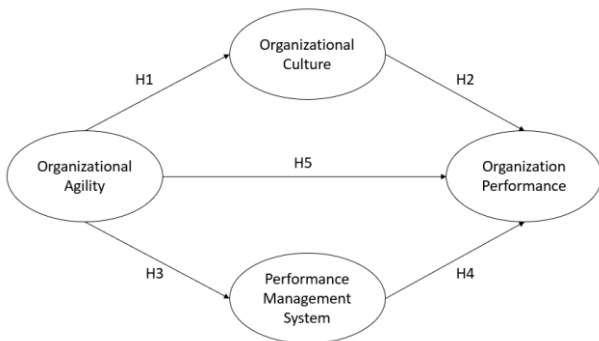


Figure 1. Research Framework

RESEARCH METHOD

The population used in this research was employees from 3 to 5-star hotels in Indonesia. This study selects employees from 3 to 5-star hotels as the unit analysis because starting at 3-star hotels are typically part of a bigger chain of hotels. Other factors include the fierce competition in the industry caused by the enormous number of companies in Indonesia's 3- to 5-star hotels, in which domestically, an overall 13% demand increase in this segmentation has ever been recorded within the last five years before Covid eventually struck (Sarya et al., 2022). Another prominent factor is that 3 to 5-star hotels dominantly make up roughly 66% of the total hotels in Indonesia, signalling a red ocean market segmentation (Ahdiat, 2024). In addition, many international investors have entered this market segmentation, boosting market competition and spurring rapid development in the number of hotels in Indonesia (UNWTO, 2021).

The sampling technique used is non-probability. Sampling is carried out by determining research subjects who meet predetermined criteria. Some of the criteria are employees/business owners in the hotel sector with 3-5 stars in Indonesia who have worked for at least two years. The data used is measured in value categories 1-5 using a Likert scale. The data analysis technique used is Structural Equation Modeling (SEM) with SmartPLS 4 Software to analyze the relationship between variables. This research also uses descriptive analysis techniques to complete image descriptions in the form of empirical data based on data. The descriptive analysis in this research is the mean average and standard deviation.

An analysis phase in the outer model is evaluated using validity and reliability tests. Based on outer loadings and Average Variance Extracted (AVE), a validity test employing convergent validity

is evaluated. The anticipated value of the outer loadings is > 0.7 (0.5 to 0.6 is deemed adequate), while the anticipated value of the AVE is > 0.5 . Cronbach's Alpha was used for the reliability test, with an ideal value of 0.8 or 0.9 and an expected value of 0.7. Additionally, composite reliability with an expected value of > 0.7 is used in the reliability test. A coefficient of determination (R^2) and predictive relevance (Q^2) are present in the inner model. According to Hair et al. (2019), the coefficient of determination has a range of 0 to 1, with a typical value of 0.75 (substantial), 0.50 (moderate), and 0.25 (weak). It is considered to be favourable for predictive relevance if $Q^2 > 0$. The t-test is used in this study to test the hypothesis and determine whether a variable's influence has a significant impact or not. The bootstrapping process uses the t-statistic to determine the significance level of a hypothesis. If the t-statistic is greater than 1.96, the hypothesis is said to be significant; otherwise, it is said to be insignificant, so then the theory will be accepted.

Organizational agility indicators are adopted from van Oosterhout et al. (2007) and Rafi et al. (2021). Organizational culture measurements are adopted from Müller & Nielsen (2013) and Azeem et al. (2021). Performance management system measurement is adopted from Ohemeng et al. (2017). The balance scorecard concept is adopted to measure organizational performance using indicators from Mehralian et al. (2018) and Kusi et al. (2021). The variables' indicators are included in the appendix of this study.

RESULT AND DISCUSSION

Result

Online surveys were sent to individuals who are now employed in Indonesia's hospitality sector. 107 people responded to the questionnaire during the course of one month of data collection. The study decided that 105 of the total replies would fulfill the criterion, while the remaining 3 would not since they did not come from a 3 to 5-star hotel or had worked for less than two years. Respondents were drawn from 76 different Indonesian hotels. To protect their privacy, study participants' responses are anonymous.

Table 1 shows the grouping of respondents' hotel star level. It can be concluded that the majority of respondents to this study came from 4-star hotels in Indonesia. Table 2 shows distribution of respondents' locations. These results show that hotels in Surabaya, Balikpapan, and Makasar, which

accounted for 59.05% of all respondents, provided the majority of study participants.

Tabel 1. Profile of Respondents by Hotel Star

No	Hotel Star Category	Number of Respondents	%
1	Three Stars	19	18
2	Four Stars	51	49
3	Five Stars	35	33
Total			100

Tabel 2. Profile of Respondents' Hotel Location

No	Hotel Location	Number of Respondents	%
1	Surabaya	33	31,43
2	Balikpapan	19	18,1
3	Makassar	10	9,52
4	Samarinda	6	5,71
5	Jakarta	5	4,76
6	Malang	5	4,76
7	Bali	4	3,81
8	Banjarmasin	4	3,81
9	Sidoarjo	3	2,86
10	Others	14	13,30
Total		105	100,00

Figure 2 shows that all outer loadings are >0.50 so they can be considered significant. The results of factor loading > 0.5 which proves that all the indicators used in this research have met the requirements for convergent validity shown in the appendix.

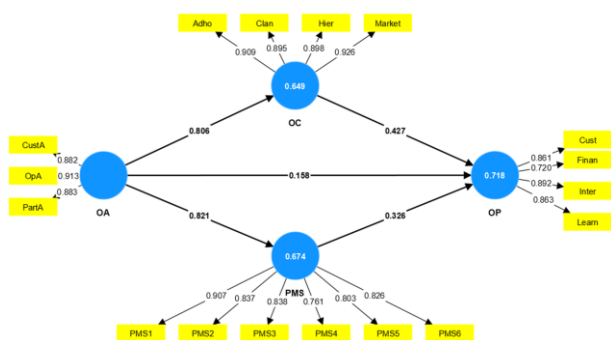


Figure 2. Outer Model

The first criterion to be evaluated is internal consistency reliability. Cronbach's alpha was used to measure internal item consistency, and values above 0.70 indicated stronger internal consistency reliability. Because of the limitations of Cronbach's alpha, it is more appropriate to use another measure of internal consistency reliability, called composite reliability. Composite reliability considers various outer loadings of indicator variables. In general,

Cronbach's alpha and composite confidence scores range from 0-1, with higher scores indicating higher levels of reliability. Specifically, in exploratory research, a value of 0.60 to 0.70 is considered acceptable. In the following stage, we used AVE to examine the convergent validity. The construct typically explains more than half of the variance of its indicators when the AVE value is 0.50 or above (Hair et al., 2017). The AVE value in our model is over 0.5, which supports its convergent validity. To show the model fit, Variance Inflation Factor (VIF) value must be less than 3.3 and R2 must be more than 0.5. Table 3 shows the result that all variables are found to have passed the reliability and multicollinearity tests.

Tabel 3. Evaluation of the Model

Construct	A	CR	AVE	VIF	R ²
OA	0.889	0.910	0.530	2.035	
OC	0.945	0.952	0.624	2.775	0.653
OP	0.886	0.910	0.559	2.176	0.720
PMS	0.909	0.930	0.688	2.615	0.680

Notes: A = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted; VIF = Variance Inflation Factor

Based on the results of data analysis in Table 4, it is known that the effect of OA on OC (H1), OC on OP (H2), OA on PMS (H3), and PMS on OP (H4) have a t-statistic value > 1.96 and a p-value at < 0.01, these results indicate that there is a significant influence. All the original sample values were positive, which indicates a positive relationship. These results indicate that H1, H2, H3, and H4 are accepted. However, the result for the influence of OA towards OP showed t-statistic of 1.46 and a p-value at > 0.1. This proves that there is no significant relationship between OA and OP and indicates that H5 is unsupported.

The research results show that both OC and PMS are able to fully mediate the influence of OA towards OP since there is no direct relationship between OA and OP. The indirect relationship of OA on OP through OC shows t-statistic significance level of 4.08 and a p-value at < 0.01 while the indirect relationship of OA on OP through PMS shows t-statistic significance level of 2.59 and a p-value at < 0.05. These results conclude that only by OC and PMS as a mediator, organizational agility can influence in producing organizational performance. Thus, H6 and H7 are accepted.

Table 4. Hypothesis Testing Results

Hypotheses	Path Coeff	T		Decision
H1: OA → OC	0.806	14.42	***	Supported
H2: OC → OP	0.427	4.11	***	Supported
H3: OA → PMS	0.821	16.40	***	Supported
H4: PMS → OP	0.326	2.60	**	Supported
H5: OA → OP	0.158	1.46		Unsupported
Indirect Relationship				
H6: OA → OC → OP	0.344	4.08	***	Supported
H7: OA → PMS → OP	0.267	2.59	**	Supported

Notes: **p < 0,01; ***p < 0,001.

Discussion

The results of this study show the strong positive influence of organizational agility on organization culture and performance management system. These results are inline with previous studies which have investigated the relationship between organizational agility and culture (Alamsjah & Yunus, 2022; Carvalho et al., 2021). Furthermore, this research also provides evidence for the relationship between organizational agility and performance management system which in previous research rarely discussed. At the same time organizational culture and performance management system show positive influence on organizational performance. These are inline with previous studies which have already investigated the pivotal role of organizational culture (65) and performance management system (Khaltar & Moon, 2020) towards organizational performance.

This study show that organizational agility is unable to directly influence organizational performance in hospitality industry in Indonesia. This result is different from previous studies which show that organizational agility has a positive and significant effect on organizational performance (Ashrafi et al., 2019; Çallı & Çallı, 2021; Rafi et al., 2022; Wanasida et al., 2021). This inconsistent result could be due to the in-operationalization of organizational agility. Meaning that in order for organizational agility could be resulted in competitive performance it needs to be operationalized and crystallized into the organization's daily activities. This notion is supported by the indirect results of this study which show that the influence of organizational agility on organizational performance happens only through mediation by organization culture and performance management system. Thus, organizational culture and performance management system are able to fully mediate the influence of organizational agility towards organizational performance.

This study contributes to answer the need research investigating how starred hotels in Indonesia can improve their competitive performance in the post-pandemic situation. This result brings enticing implications towards hospitality industry player in Indonesia. First, most hospitality business leaders must agree regarding the importance of agility, however they have to realize that agility should not just be a high-level notion, but it has to be part of the culture of the organization. Furthermore, organizational agility should not only be initiated blindly but must be measured well. Thus, a well-designed performance management system should help an organization to operationalize organization agility.

CONCLUSION

Focusing on the context of the hotel industry in Indonesia, this study investigates how organizational agility brings improved performance, as well as how performance management systems and organizational culture act as the catalyst for the relationship. The surprising result comes from the fact that agility does not possess any direct correlation with performance improvement among starred hotels in Indonesia. This result brings a new perspective regarding the topic, as most previous studies have stated otherwise, including the one conducted in the Indonesian context (Wanasida et al., 2021). Plenty of factors could be the issues to investigate in the following research, and the writers of this study, due to the nature of this research, which only employs a quantitative method in its analysis, strongly recommend follow-up research regarding organizational agility and organization performance to be conducted in a qualitative or even mixed approach. This is suggested to achieve better coverage and a more thorough elaboration of the phenomenon. Other hotel segmentations, such as lower tier (one - two-star) hotels or even guest house and online lodging platforms (AirBnB, RedDoorz, and others), are also enticing objects to investigate in the following research, as the current research scope is limited within 3 to 5-star hotels in Indonesia.

Nevertheless, a positive and significant correlation between organizational agility and performance can be established through the mediatory of performance management system implementation and supportive organizational culture in the industry. These two elements, therefore, successfully serve as the catalysts for the primary correlation and a conclusion can be drawn.

Organizational controlled change and intervention are nowadays' necessities in the hotel business to survive and thrive, but these changes and interventions will not bring the desired outcomes unless the managers and consultants also consider both the performance management system and supportive culture. The two elements above should go side-by-side and be an integral part of any organizational changes and intervention concepts that are about to take place.

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APPENDIX

Indicator	Items	Loading
OA1	Our company is able to respond to competitors by shortening the time to market new services (Customer Agility)	0.722***
OA2	Our company provides online facilities to customers (Customer Agility)	0.679***
OA3	Our company can quickly respond to customer requests (Customer Agility)	0.716***
OA4	Our company has a wide selection of suppliers for our goods and services (Partnering Agility)	0.714***
OA5	Our company is able to innovate quickly in creating new technologies to differentiate itself from competitors (Partnering Agility)	0.772***
OA6	The complexity of business processes within our company is increasing due to increasing interdependence relations in business networks (Partnering Agility)	0.723***
OA7	Our company makes changes in internal business processes (for example. purchasing operations. sales operations. room service. etc.) (Operational Agility)	0.755***
OA8	Our company is able to meet the increasing demand for financial transparency and accountability (Operational Agility)	0.772***
OA9	Our company is capable of carrying out major organizational changes (for example. mergers. acquisitions. structural changes. digital transformation. etc.) (Operational Agility)	0.693***
OC1	Our company is like a big family; people in the company share a lot of things (Clan)	0.825***
OC2	Leaders in our company provide a lot of assistance to employees (Clan)	0.740***
OC3	Our company emphasizes human resource development. teamwork. employee commitment. and concern for others (Clan)	0.803***
OC4	Our company is a very dynamic place to work. and employees dare to take risks (Adhocracy)	0.765***
OC5	Leaders in our company provide a lot of innovation and dare to take risks. create new competitions. and try new things (Adhocracy)	0.808***
OC6	Our company emphasizes innovation. getting new resources. creating new competition. and trying new things (Adhocracy)	0.801***
OC7	Our company is result oriented with a focus on getting the job done; employees are very competitive and achievement-oriented (Market)	0.831***
OC8	Leaders in our company are result oriented. work seriously and aggressively (Market)	0.772***
OC9	Our company insists on competitive action. surpassing the competition. and achieving market victory (Market)	0.807***
OC10	Our company is a very structured and controlled place. and there are many procedures that regulate employees (Hierarchy)	0.775***
OC11	Leaders in our company coordinate. organize and ensure the company's efficiency runs smoothly (Hierarchy)	0.808***
OC12	Our company emphasizes the efficiency. stability. and smooth operation of the company as important (Hierarchy)	0.74***
PMS1	Our company has a Performance Management System that is able to link individual goals with organizational goals	0.907***
PMS2	The Performance Management System in our company is able to align employees with organizational goals	0.836***
PMS3	The information generated from the Performance Management System is valuable for our company	0.837***
PMS4	In our company. employee performance is evaluated every year	0.761***
PMS5	The Performance Management System in our company can ensure effective accountability of employees	0.803***
PMS6	The Performance Management System is used as a supporting mechanism for making changes in the organization	0.826***
OP1	Our company has high profitability compared to competitors (Financial)	0.604***
OP2	Our company has high efficiency compared to competitors (Financial)	0.707***
OP3	Our company has good customer relationship management (Customer)	0.794***
OP4	Our company pays attention to customer requests (Customer)	0.791***
OP5	Our company's internal processes are tailored to meet customer needs (Internal Process)	0.819***
OP6	Our company has a high commitment to service quality (Internal Process)	0.773***
OP7	Our company has a high level of employee satisfaction (Learning and Growth)	0.755***
OP8	Our company runs ongoing training to produce employees who have high skills (Learning and Growth)	0.716***

Note(s): ***p value is significant at 0.001