Pak. j. life soc. Sci. (2025), 23(1): 4364-4377 E-ISSN: 2221-7630;P-ISSN: 1727-4915

Pakistan Journal of Life and Social Sciences
www.pjlss.edu.pk

https://doi.org/10.57239/PJLSS-2025-23.1.00346

RESEARCH ARTICLE

Integrating Organizational Agility, Innovation, and Risk Management to Boost Company Performance: A Case Study of PT Bank Rakyat Indonesia

Arief Amirudin[1], Yudi Azis[2], Zulkifli[3], Darmansyah[4*]

[1, 2, 3, 4] Doctoral Program in Economics, Faculty of Economics and Business, Universitas Pancasila

ARTICLE INFO

Received: Nov 24, 2024

Accepted: Jan 27, 2025

Keywords

Organizational Agility

Risk Management

Strategic Flexibility

e-HR System

Company Performance

***Corresponding Author:**

darmansyah@univpancasila.ac.id

ABSTRACT

This study explores the relationships between Organizational Agility, Innovation, Transformational Leadership, e-HR Systems, Strategic Flexibility, and Risk Management in shaping Company Performance within PT Bank Rakyat Indonesia's (BRI) Retail Payment Division. Using a quantitative research approach and Structural Equation Modelling (SEM), data from 230 employees were analysed to investigate these dynamics. The results indicate that Risk Management (Z2) is the most significant determinant of Company Performance (Y), emphasizing its pivotal role in mitigating disruptions and enhancing operational resilience. Additionally, e-HR Systems (X4) strongly influence Strategic Flexibility (Z1), Risk Management, and Company Performance, demonstrating the transformative impact of digital HR technologies. While Innovation (X2) positively contributes to performance, its influence on Strategic Flexibility is limited, suggesting a possible misalignment with strategic priorities. Transformational Leadership (X3) has minimal direct impact on performance, indicating that its effects may be mediated through other organizational factors. Strategic Flexibility (Z1) primarily acts as an intermediary, linking agility and innovation. These findings highlight the necessity of integrating technology, risk management, and innovation into organizational strategies to maintain a competitive edge. Addressing gaps in leadership effectiveness and aligning innovation with strategic goals could further enhance BRI's performance and adaptability in Indonesia's evolving banking landscape. This study provides theoretical and practical insights into the interconnected organizational dimensions in emerging economies.

INTRODUCTION

The banking sector is undergoing significant transformation, driven by technological innovations and increasing competitive pressure. To thrive in this evolving environment, modern financial institutions must align with shifting market demands by adopting innovative strategies, agile organizational structures, and robust risk management practices. Among the front-runners in this transformation is PT Bank Rakyat Indonesia (BRI), a state-owned entity known for its substantial role in Indonesia's economic growth. BRI offers a wide array of financial services, positioning itself to cater to a diverse clientele, particularly in Jakarta, one of the country's primary economic centres. However, growing competition and the fast-paced digitalization process highlight the urgent need for BRI to continuously adapt its strategy and operations.

In response, BRI is focusing on enhancing its "business acquiring" practices, which involve acquiring and managing merchants through both digital and traditional channels. This includes integrating technologies like Electronic Data Capture (EDC) devices and the Quick Response Code Indonesia Standard (QRIS), which aim to improve transactional efficiency while meeting the evolving needs of customers. While the bank has seen success, such as the increasing adoption of its mobile platform, BRImo, challenges persist. These include a relatively lower market share in acquiring services compared to competitors, with rival platforms like BCA Mobile dominating QRIS transactions.

To address these challenges effectively, it is essential for BRI to focus on agility and innovation. Agile organizations can quickly adapt to changes in the environment by leveraging flexible structures and a collaborative culture. Research has shown that agility not only enhances an organization's responsiveness but also promotes the adoption of innovative practices, which contribute to better competitive positioning (Zhang, 2005). However, there remain gaps in understanding how agile methodologies impact organizational performance in different contexts, especially in emerging economies.

Similarly, innovation plays a pivotal role in the banking sector's ability to maintain relevance amidst rapid technological evolution. Innovative capabilities enable financial institutions to introduce customer-centric products, streamline operations, and secure competitive advantages. While there is substantial evidence linking innovation to improved organizational outcomes (Chan, Ngai, & Moon, 2017), questions persist regarding the balance between different dimensions of innovation, such as technological advancements and customer relationship management. Additionally, excessive diversification may dilute focus, potentially hindering performance (Doluca, Wagner, & Block, 2018).

Leadership is another critical determinant of success in navigating the complexities of the modern banking landscape. Transformational leadership, characterized by the ability to inspire and motivate teams toward a shared vision, is especially relevant. This leadership style has been associated with increased employee satisfaction, organizational innovation, and strategic flexibility (Aghina et al., 2017; Brozovic, 2018). However, the extent to which transformational leadership drives performance improvements within highly regulated industries like banking warrants further exploration. Risk management also emerges as a cornerstone of sustainable banking operations. The volatile nature of financial markets, coupled with evolving regulatory requirements, necessitates robust mechanisms to mitigate potential disruptions. Empirical studies highlight the short-term benefits of risk management practices, such as reduced operational vulnerabilities and enhanced financial performance (Hogan & Coote, 2014). However, the long-term impact of these practices remains underexplored, particularly in the context of business acquiring processes.

Moreover, strategic flexibility—defined as an organization's ability to adapt its strategies in response to external and internal changes—has gained prominence as a critical enabler of performance in uncertain environments. Research suggests that flexible strategies allow organizations to capitalize on emerging opportunities while mitigating risks associated with market volatility (Rajesh, 2021). Nonetheless, the interplay between strategic flexibility and other organizational dimensions, such as innovation and risk management, remains inadequately addressed. In the Indonesian banking sector, the integration of digital human resource management systems (e-HR systems) has emerged as a key facilitator of efficiency and performance. These systems streamline HR functions, enhance workforce management, and provide valuable insights into employee performance. Despite their potential, the adoption and optimization of e-HR systems in Indonesia are still nascent, necessitating further investigation into their long-term impact on organizational outcomes (Majid, Yasir, Yasir, & Yousaf, 2021).

This study aims to address these gaps by examining the interplay of agile organizational practices, innovation, transformational leadership, risk management, strategic flexibility, and e-HR systems within the context of BRI's business acquiring operations. By adopting a comprehensive analytical framework, the research seeks to provide actionable insights into how these elements collectively influence organizational performance. The challenges confronting BRI's business acquiring division reflect broader industry trends. These include the need to enhance merchant acquisition processes,

address operational inefficiencies, and mitigate rising risks such as transaction fraud. Additionally, the underperformance of key digital platforms highlights the necessity for sustained innovation and strategic agility. Addressing these challenges requires a multifaceted approach that integrates advanced technological solutions, effective leadership practices, and robust risk management frameworks.

The findings of this research are expected to contribute to both theoretical and practical domains. Theoretically, the study aims to advance the understanding of how interdependent organizational dimensions interact to influence performance. Practically, the insights derived from this research can guide policymakers and industry practitioners in implementing evidence-based strategies to enhance operational efficiency and competitive positioning. In summary, the study underscores the imperative for BRI to leverage its existing strengths while addressing critical areas of improvement. By fostering a culture of agility, innovation, and strategic foresight, the bank can not only navigate current challenges but also position itself as a leader in Indonesia's rapidly evolving banking sector.

LITERATURE REVIEW

The evolution of organizational management has increasingly emphasized the importance of agility, innovation, leadership, and risk management in fostering sustainable competitive advantages. This section explores these constructs, drawing upon foundational theories and empirical evidence to establish their relevance within the context of PT Bank Rakyat Indonesia's (BRI) business acquiring operations. Organizational agility has emerged as a critical determinant of adaptability in dynamic market environments. Defined as the ability to swiftly respond to changes and leverage opportunities, agility encompasses responsiveness, competency, flexibility, and speed (Hogan & Coote, 2014; Nasir, Zakaria, & Zien Yusoff, 2022). In banking, where digitalization and customer expectations evolve rapidly, agility allows institutions to align strategies with emerging demands. Empirical studies suggest that agile organizations outperform their peers in managing complexity and uncertainty (Nguyen et al., 2024). However, the realization of organizational agility requires overcoming challenges such as cultural inertia and the absence of supportive infrastructure (Prasetyo, Nurhayati, & Mindarti, 2024).

Innovation is another cornerstone of organizational performance, driving the development of products, services, and processes that create value for stakeholders. According to Opazo-Basáez, Vendrell-Herrero, and Bustinza (2022), innovation spans product, process, and business model innovations, each contributing uniquely to organizational growth. Emphasize that innovation is not merely about novelty but involves the intentional improvement of offerings. Incremental and radical innovations play distinct roles; while incremental innovations refine existing processes, radical innovations often result in breakthroughs that redefine industry standards (Naranjo-Valencia, Jiménez-Jiménez, & Sanz-Valle, 2016). Despite its benefits, innovation necessitates a supportive organizational culture and leadership that encourages creativity and risk-taking.

Transformational leadership serves as a pivotal enabler of agility and innovation. This leadership style, characterized by visionary guidance, inspirational motivation, intellectual stimulation, and individualized consideration, fosters a high-performance culture (Martínez-Román, Gamero, de Loreto Delgado-González, & Tamayo, 2019). Underscores the ethical and mobilizing aspects of transformational leadership, which align organizational goals with broader societal values. Leaders adopting this style are instrumental in navigating organizational change, as they build trust, motivate employees, and drive strategic initiatives. However, challenges such as resistance to change and the need for continuous leadership development remain prevalent. Risk management has gained prominence as organizations face increasingly complex and volatile environments. Defined as the systematic identification, assessment, and mitigation of risks, effective risk management ensures organizational resilience. In the banking sector, where regulatory compliance and financial stability are paramount, robust risk management frameworks address operational vulnerabilities and safeguard organizational assets. Empirical evidence links proactive risk management to improved

financial performance and stakeholder confidence (Gatzert & Schmit, 2016). Nevertheless, achieving optimal risk management requires a balance between stringent controls and flexibility.

The integration of e-HR systems further enhances organizational efficiency by streamlining human resource management. These systems facilitate timely, accurate, and comprehensive data processing, enabling data-driven decision-making. In the Indonesian context, e-HR adoption is in its nascent stages, offering significant opportunities for organizations to harness technology for workforce optimization. Challenges such as user adoption and system integration must be addressed to realize the full potential of e-HR systems. Strategic flexibility complements agility by enabling organizations to adapt strategies in response to environmental shifts. This capability involves resource reallocation and coordinated decision-making, ensuring that organizations remain competitive amidst market fluctuations. Studies highlight the interplay between strategic flexibility and innovation, suggesting that flexible strategies facilitate the exploration of new opportunities (Shimizu & Hitt, 2004). However, excessive flexibility may lead to strategic diffusion, underscoring the need for balanced implementation. The balanced scorecard framework provides a comprehensive approach to performance measurement by integrating financial and non-financial metrics (Istiqaroh & Widiati; Kaplan & Norton, 2001). By addressing perspectives such as financial performance, customer satisfaction, internal processes, and learning and growth, the balanced scorecard aligns organizational activities with strategic objectives. In banking, this framework offers a structured methodology for assessing the impact of agility, innovation, leadership, and risk management on organizational outcomes. The literature underscores the interconnectedness of agility, innovation, leadership, risk management, and strategic flexibility in shaping organizational performance. These constructs collectively enable organizations to navigate complexity, drive growth, and sustain competitive advantages. The subsequent empirical investigation into BRI's business acquiring operations aims to provide actionable insights into how these dimensions interact to influence performance in Indonesia's banking sector.

METHODOLOGY

This research employs a quantitative approach grounded in the positivist paradigm, which emphasizes observable, measurable phenomena to explain causal relationships between variables (Sugiyono, 2020). The study adopts a **sequential explanatory design**, integrating quantitative data collection and analysis in the initial phase, followed by comprehensive data interpretation. This design enables a robust exploration of the relationships among organizational agility, innovation, transformational leadership, strategic flexibility, e-HR systems, risk management, and company performance in BRI's business acquiring operations.

The study population consists of all employees of PT Bank Rakyat Indonesia (BRI) involved in business acquiring operations across Jakarta. The total population is 540 employees, distributed across six regional offices in Jakarta and its surrounding areas, including Bogor and Tangerang. Sampling is conducted using **purposive sampling**, specifically **expert sampling**, to ensure that selected participants possess in-depth knowledge and experience relevant to the research focus. The sample size is determined using Slovin's formula with a 5% margin of error and a 95% confidence level:

$$n = \frac{N}{1+Ne^2} \quad (1)$$

where N is total population = 540 and e is margin error = 0.05. The resulting sample size is **230 respondents.**

The primary data collection method is a structured **questionnaire** distributed via Google Forms to ensure accessibility and efficiency. The questionnaire is designed based on well-established theoretical frameworks and validated scales to measure the following variables:

Organizational Agility (X1).

Measured through dimensions of responsiveness, competency, flexibility, and speed (Barinua & Fubara, 2022).

Innovation (X2).

Assessed based on product quality, product variety, and product design (Naini, Santoso, Andriani, Claudia, & Nurfadillah, 2022)

Transformational Leadership (X3)

Evaluated using dimensions of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Khan, Amin, & Saif, 2022).

e-HR Systems (X4).

Measured by relevance, accuracy, timeliness, and completeness (Stone, Stone-Romero, & Lukaszewski, 2006).

Strategic Flexibility (Z1).

Captures dimensions of resource flexibility and coordination flexibility (Chan et al., 2017).

Risk Management (Z2).

Includes planning, identification, analysis, handling, control, and monitoring (De Lorena & Costa, 2023).

Company Performance (Y)

Covers financial performance, customer satisfaction, internal processes, and learning and growth (Nasrallah & El Khoury, 2022).

The questionnaire employs a **five-point Likert scale** ranging from "Strongly Disagree" to "Strongly Agree" to capture respondents' perceptions.

The data analysis employs **Structural Equation Modeling (SEM)** using SmartPLS software. SEM is a robust statistical technique that examines relationships between latent variables, enabling the evaluation of both direct and indirect effects. The analytical process involves (a) **Measurement Model Evaluation,** assessing the reliability and validity of constructs using Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). (b**) Structural Model Evaluation,** testing hypothesized relationships between variables using path coefficients and their significance levels (t-statistics). (c) **Hypothesis Testing,** hypotheses are tested for significance at the 5% level ($p<0.05$) (Hair et al., 2021).

Operational definitions and indicators for the primary variables studied are as follows:

Variable	Dimension/Indicator	Reference
Organizational Agile	Responsiveness, competency, flexibility, speed	(Barinua & Fubara, 2022)
Innovation	Product quality, variety, design	(Naini et al., 2022)
Transformational Leadership	Idealized influence, inspirational motivation, intellectual stimulation, individualized consideration	(Khan et al., 2022)
e-HR Systems	Relevance, accuracy, timeliness, completeness	(Stone et al., 2006)
Strategic Flexibility	Resource flexibility, coordination flexibility	(Chan et al., 2017)
Risk Management	Planning, identification, analysis, handling, monitoring	(De Lorena & Costa, 2023)
Company Performance	Financial performance, customer satisfaction, internal processes, learning and growth	(Nasrallah & El Khoury, 2022)

The study utilizes structured questionnaires comprising 50 items distributed across the seven variables. Each construct includes multiple items based on validated scales from existing literature. For example o**rganizational agility** items measuring responsiveness to change and speed in

implementing decisions and **innovation, q**uestions on product differentiation and adaptation to market needs. The study adheres to ethical research principles, ensuring informed consent, confidentiality, and voluntary participation. Respondents are briefed on the study's objectives and assured that their responses will be anonymized.

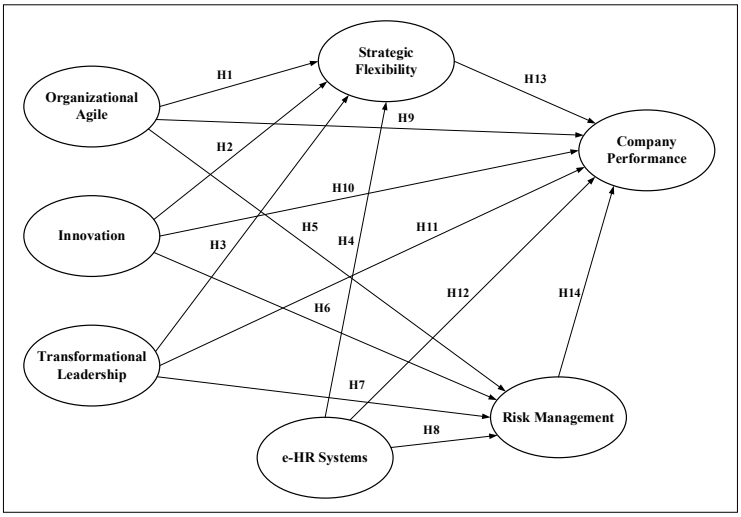


Figure 1. Conceptual Framework

The study focuses exclusively on BRI employees in Jakarta, potentially limiting the generalizability of findings. Future research should expand to other regions and sectors to validate the results. By adhering to this structured methodology, the study aims to provide actionable insights into the interplay of organizational dimensions and their impact on business performance in the Indonesian banking sector.

4. RESULTS

The study targeted employees within the Retail Payment Division of PT Bank Rakyat Indonesia (BRI), resulting in a total of 230 completed responses. These responses provide a comprehensive representation of the division, capturing various demographic and professional characteristics.

Table 2. Overview of Respondent

No	Profile	Item	Total Respondent	Percentage
1	Gender	Male	95	41%
		Female	135	59%
2	Age	17 – 27 Years old	116	50%
		28 – 38 Years Old	78	34%
		39 – 49 Years Old	27	12%
		> 50 Years Old	9	4%
3	Education	Diplom (D3)	16	7%
		Bachelor (S1)	155	67%
		Master (S2)	59	26%

The demographic breakdown revealed that the majority of respondents were female (59%, n=135), with males constituting 41% (n=95). In terms of age, most respondents (50%, n=116) were between 17–27 years old, followed by 34% (n=78) aged 28–38 years, 12% (n=27) aged 39–49 years, and 4% (n=9) over 50 years. Educationally, 67% (n=155) held bachelor's degrees, 26% (n=59) had master's degrees, and 7% (n=16) had associate degrees.

The descriptive analysis used a five-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree," to measure respondents' perceptions across various constructs. The calculated means and categorizations are detailed below.

Table 3. Respondents

No	Variable	Indicators	Mean Score	High Score	Category
1	Organizational Agile	18	4.404	4.510	Strongly Agree
2	Innovation	7	4.386	4.450	Strongly Agree
3	Transformational Leadership	12	4.362	4.433	Strongly Agree
4	e-HR systems	10	4.369	4.430	Strongly Agree
5	Strategic Flexibility	10	4.395	4.530	Strongly Agree
6	Risk Management	26	4.327	4.456	Strongly Agree
7	Organizational Performance	10	4.368	4.493	Strongly Agree

The organizational agile construct comprised 18 indicators with an overall mean score of 4.404, indicating a high level of agreement. The highest-scoring indicator (mean = 4.510) emphasized the management's ability to recognize changes in the global environment. This underscores agility as a critical enabler for adaptive organizational practices. Innovation was measured using seven indicators, yielding an overall mean of 4.386. The highest-rated indicator (mean = 4.450) pertained to the bank's ability to offer products superior to competitors. This suggests that innovation significantly influences customer perceptions and competitive positioning. Transformational leadership, assessed through 12 indicators, achieved an overall mean of 4.362. Respondents rated the ability of leaders to simplify explanations of critical job objectives (mean = 4.433) as the most impactful aspect, highlighting effective communication as a cornerstone of leadership.

The e-HR systems construct, encompassing 10 indicators, achieved a mean score of 4.369. The top-rated indicator (mean = 4.430) emphasized timely and applicable information delivery, reinforcing the role of digital HR systems in organizational efficiency. Strategic flexibility, represented by 10 indicators, garnered an average mean of 4.395. The highest score (mean = 4.530) was linked to the organization's ability to adapt costs for transitioning between products, reflecting its readiness for dynamic market conditions. The risk management construct, comprising 26 indicators, achieved a mean of 4.327. The top-rated indicator (mean = 4.456) reflected the organization's robust risk structure, highlighting the significance of proactive risk strategies in operational sustainability. The performance construct included 10 indicators and achieved an average mean of 4.368. The most impactful indicator (mean = 4.493) was the organization's ability to generate post-tax returns for customers, illustrating financial efficiency and stakeholder satisfaction.

The measurement model was assessed using convergent validity, discriminant validity, and reliability tests.

Table 4. Validity and Reliability Test

Variable	Indicators	OL	Cross Loading							CR	Alpha	AVE
			OA	I	GKP	ESDM	FS	MR	KP			
OA	OA1	0.897	0.897	0.818	0.822	0.809	0.802	0.815	0.843	0.956	0.948	0.645
	OA2	0.842	0.842	0.720	0.762	0.766	0.774	0.769	0.761			
	OA3	0.839	0.839	0.751	0.757	0.756	0.762	0.763	0.762			
	OA4	0.858	0.858	0.755	0.777	0.758	0.770	0.786	0.755			
	OA5	0.824	0.824	0.705	0.728	0.719	0.739	0.737	0.728			
	OA6	0.871	0.871	0.792	0.798	0.784	0.815	0.819	0.811			
	OA7	0.860	0.860	0.779	0.776	0.782	0.795	0.793	0.821			
	OA8	0.856	0.856	0.731	0.766	0.729	0.769	0.770	0.764			
I	I1	0.845	0.756	0.845	0.806	0.775	0.805	0.800	0.809	0.948	0.936	0.547
	I2	0.884	0.778	0.884	0.842	0.819	0.840	0.826	0.834			
	I3	0.850	0.750	0.850	0.803	0.768	0.777	0.795	0.791			
	I4	0.813	0.715	0.813	0.769	0.772	0.780	0.794	0.790			
	I5	0.857	0.750	0.857	0.814	0.772	0.782	0.790	0.782			
	I6	0.830	0.740	0.830	0.774	0.753	0.740	0.776	0.775			
	I7	0.778	0.778	0.778	0.875	0.823	0.841	0.816	0.812			
GKP	GKP1	0.860	0.806	0.809	0.860	0.793	0.793	0.825	0.813	0.969	0.965	0.616

Variable	Indicators	OL	Cross Loading							CR	Alpha	AVE
			OA	I	GKP	ESDM	FS	MR	KP			
	GKP2	0.833	0.720	0.795	0.833	0.808	0.821	0.801	0.792			
	GKP3	0.848	0.739	0.800	0.848	0.767	0.773	0.768	0.787			
	GKP4	0.897	0.826	0.831	0.897	0.830	0.829	0.847	0.830			
	GKP5	0.777	0.694	0.778	0.777	0.728	0.777	0.747	0.770			
	GKP6	0.851	0.728	0.799	0.851	0.789	0.819	0.828	0.785			
	GKP7	0.882	0.823	0.842	0.882	0.818	0.842	0.837	0.836			
	GKP8	0.870	0.763	0.790	0.870	0.786	0.788	0.806	0.777			
	GKP9	0.890	0.821	0.829	0.890	0.833	0.829	0.838	0.838			
	GKP10	0.868	0.812	0.822	0.868	0.853	0.821	0.821	0.812			
	GKP11	0.796	0.750	0.765	0.796	0.757	0.757	0.763	0.777			
	GKP12	0.827	0.732	0.785	0.827	0.840	0.840	0.815	0.802			
ESDM	ESDM1	0.840	0.715	0.788	0.795	0.840	0.806	0.802	0.792	0.961	0.955	0.709
	ESDM2	0.809	0.731	0.735	0.762	0.809	0.758	0.743	0.736			
	ESDM3	0.768	0.620	0.683	0.685	0.768	0.746	0.706	0.706			
	ESDM4	0.825	0.667	0.723	0.729	0.825	0.766	0.762	0.764			
	ESDM5	0.876	0.844	0.846	0.848	0.876	0.837	0.853	0.871			
	ESDM6	0.903	0.780	0.836	0.848	0.903	0.849	0.842	0.853			
	ESDM7	0.877	0.804	0.831	0.852	0.877	0.820	0.816	0.814			
	ESDM8	0.871	0.812	0.790	0.806	0.871	0.825	0.824	0.819			
	ESDM9	0.835	0.778	0.795	0.803	0.835	0.816	0.785	0.793			
	ESDM10	0.834	0.759	0.763	0.812	0.834	0.832	0.811	0.780			
FS	FS1	0.881	0.818	0.806	0.831	0.865	0.881	0.830	0.834	0.966	0.960	0.709
	FS2	0.850	0.774	0.764	0.798	0.813	0.850	0.802	0.809			
	FS3	0.859	0.829	0.807	0.833	0.862	0.859	0.846	0.850			
	FS4	0.882	0.813	0.791	0.849	0.838	0.882	0.836	0.838			
	FS5	0.854	0.804	0.830	0.825	0.824	0.854	0.816	0.830			
	FS6	0.884	0.832	0.824	0.856	0.838	0.884	0.841	0.807			
	FS7	0.838	0.678	0.764	0.748	0.768	0.838	0.773	0.754			
	FS8	0.878	0.814	0.837	0.838	0.817	0.878	0.828	0.826			
	FS9	0.810	0.655	0.754	0.760	0.763	0.810	0.777	0.750			
	FS10	0.850	0.776	0.813	0.816	0.807	0.850	0.827	0.801			
MR	MR1	0.773	0.731	0.773	0.760	0.736	0.793	0.773	0.746	0.987	0.986	0.674
	MR2	0.834	0.801	0.797	0.806	0.814	0.817	0.834	0.805			
	MR3	0.853	0.807	0.807	0.807	0.809	0.811	0.853	0.804			
	MR4	0.832	0.783	0.798	0.801	0.792	0.787	0.832	0.804			
	MR5	0.886	0.777	0.801	0,.816	0.816	0.836	0.886	0.836			
	MR6	0.844	0.772	0.794	0.789	0.770	0.811	0.844	0.805			
	MR7	0.808	0.694	0.773	0.756	0.766	0.816	0.808	0.781			
	MR8	0.821	0.702	0.763	0.755	0.775	0.808	0.821	0.791			
	MR9	0.834	0.719	0.780	0.764	0.793	0.827	0.834	0.804			
	MR10	0.885	0.792	0.813	0.848	0.827	0.816	0.885	0.858			
	MR11	0.860	0.796	0.801	0.831	0.802	0.809	0.860	0.826			
	MR12	0.858	0.746	0.818	0.817	0.813	0.836	0.858	0.839			
	MR13	0.883	0.807	0.828	0.848	0.825	0.844	0.883	0.857			
	MR14	0.910	0.824	0.855	0.874	0.860	0.858	0.910	0.870			
	MR15	0.849	0.845	0.845	0.854	0.887	0.856	0.849	0.898			
	MR16	0.848	0.825	0.800	0.814	0.791	0.784	0.848	0.811			
	MR17	0.876	0.790	0.800	0.835	0.810	0.813	0.876	0.820			
	MR18	0.902	0.833	0.845	0.865	0.849	0.840	0.902	0.872			
	MR19	0.903	0.844	0.860	0.864	0.860	0.854	0.903	0.880			
	MR20	0.882	0.804	0.810	0.834	0.828	0.816	0.882	0.848			
	MR21	0.838	0.766	0.787	0.806	0.797	0.782	0.838	0.801			
	MR22	0.886	0.832	0.848	0.848	0.828	0.818	0.886	0.851			
	MR23	0.905	0.828	0.812	0.846	0.831	0.832	0.905	0.863			
	MR24	0.902	0.847	0.840	0.840	0.844	0.834	0.902	0.874			
	MR25	0.868	0.775	0.834	0.821	0.837	0.866	0.868	0.864			
	MR26	0.879	0.778	0.812	0.826	0.840	0.859	0.879	0.863			
KP	KP1	0.882	0.780	0.848	0.835	0.864	0.860	0.879	0.882	0.977	0.974	0.629
	KP2	0.924	0.835	0.859	0.865	0.854	0.849	0.899	0.924			
	KP3	0.863	0.793	0.820	0.806	0.806	0.821	0.831	0.863			

Variable	Indicators	OL	Cross Loading							CR	Alpha	AVE
			OA	I	GKP	ESDM	FS	MR	KP			
	KP4	0.855	0.730	0.810	0.790	0.797	0.843	0.806	0.855			
	KP5	0.919	0.827	0.834	0.841	0.838	0.845	0.868	0.919			
	KP6	0.925	0.847	0.861	0.867	0.854	0.854	0.878	0.925			
	KP7	0.901	0.842	0.857	0.862	0.854	0.848	0.856	0.901			
	KP8	0.892	0.856	0.859	0.855	0.844	0.830	0.850	0.892			
	KP9	0.920	0.853	0.867	0.887	0.866	0.881	0.893	0.920			
	KP10	0.927	0.855	0.884	0.883	0.893	0.870	0.916	0.927			

Convergent Validity: The outer loadings for all indicators exceeded the threshold of 0.7, confirming the validity of constructs. Average Variance Extracted (AVE) values for all constructs were above 0.5, further supporting convergent validity.

Discriminant Validity: Cross-loading analysis revealed that each indicator correlated more strongly with its corresponding construct than with others, indicating adequate discriminant validity.

Reliability: Composite reliability and Cronbach's alpha values for all constructs exceeded 0.7, affirming the internal consistency of the measurement instruments.

The research conducted on PT Bank Rakyat Indonesia's (BRI) Retail Payment Division provides a robust examination of critical organizational dimensions - Organizational Agility, Innovation, Transformational Leadership, e-HR Systems, Strategic Flexibility, Risk Management, and Company Performance. This analysis offers insights into the intricate interconnections among these constructs, revealing both expected and unexpected dynamics within the organizational framework. This section provides a detailed critique and interpretation of the findings, contextualized within existing literature and their implications for BRI's operational strategy. Based on the table 5 below, the relationship between variables can be seen.

Organizational Agility's significant impact on Strategic Flexibility (t-test=2.239, $p < 0.05$) aligns with previous research suggesting that agility facilitates responsiveness to environmental changes (Gligor, Gligor, Holcomb, & Bozkurt, 2019). BRI's ability to adapt operational strategies in response to external market shifts highlights its strength in maintaining a competitive edge. However, agility's role in enabling flexibility underscores the necessity for an integrated approach where agility supports other dimensions, such as risk mitigation and innovation, to realize its full potential. The non-significant relationship between Innovation and Strategic Flexibility (t-test=1.723) is surprising, as prior studies often associate innovation with adaptability. This finding suggests that at BRI, the innovation process may lack alignment with broader strategic goals, possibly due to operational silos or insufficient integration of innovative practices across departments. This raises questions about how innovation is managed within BRI and whether the organization prioritizes incremental improvements over transformative innovations e-HR Systems emerged as the strongest predictor of Strategic Flexibility (t-test =6.774), illustrating the increasing importance of digital tools in modern organizational management. By automating HR processes and enhancing decision-making, these systems enable BRI to allocate resources dynamically and respond swiftly to market needs.

Hypothesis	Path	R^2	t-test	Analysis
H1	Organizational Agile → Strategic Flexibility	0.941	2.239	Influence
H2	Innovation → Strategic Flexibility	0.941	1.723	Doesn't Influence
H3	Transformational Leadership → Strategic Flexibility	0.941	3.940	Influence
H4	e-HR systems → Strategic Flexibility	0.941	6.774	Influence
H5	Organizational Agile → Risk Management	0.937	3.307	Influence
H6	Innovation → Risk Management	0.937	2.417	Influence
H7	Transformational Leadership → Risk Management	0.937	2.442	Influence
H8	e-HR systems → Risk Management	0.937	3.506	Influence

Hypothesis	Path	R^2	t-test	Analysis
H9	Organizational Agile → Company Performance	0.948	2.067	Influence
H10	Innovation → Company Performance	0.948	2.971	Influence
H11	Transformational Leadership → Company Performance	0.948	0.209	Doesn't Influence
H12	e-HR systems → Company Performance	0.948	2.012	Influence
H13	Strategic Flexibility → Company Performance	0.948	0.315	Doesn't Influence
H14	Risk Management → Company Performance	0.948	4.576	Influence

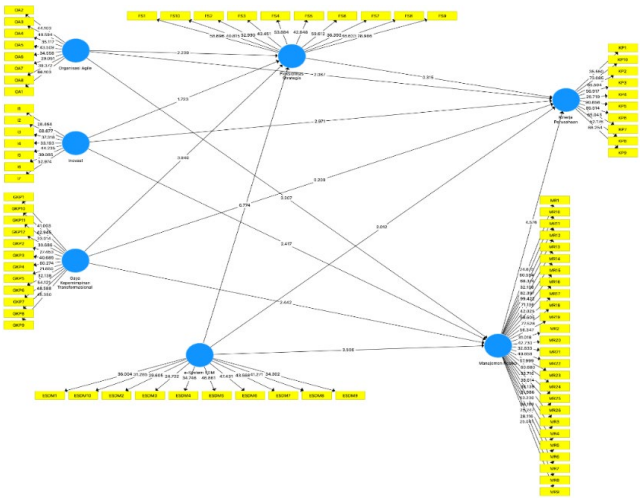
The results highlight Risk Management as a pivotal driver of Company Performance (t-test =4.576), with a robust R^2=0.937. This underscores the necessity of comprehensive risk frameworks to mitigate disruptions and sustain operational resilience. For BRI, enhancing risk management processes—such as predictive analytics and scenario planning—could further strengthen its ability to preempt financial or operational threats. Given the banking industry's inherent volatility, BRI's focus on risk is not just strategic but essential.

The negligible effect of Transformational Leadership on Company Performance (t-test=0.209) challenges conventional wisdom. While transformational leaders inspire vision and innovation, this research suggests that their influence may not directly translate to measurable performance outcomes in BRI's context. One plausible explanation is that leadership impacts are mediated by other factors, such as employee engagement or organizational culture, which were not explicitly measured in this study Strategic Flexibility's insignificant direct effect on Company Performance (t-test=0.315) suggests it functions more as an intermediary variable, facilitating the alignment of other dimensions like agility and innovation. This reinforces the need for BRI to treat flexibility as a supporting construct, ensuring it integrates with core operational strategies to drive tangible results

The model's R^2 values for Strategic Flexibility (0.941), Risk Management (0.937), and Company Performance (0.948) indicate exceptionally high explanatory power. This implies that the independent variables collectively account for nearly all variance in these constructs, validating the study's framework and methodology.

The Q^2 value of 0.999 demonstrates strong predictive relevance, highlighting the model's utility in explaining real-world organizational phenomena. This robustness is particularly valuable for BRI as it navigates a rapidly evolving financial landscape.

The findings raise concerns about how innovation is operationalized within BRI. The lack of significant influence on Strategic Flexibility (t-test=1.723) and moderate impact on Risk Management (t-test=2.417) suggest that innovation efforts may not be sufficiently aligned with organizational goals. BRI should consider fostering cross-departmental collaboration to ensure that innovation initiatives address both immediate challenges and long-term strategic priorities. The limited impact of Transformational Leadership (t-test=0.209 on performance and t-test=3.940 on flexibility) highlights a potential gap in leadership training or effectiveness. BRI could benefit from leadership development programs that emphasize adaptive decision-making and collaborative problem-solving, ensuring leaders are equipped to drive performance outcomes. The insignificant role of Strategic Flexibility in influencing Company Performance (t-test=0.315) suggests that flexibility is not fully leveraged as a competitive asset. BRI should aim to integrate flexibility into its broader strategic framework, ensuring it enhances rather than merely supports organizational agility and innovation.



Based on the image above, the following structural equation model is obtained:

$Z_1 = 0.162X_1 + 0.122X_2 + 0.279X_3 + 0.435X_4 + \zeta$

$Z_2 = 0.197X_1 + 0.236X_2 + 0.294X_3 + 0.273X_4 + \zeta$

$Y = 0.118X_1 + 0.229X_2 + 0.021X_3 + 0.151X_4 + 0.034Z_1 + 0.445Z_2 + \zeta$

This equation highlights the factors influencing Strategic Flexibility (Z1). e-HR Systems (X4) exhibit the strongest influence (0.4350), underscoring the importance of digital HR systems in enhancing flexibility. These systems streamline resource allocation, improve workforce agility, and enable rapid decision-making. Transformational Leadership (X3) also has a significant positive effect (0.2790), suggesting that leaders who inspire and motivate employees contribute meaningfully to strategic adaptability. Organizational Agility (X1) and Innovation (X2) have weaker but still positive influences (0.1620 and 0.1220, respectively). While agility aligns well with responsiveness to change, innovation's weaker influence might reflect limitations in its alignment with broader strategic goals. This analysis reaffirms that Strategic Flexibility is heavily influenced by technological and leadership dimensions, aligning with literature suggesting that flexibility stems from integrated organizational practices (Chan et al., 2017).

The Risk Management (Z2) equation demonstrates that all independent variables significantly contribute to effective risk mitigation. Transformational Leadership (X3) has the strongest influence (0.2940), highlighting the role of leaders in fostering a proactive risk culture. Transformational leaders ensure that employees are aligned with organizational risk strategies, promoting vigilance and preparedness. e-HR Systems (X4) follow closely (0.2730), reinforcing the importance of technology in risk identification, assessment, and monitoring. Automation through e-HR systems allows for timely data processing and decision-making, crucial in mitigating organizational risks. Innovation (X2) and Organizational Agility (X1) have moderate influences (0.2360 and 0.1970, respectively). Agility supports rapid responses to emerging risks, while innovation facilitates creative solutions to risk-related challenges. These findings align with Khan et al. (2022) and De Lorena and Costa (2023), who emphasize that effective risk management frameworks integrate leadership, agility, and technology to achieve resilience.

Company Performance (Y) is influenced by both direct contributions from independent variables and indirect effects through mediating variables (Z1 and Z2). Risk Management (Z2) is the strongest predictor (0.445), underscoring its critical role in ensuring financial stability, stakeholder confidence, and operational continuity. This aligns with empirical evidence linking risk management to performance enhancements (Guo et al., 2020). Innovation (X2) has a significant direct effect (0.229), suggesting that innovative products, services, and processes directly enhance customer satisfaction and competitive advantage. e-HR Systems (X4) also positively impact performance (0.151), reflecting their role in improving workforce efficiency and decision-making. Organizational Agility (X1) has a

weaker influence (0.118), likely due to its indirect role in facilitating other dimensions such as flexibility and risk management. Strategic Flexibility (Z1) has a minimal direct impact (0.0340), supporting the notion that flexibility acts more as an intermediary than a direct performance driver. Transformational Leadership (X3) exhibits the weakest effect (0.021), suggesting that its impact on performance is largely mediated by other factors. These results reinforce the importance of an integrated approach to organizational management, where risk strategies, innovation, and technology converge to drive performance outcomes. While this study offers valuable insights, it also highlights areas requiring further exploration. Future research could:

Investigate mediating variables (e.g., employee engagement, organizational culture) to better understand the indirect effects of leadership and innovation.

Explore the role of external environmental factors, such as regulatory changes or market competition, in shaping the dynamics studied here.

Conduct longitudinal studies to assess how these relationships evolve over time, particularly in response to technological advancements or economic shifts.

5. CONCLUSION

This study offers an in-depth analysis of the interconnectedness among Organizational Agility, Innovation, Transformational Leadership, e-HR Systems, Strategic Flexibility, Risk Management, and Company Performance within PT Bank Rakyat Indonesia (BRI). The results highlight Risk Management (Z2) as the most influential factor driving Company Performance (Y), emphasizing its crucial role in ensuring operational resilience and financial stability. This underscores the importance of adopting proactive risk management practices, such as predictive analytics and scenario planning, to support organizational sustainability. e-HR Systems (X4) emerge as a critical component, significantly impacting Strategic Flexibility (Z1), Risk Management, and Company Performance. This demonstrates the transformative potential of technology in optimizing processes, enhancing workforce adaptability, and facilitating informed decision-making. Although Innovation (X2) contributes positively to performance, its limited impact on Strategic Flexibility suggests the need for better alignment with the organization's strategic goals.

Transformational Leadership (X3) shows minimal direct influence on performance, indicating that its effects are mediated through other factors, such as flexibility and risk management. Strategic Flexibility serves as an intermediary, bridging the relationship between agility, innovation, and performance outcomes. For BRI, these findings underline the necessity of integrating risk management, technological advancements, and innovation to achieve sustained success. Addressing gaps, such as aligning innovation with strategy and enhancing leadership effectiveness, could further strengthen BRI's competitive edge in Indonesia's dynamic banking sector. This study emphasizes a holistic approach to organizational management, ensuring synergy across all dimensions to optimize performance and adaptability.

REFERENCES

Aghina, W., Ahlbäck, K., De Smet, A., Fahrbach, C., Handscomb, C., Lackey, G., . . . Seem, E. (2017). The 5 trademarks of agile organizations. *McKinsey & Company,(December)*, 1-22.

Barinua, V., & Fubara, I. I. (2022). Competency assessment and human resource flexibility: a conceptual review. *European Journal of Business and Innovation Research, 10*(2), 79-95.

Brozovic, D. (2018). Strategic flexibility: A review of the literature. *International Journal of Management Reviews, 20*(1), 3-31. https://doi.org/10.1111/ijmr.12111

Chan, A. T., Ngai, E. W., & Moon, K. K. (2017). The effects of strategic and manufacturing flexibilities and supply chain agility on firm performance in the fashion industry. *European Journal of Operational Research, 259*(2), 486-499. https://doi.org/10.1016/j.ejor.2016.11.006

De Lorena, A., & Costa, A. (2023). What entails risk management maturity in public organisations? *Journal of Risk Research, 26*(5), 563-580. https://doi.org/10.1080/13669877.2023.2187435

Doluca, H., Wagner, M., & Block, J. (2018). Sustainability and environmental behaviour in family firms: A longitudinal analysis of environment-related activities, innovation and performance. *Business Strategy and the Environment, 27*(1), 152-172. https://doi.org/10.1002/bse.1998

Gatzert, N., & Schmit, J. (2016). Supporting strategic success through enterprise-wide reputation risk management. *The Journal of Risk Finance, 17*(1), 26-45. https://doi.org/10.1108/JRF-09-2015-0083

Gligor, D., Gligor, N., Holcomb, M., & Bozkurt, S. (2019). Distinguishing between the concepts of supply chain agility and resilience: A multidisciplinary literature review. *The International Journal of Logistics Management, 30*(2), 467-487. https://doi.org/10.1108/IJLM-10-2017-0259

Hair, J. F., Astrachan, C. B., Moisescu, O. I., Radomir, L., Sarstedt, M., Vaithilingam, S., & Ringle, C. M. (2021). Executing and interpreting applications of PLS-SEM: Updates for family business researchers. *Journal of Family Business Strategy, 12*(3), 100392. https://doi.org/10.1016/j.jfbs.2020.100392

Hogan, S. J., & Coote, L. V. (2014). Organizational culture, innovation, and performance: A test of Schein's model. *Journal of business research, 67*(8), 1609-1621. https://doi.org/10.1016/j.jbusres.2013.09.007

Istiqaroh, C. R., & Widiati, N. Analisis Penilaian Kinerja Perusahaan Dengan Metode Balanced Scorecard Studi Kasus Pada Pt Bank Perkreditan Rakyat Pundhi Ngawi.

Kaplan, R. S., & Norton, D. P. (2001). Transforming the balanced scorecard from performance measurement to strategic management: Part II. *Accounting horizons, 15*(2), 147-160.

Khan, I. U., Amin, R. U., & Saif, N. (2022). Individualized consideration and idealized influence of transformational leadership: Mediating role of inspirational motivation and intellectual stimulation. *International Journal of Leadership in Education*, 1-11. https://doi.org/10.1080/13603124.2022.2076286

Majid, A., Yasir, M., Yasir, M., & Yousaf, Z. (2021). Network capability and strategic performance in SMEs: The role of strategic flexibility and organizational ambidexterity. *Eurasian Business Review, 11*(4), 587-610. https://doi.org/10.1007/s40821-020-00165-7

Martínez-Román, J. A., Gamero, J., de Loreto Delgado-González, M., & Tamayo, J. A. (2019). Innovativeness and internationalization in SMEs: An empirical analysis in European countries. *Technological Forecasting and Social Change, 148*, 119716. https://doi.org/10.1016/j.techfore.2019.119716

Naini, N. F., Santoso, S., Andriani, T. S., Claudia, U. G., & Nurfadillah, N. (2022). The effect of product quality, service quality, customer satisfaction on customer loyalty. *Journal of consumer sciences, 7*(1), 34-50. https://pdfs.semanticscholar.org/91b5/736df98814f8e75a2b1a5b2db68cc5dea1db.pdf

Naranjo-Valencia, J. C., Jiménez-Jiménez, D., & Sanz-Valle, R. (2016). Studying the links between organizational culture, innovation, and performance in Spanish companies. *Revista latinoamericana de psicología, 48*(1), 30-41. https://doi.org/10.1016/j.rlp.2015.09.009

Nasir, A., Zakaria, N., & Zien Yusoff, R. (2022). The influence of transformational leadership on organizational sustainability in the context of industry 4.0: Mediating role of innovative performance. *Cogent Business & Management, 9*(1), 2105575. https://doi.org/10.1080/23311975.2022.2105575

Nasrallah, N., & El Khoury, R. (2022). Is corporate governance a good predictor of SMEs financial performance? Evidence from developing countries (the case of Lebanon). *Journal of Sustainable Finance & Investment, 12*(1), 13-43. https://doi.org/10.1080/20430795.2021.1874213

Nguyen, T., Le, C. V., Nguyen, M., Nguyen, G., Lien, T. T. H., & Nguyen, O. (2024). The organisational impact of agility: a systematic literature review. *Management Review Quarterly*, 1-49. https://doi.org/10.1007/s11301-024-00446-9

Opazo-Basáez, M., Vendrell-Herrero, F., & Bustinza, O. F. (2022). Digital service innovation: a paradigm shift in technological innovation. *Journal of Service Management, 33*(1), 97-120. https://doi.org/10.1108/JOSM-11-2020-0427

Prasetyo, A. P., Nurhayati, M., & Mindarti, C. S. (2024). The Influence of Transformational Leadership and Intellectual Capital on Organizational Agility with Organizational Learning as a Mediating Variable. *International Journal of Management and Business Applied, 3*(1), 43-61. https://doi.org/10.54099/ijmba.v3i1.883

Rajesh, R. (2021). Flexible business strategies to enhance resilience in manufacturing supply chains: An empirical study. *Journal of Manufacturing Systems, 60*, 903-919. https://doi.org/10.1016/j.jmsy.2020.10.010

Shimizu, K., & Hitt, M. A. (2004). Strategic flexibility: Organizational preparedness to reverse ineffective strategic decisions. *Academy of Management Perspectives, 18*(4), 44-59. https://doi.org/10.5465/ame.2004.15268683

Stone, D. L., Stone-Romero, E. F., & Lukaszewski, K. (2006). Factors affecting the acceptance and effectiveness of electronic human resource systems. *Human Resource Management Review, 16*(2), 229-244. https://doi.org/10.1016/j.hrmr.2006.03.010

Sugiyono, M. (2020). Metode Penelitian Kualitatif. Untuk Penelitian yang Bersifat Eksploratif, Enterpretif, interaktif, dan konstruktif. Cocok untuk 1. Mahasiswa SI, S2, dan S3. 2. Dosen dan peneliti Ed. 3 Cet. 3 Thn. 2020.

Zhang, M. J. (2005). Information systems, strategic flexibility and firm performance: An empirical investigation. *Journal of Engineering and Technology Management, 22*(3), 163-184. https://doi.org/10.1016/j.jengtecman.2005.06.003