ORGANIZATIONAL ADAPTATION STRATEGIES CONFRONTING ENVIRONMENTAL UNCERTAINTY IN THE MODERN BUSINESS ERA

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ABSTRACT

In an era of business characterized by uncertainty and rapid change, organizations are required to adapt and innovate to maintain their relevance and competitiveness. This article focuses on the relationship between environmental uncertainty, organizational agility, and innovation in the hotel industry. The aim of this research is to analyze how technological developments, external factors, and adaptation strategies influence an organization's ability to cope with environmental uncertainty. We also explore the role of information technology and data analysis in helping organizations enhance their responsiveness to the changing dynamics of the business environment. The results of this research provide valuable theoretical and practical insights for organizational leaders and business practitioners to develop effective adaptation strategies and improve organizational performance in facing the challenges of a dynamic business environment.

Keywords : Environmental Uncertainty; Organizational Agility; Innovation; Hotel Industry

ABSTRAK

Dalam era bisnis yang ditandai oleh ketidakpastian dan perubahan yang cepat, organisasi dituntut untuk beradaptasi dan berinovasi agar tetap relevan dan kompetitif. Artikel ini berfokus pada hubungan antara ketidakpastian lingkungan, kelincahan organisasi, dan inovasi dalam industri hotel. Tujuan penelitian ini adalah untuk menganalisis bagaimana perkembangan teknologi, faktor eksternal, dan strategi adaptasi memengaruhi kemampuan organisasi dalam menghadapi ketidakpastian lingkungan. Kami juga mengeksplorasi peran teknologi informasi dan analisis data dalam membantu organisasi meningkatkan responsivitas mereka terhadap dinamika yang berubah dalam lingkungan bisnis. Hasil penelitian ini memberikan wawasan teoretis dan praktis yang berharga bagi para pemimpin organisasi dan praktisi bisnis untuk mengembangkan strategi adaptasi yang efektif dan meningkatkan kinerja organisasi dalam menghadapi tantangan lingkungan bisnis yang dinamis.

Kata kunci : Ketidakpastian Lingkungan; Kelincahan Organisasi; Inovasi; Industri Hotel

INTRODUCTION

In an era filled with change and uncertainty, organizations must be able to adapt quickly to remain relevant and competitive. Environmental uncertainty is one of the main challenges faced by companies today. Currently, the capacity to consistently

innovate in products, services, and operational processes is vital for organizations. (Jong and Hartog, 2019). The pandemic has brought about many changes in company attitudes towards becoming more efficient and encouraging individuals to be more innovative (Nilasari et al., 2022). Every organization focuses on the ability to innovate sustainably in terms of products, services, and work processes, where innovation is a major topic that must be continually pursued within an organization, work groups, and individuals (Park et al., 2021). To maintain competitiveness and sustainability, the hotel industry must adapt and enhance organizational resilience in facing change and uncertainty. In this context, Organizations should consistently implement strategies that effectively encourage employees to improve their work performance, as this contributes directly to enhancing the organization's competitiveness. (Sentoso & Sang Putra, 2021). The hotel industry experienced a decline in 2021, with the number of hotels decreasing from 3,644 to 3,521. Factors such as political uncertainty, economic changes, and socio-cultural dynamics amidst the COVID-19 pandemic were the main causes. Employee engagement and performance are critical assets in ensuring organizational success amid these challenges (Sentoso, Muchsinati, 2024). This article will discuss the relationship between environmental uncertainty, organizational agility, and dimensions of innovation, as well as the strategies that organizations can use to innovate and achieve success amidst ongoing changes.

Organizational agility is a pivotal factor in today's fast-evolving market. This concept refers to an organization's capacity to swiftly adapt and respond to continuous or unexpected market changes (Manurung & Kurniawan, 2021). Such agility is crucial for navigating the unpredictable and dynamic environment modern businesses face. Environmental uncertainty, on the other hand, denotes the absence of sufficient data for effective decision-making. It arises from difficulties in forecasting market dynamics, including customer preferences, product developments, technological trends, and competitor actions. Additionally, it involves the complexity of evaluating the outcomes of adaptive responses to sudden shifts in the business environment, such as economic fluctuations or technological innovations (Baba et al., 2017; Saced et al., 2022).

Innovation plays a crucial role in enabling organizations to succeed in unpredictable environments. It serves as a significant factor in enhancing the efficiency, effectiveness, and legitimacy of public institutions (Musana & Setyawan, 2023).

Product innovation allows companies to distinguish themselves from competitors by introducing unique, original, or improved products. This type of innovation can be categorized into radical innovation, which introduces groundbreaking products, and incremental innovation, which improves upon existing products by adding new features or enhancements (Hoonsopon & Ruenrom, 2012; Donate et al., 2022; Harif et al., 2022).

Another important aspect is marketing innovation, which involves employing novel marketing strategies based on in-depth market research, creative advertising methods, and fresh promotional techniques. Such innovations often result in significant changes to product presentation, such as form, packaging, or design, and allow organizations to penetrate new markets or better target existing ones (Sharma et al., 2021; Shin & Perdue, 2022).

Process innovation focuses on enhancing the methods used to create or deliver products and services. This can involve adopting new technologies or refining existing processes to increase efficiency, product quality, and overall competitiveness. By improving production or operational techniques, companies can remain competitive and improve performance (Sharma et al., 2021; Lee et al., 2022; Messabia et al., 2022).

Lastly, organizational innovation refers to the introduction of new management practices, organizational structures, or external collaborations designed to enhance value creation. This type of innovation is crucial for addressing gaps within an organization's operations and driving long-term success through creative problem-solving (Sharma et al., 2021; Messabia et al., 2022; Donate et al., 2022).

This article explores the relationship between environmental uncertainty, organizational agility, and the various dimensions of innovation, offering insights into strategies organizations can adopt to innovate and succeed amidst ongoing change.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

H1: The Relationship between Environmental Uncertainty and Marketing Innovation

Organizational innovation enhances a company's capacity to develop innovative marketing strategies that can be flexibly adjusted to align with evolving market conditions, especially in times of uncertainty

H2: The Relationship between Environmental Uncertainty and Organizational Agility

Environmental uncertainty can drive companies to increase their organizational agility in response to uncertain changes. In this situation, organizational agility becomes

key to helping companies adapt to changes and maintain good performance in a dynamic environment.

H3: The Relationship between Environmental Uncertainty and Organizational Innovation

Amid competition and dynamic market trend changes, companies continuously strive to create renewable products and drive organizational innovation. This is carried out to gain and sustain a competitive edge in markets that are becoming increasingly competitive. Product and organizational innovation are key for companies to remain relevant and successful in the long term

H4: The Relationship between Environmental Uncertainty and Process Innovation

This study utilizes both primary and secondary methods for data collection. The primary data is collected through questionnaires provided to employees and managers in the organizations under review. Meanwhile, the secondary data is sourced from literature reviews, case studies, and pre-existing information, such as financial statements and organizational records. Integrating these data sources enhances the depth of analysis and strengthens the research findings.

H5: The Relationship between Environmental Uncertainty and Product Innovation

In highly competitive environments driven by rapid technological advancements, the innovation cycles for both product and process technology tend to shorten. This pushes companies to strengthen their technological capabilities and invest more heavily in technological expertise to maintain competitiveness (Kafetzopoulos et al., 2020).

H6: The Relationship between Organizational Agility and Marketing Innovation

Organizational agility equips companies to swiftly respond to market trends and evolving customer demands. This flexibility enables the development of innovative marketing strategies that allow companies to differentiate themselves and establish a unique position in the market.

H7: The Relationship between Organizational Agility and Organizational Innovation

Good organizational agility creates an environment where employees feel encouraged to innovate and find new ways to perform their tasks. This can drive organizational innovation in structure, culture, and work practices that can enhance organizational performance and adaptability.

H8: The Relationship between Organizational Agility and Process Innovation

Organizational agility enables companies to quickly improve and update their business processes. The ability to adapt to changes and implement changes in work processes can drive process innovation, enhancing operational efficiency and effectiveness.

H9: The Relationship between Organizational Agility and Product Innovation

Strong organizational agility enables companies to respond to market changes quickly and efficiently. This adaptability can significantly enhance a company's ability to develop and create new, innovative products that are closely aligned with evolving consumer needs, thereby further boosting and driving product innovation forward.

H10: Mediating Role of Organizational Agility between Environmental Uncertainty and Marketing Innovation

Environmental uncertainty can hinder marketing innovation, but organizational agility helps companies adapt and remain innovative. Organizational agility helps companies respond quickly to environmental changes and develop innovative marketing strategies. This enables companies to remain competitive and take advantage of market opportunities in uncertain situations.

H11: Mediating Role of Organizational Agility between Environmental Uncertainty and Organizational Innovation

Organizational agility helps companies innovate in uncertain situations. This allows companies to adapt to environmental changes and develop relevant and competitive innovations. Organizational agility becomes an important factor in linking environmental uncertainty with successful organizational innovation.

H12: Mediating Role of Organizational Agility between Environmental Uncertainty and Process Innovation

Organizational agility helps companies adapt to environmental uncertainty and remain innovative in their processes. This allows companies to develop effective and efficient process innovations, even in uncertain situations. Organizational agility becomes an important factor in linking environmental uncertainty with positive process innovation.

H13: Mediating Role of Organizational Agility between Environmental Uncertainty and Product Innovation

Environmental uncertainty can hinder product innovation, but organizational agility helps companies adapt and remain innovative. Organizational agility acts as a mediator, reducing the negative impact of uncertainty and allowing companies to produce innovative, competitive, and relevant products.

RESEARCH METHOD

Method is a method of work that can be used to obtain something. While the research method can be interpreted as a work procedure in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., Amin, N. N., 2018:113). This study employs a quantitative approach to examine sample groups and identify patterns in a specific region (Sugiyono, 2017). Data is gathered through research tools and is quantitatively analyzed to assess the proposed hypothesis. The purpose of this research is to explore the relationships among various variables and their impacts. Primary data is collected via questionnaires distributed to employees of three-star hotels in Batam, while additional data is sourced from online publications and previous studies. The focus is on businesses in the hospitality industry, specifically within Batam, targeting employees from hotel establishments.

The sampling method used in this research adheres to the approach recommended by Hair J.F. et al. (2010), following a 1:10 ratio, where each question correlates with 10 participants. Since the study includes 24 statements, a minimum of 240 participants is required. The collected data is then analyzed using SPSS and Smart PLS software to assess the responses, interpret the findings, and accurately evaluate the research variables.

RESULT AND DISCUSSION

Respondent Demographic

Based on the data collected, a total of 247 respondents participated in the study. The sample size has met the minimum respondent requirement as per Hair's guidelines. Of the respondents who completed the questionnaires, 128 were men and 119 were women. The age distribution included 91 respondents in the 18-25 year range, 104 respondents aged 26-30, 30 respondents aged 31-35, 12 respondents aged 36-40, and 10 respondents over the age of 40. Most respondents had educational backgrounds as follows: 108 had completed senior high school or equivalent, 17 held diplomas, 112 had bachelor's degrees (S1), and 10 had master's degrees. A significant number of

respondents worked in marketing, and the majority had been employed for 1 to 10 years or more.

Result of Common Method Variance

Based on the results of the Common Method Variance (CMV) analysis conducted using the SPSS application and the variance method, the output of this study indicates that the variance value is 48.071%, which is below 50%, meaning that the data is free from common method bias.

Result of Outer Loading Test

Untuk Naturally, each indicator is contingent upon a specific variable, often referred to as an external model. External models are also known as External Relationships Measurement Scales. By employing PLS (Partial Least Squares), the association between the values of the measurement model and the parameter values is assessed based on the link between factor or construct scores and construct scores. If there is a correlation exceeding 0.70 with the relevant construct, the individual's exposure level is deemed high. However, for initial research phases, establishing a measurement scale with values ranging from 0.5 to 0.60 is considered adequate (Ghozali, 2014).

Result of Average Variance Extracted

One common way to assess convergent validity is by using the Average Variance Extracted (AVE) Ghozali (2021), an AVE value indicating convergent validity is at least 0.5. Based on the analysis in Table 3, all constructs meet the criteria for convergent validity.

Result of Cross Loading

Cross loading values reflect the strength of the relationship between each indicator and its variable (construct). The ideal standard for cross-loading is a minimum correlation value of 0.7 (Ghozali, 2021). Based on the table, it can be seen that the indicators have converged or are highly correlated with each variable.

Result of Reliability Test

The SmartPLS 3.0 software allows for the assessment of model accuracy and consistency by conducting reliability tests. Reliability can be evaluated using either Composite Reliability or Cronbach's Alpha. Since Cronbach's Alpha tends to produce lower values, Composite Reliability is preferred for these evaluations. A threshold of

0.6 or higher is required for acceptable reliability (Latan et al., 2017). The table below demonstrates that the composite reliability test for organizational performance and strategic leadership style has met the reliability standards.

Result of Path Coefficient

Path coefficient testing is used to evaluate the significance of direct relationships between variables. The Sample Mean Table in the Path Coefficient can be integrated into the SmartPLS 3.0 software to provide an overview of the strength of relationships between variables. The T-Statistics index also provides information regarding the significance of relationships between variables. For a relationship to be considered significant, the T-Statistics value must exceed 1.96 or the P value (Betta) must be less than 0.05 (Latan et al., 2017).

Result of R Square

The R-squared value is utilized to assess the significant impact of latent variables on other latent variables. According to Hair et al. (2011), R-squared values can be classified into three categories: strong, medium, and weak. Specifically, an R-squared value of 0.75 is considered strong, 0.50 is categorized as medium, and 0.25 is deemed weak (Hair et al., 2004, 2011). The R-squared metric is versatile and can be applied beyond regression analysis to any model, offering insight into the model's effectiveness. For instance, in time series analysis, aside from MSE, R-squared can also be used to validate the model's performance (Ghozali, 2016). Consequently, it is evident that the R-squared values for organizational performance are classified as weak.

Result of Hypothesis Test

To assess the hypothesis test results, it is essential to verify if the T-statistic is greater than 1.96 and if the P-value is below 0.05, which would signify a meaningful relationship between the variables (Hair et al., 2014). The table data demonstrate the extent and direction of each variable's influence on the others. From the table, it can be concluded that all hypotheses hold statistical significance.

CONCLUSION

In conclusion, this research adopted a quantitative approach, utilizing questionnaires distributed to employees at three-star hotels in Batam to explore the complex relationships among organizational agility, innovation, and environmental uncertainty. The data collected was analyzed through SPSS and SmartPLS, offering a

thorough insight into the interactions between these variables. Several statistical tests were carried out to confirm the research model's reliability and validity, with findings highlighting that organizational agility is a crucial element in enabling businesses to adapt to rapidly evolving market conditions. The path coefficient analysis showed significant direct connections between organizational agility and various types of innovation, including both process and product innovation, suggesting that agile companies are better prepared to implement innovative solutions in response to external challenges.

Furthermore, R-squared values indicated varying levels of impact, with some results categorized as strong while others were weaker, demonstrating the complex dynamics between these variables. Although some R-squared values were weaker, the overall conclusion of the study supports the assertion that organizational agility is a crucial factor in fostering both short-term and long-term innovation within businesses. By responding quickly to environmental uncertainty, organizations can not only sustain their competitive advantage but also create new opportunities for growth through enhanced adaptability and innovative strategies.

The research findings validate all of the hypotheses, reinforcing the idea that agility is essential for businesses to maintain resilience in uncertain environments. This capacity for agility allows organizations to effectively navigate market volatility, overcome external pressures, and ultimately achieve greater performance outcomes. In conclusion, the study underscores the vital role of organizational agility in driving innovation and adaptability, particularly in industries like hospitality where external conditions are often unpredictable and highlights its importance in ensuring sustainable growth and long-term success.

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FIGURE DAN TABLE

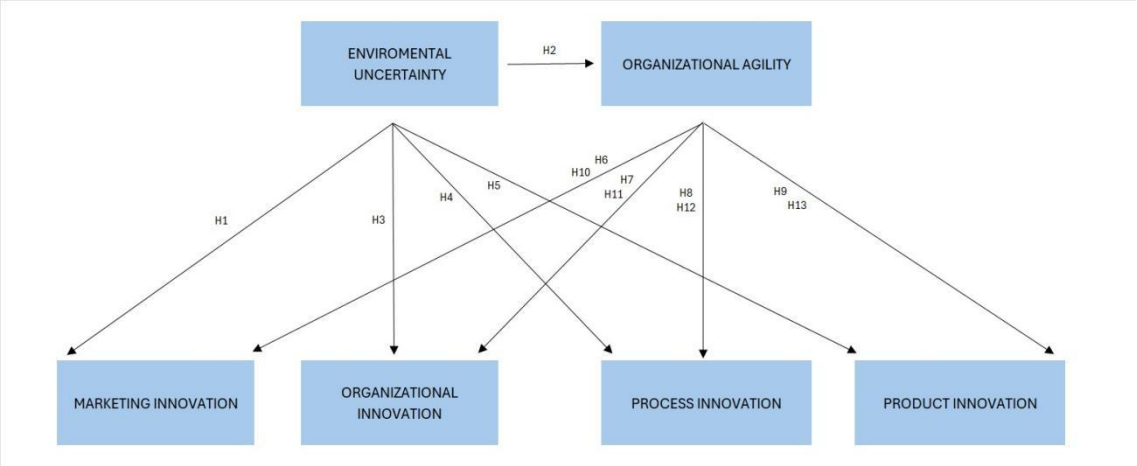

Figure 1. Research Framework

Table 1. Respondent Demographic

Demographic Information		Total	Persentage
Respondent Total		247	100.00%
Gender	Male	128	51.80%
	Female	119	48.20%
Age	18-25 years old	91	36.80%
	26-30 years old	104	42.10%
	31-35 years old	30	12.10%
	36-40 years old	12	4.90%
	>40 years old	10	4.10%
Last Education	Senior High School	108	43.70%
	Diploma (D1/D2/D3)	17	6.90%
	Bachelor Degree (S1)	112	45.30%
	Master Degree (S2)	10	4.10%
	Doctoral Degree (S3)	0	0%
Length of time working at the company	<1 year	42	17%
	1-3 years	89	36%
	4-6 years	71	28,70%
	7-9 years	25	10.10%
	>10 years	20	8.10%
Position	Director	4	1.60%
	Manager	21	8.50%
	Accounting	53	21.50%
	Receptionist	50	20,20%
	Marketing	80	32.40%
	Supervisor	39	15.80%
	Director	4	1.60%

Table 2. Result of Common Method Variance

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.537	48.071	48.071	11.537	48.071	48.071
2	.985	4.103	52.174			
3	.915	3.813	55.987			
4	.873	3.639	59.626			
5	.838	3.493	63.120			

6	.725	3.021	66.141			
7	.700	2.915	69.056			
8	.660	2.748	71.804			
9	.632	2.635	74.439			
10	.607	2.528	76.966			
11	.577	2.404	79.370			
12	.559	2.327	81.697			
13	.505	2.104	83.801			
14	.476	1.984	85.786			
15	.467	1.948	87.733			
16	.457	1.906	89.639			
17	.413	1.720	91.359			
18	.377	1.570	92.929			
19	.368	1.532	94.461			
20	.354	1.474	95.935			
21	.292	1.216	97.150			
22	.245	1.022	98.172			
23	.231	.961	99.133			
24	.208	.867	100.000			
Extraction Method: Principal Component Analysis.						

Table 3. Result of Outer Loading Test

	EU	MI	OA	OI	PR	PI
EU_1	0,840					
EU_3	0,837					
MI_1		0,746				
MI_2		0,753				
MI_3		0,729				
MI_4		0,743				
OA_1			0,778			
OA_2			0,755			
OA_3			0,726			
OA_4			0,788			
OI_1				0,764		
OI_2				0,704		
OI_3				0,726		
OI_4				0,761		
PI_1						0,823
PI_3						0,785
PI_4						0,817
PR_2					0,762	
PR_3					0,789	
PR_4					0,749	

Table 4. Result of Average Variance Extracted

	Average Variance Extracted (AVE)
Environmental Uncertainty	0,703
Marketing Innovation	0,551
Organizational Agility	0,581
Organizational Innovation	0,546
Process Innovation	0,589
Product Innovation	0,654

Table 5. Result of Cross Loading

	EU	MI	OA	OI	PR	PI
EU_1	0,840	0,587	0,651	0,681	0,659	0,685
EU_3	0,837	0,646	0,588	0,700	0,637	0,663
MI_1	0,511	0,746	0,659	0,582	0,621	0,589
MI_2	0,597	0,753	0,644	0,620	0,620	0,627
MI_3	0,525	0,729	0,654	0,646	0,574	0,586
MI_4	0,549	0,743	0,610	0,634	0,587	0,627
OA_1	0,538	0,688	0,778	0,636	0,665	0,635
OA_2	0,569	0,648	0,755	0,650	0,609	0,615
OA_3	0,533	0,611	0,726	0,627	0,551	0,613
OA_4	0,611	0,687	0,788	0,689	0,631	0,645
OI_1	0,642	0,607	0,643	0,764	0,618	0,649
OI_2	0,508	0,607	0,623	0,704	0,551	0,580
OI_3	0,608	0,600	0,616	0,726	0,613	0,594
OI_4	0,666	0,655	0,642	0,761	0,680	0,663
PI_1	0,650	0,666	0,693	0,697	0,679	0,823
PI_3	0,632	0,644	0,649	0,688	0,617	0,785
PI_4	0,667	0,672	0,652	0,658	0,667	0,817
PR_2	0,536	0,626	0,607	0,623	0,762	0,633
PR_3	0,617	0,644	0,653	0,661	0,789	0,625
PR_4	0,621	0,592	0,593	0,636	0,749	0,607

Table 6. Result of Reliability Test

	Composite Reliability
Environmental Uncertainty	0,826
Marketing Innovation	0,831
Organizational Agility	0,847
Organizational Innovation	0,828
Process Innovation	0,811
Product Innovation	0,850

Table 7. Result of Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
EU -> MI	0,211	0,204	0,049	4,339	0,000
EU -> OA	0,739	0,723	0,084	8,799	0,000
EU -> OI	0,424	0,418	0,057	7,495	0,000
EU -> PR	0,389	0,381	0,061	6,415	0,000
EU -> PI	0,431	0,427	0,056	7,640	0,000
OA -> MI	0,709	0,709	0,045	15,698	0,000
OA -> OI	0,540	0,540	0,059	9,096	0,000
OA -> PR	0,519	0,519	0,066	7,831	0,000
OA -> PI	0,504	0,503	0,055	9,085	0,000

Table 8. Result of R Square

	Sample Mean (M)
Marketing Innovation	0,758
Organizational Agility	0,530
Organizational Innovation	0,797
Process Innovation	0,706
Product Innovation	0,750

Table 9. Result of Hypothesis Test

	Sample Mean (M)	T Statistics (|O/STDEV|)	P Values	Conclusion
EU -> MI	0,204	4,339	0,000	Accepted
EU -> OA	0,723	8,799	0,000	Accepted
EU -> OI	0,418	7,495	0,000	Accepted
EU -> PR	0,381	6,415	0,000	Accepted
EU -> PI	0,427	7,640	0,000	Accepted
OA -> MI	0,709	15,698	0,000	Accepted
OA -> OI	0,540	9,096	0,000	Accepted
OA -> PR	0,519	7,831	0,000	Accepted
OA -> PI	0,503	9,085	0,000	Accepted
EU -> OA -> MI	0,514	7,025	0,000	Accepted
EU -> OA -> OI	0,392	5,605	0,000	Accepted
EU -> OA -> PR	0,377	5,209	0,000	Accepted
EU -> OA -> PI	0,365	5,738	0,000	Accepted