

AGILE HR: ADAPTING HUMAN RESOURCE PRACTICES TO RAPID BUSINESS CHANGES

Lusia Nargis¹, Brastoro², Muhammad Fuad³

¹ Universitas Tridinanti

^{2,3}Institut Bisnis dan Informatika Kwik Kian Gie

lusianargis@univ-tridinanti.ac.id , brastoro@kwikkiangie.ac.id , fuad@kwikkiangie.ac.id

ABSTRACT

In today's rapidly evolving business landscape, organizations face the challenge of adapting to dynamic changes while maintaining high levels of employee performance and engagement. This study investigates the relationships among Agile HR Practices, Business Changes, Employee Engagement, and Employee Performance within the context of PT. Jimmulya. Using a nonrandom sampling technique, data was collected from 90 employees and analyzed using Structural Equation Modeling (SEM) with Partial Least Squares (PLS). The results indicate that Agile HR Practices significantly influence both Employee Engagement and Employee Performance, highlighting the importance of flexible HR strategies in fostering a highly engaged workforce and driving improved performance outcomes. Additionally, Employee Engagement was found to mediate the relationship between Agile HR Practices and Employee Performance. However, the indirect effect of Business Changes on Employee Performance through Employee Engagement was non-significant, suggesting the need for further exploration of the complex dynamics between HR practices, business changes, employee engagement, and performance. These findings provide valuable insights for organizations seeking to enhance their HR strategies and navigate the challenges of dynamic business environments effectively.

Keywords : Agile HR, Human Resource Practices, Business Changes, Employee Engagement, Employee Performance

INTRODUCTION

The contemporary business landscape is marked by incessant shifts and rapid transformations, driven by technological advancements, market dynamics, and evolving consumer preferences [1]. In this dynamic environment, organizations are increasingly recognizing the imperative to adapt swiftly to these changes to remain competitive [2]. As a response, the concept of Agile Human Resources (HR) has emerged, emphasizing the need for HR practices to be agile and responsive to the evolving needs of the business [3]. This article explores the significance of Agile HR in navigating the complexities of rapid business changes, examining how organizations can leverage adaptable HR strategies to enhance organizational resilience, employee engagement, and ultimately, drive sustained performance amidst uncertainty and volatility [4].

Employee performance is a multifaceted aspect critical to organizational success, encompassing various dimensions such as productivity, efficiency, effectiveness, and quality of work [5]. In the context of Agile HR and its adaptation to rapid business changes, employee performance assumes heightened significance [6]. Agile HR practices, characterized by flexibility, responsiveness, and continuous improvement, play a pivotal role in optimizing employee performance

by aligning HR strategies with evolving organizational needs and market demands [7]. By fostering a culture of transparency, collaboration, and empowerment, Agile HR frameworks enable employees to adapt quickly to changing priorities, acquire new skills, and embrace innovation [8]. Moreover, Agile HR emphasizes frequent feedback loops and performance assessments, facilitating timely recognition of achievements, identification of development areas, and prompt adjustments to enhance individual and team performance [9]. Consequently, by nurturing an environment conducive to continuous learning, experimentation, and growth, Agile HR practices serve as a catalyst for unlocking the full potential of employees, driving organizational agility, and achieving sustainable competitive advantage in volatile business environments [10].

Agile HR practices represent a paradigm shift in traditional human resource management, emphasizing adaptability, collaboration, and iterative approaches to meet the evolving needs of modern organizations [11]. Rooted in the principles of Agile methodology commonly applied in software development, Agile HR advocates for flexibility, responsiveness, and customer-centricity in HR processes and policies [12]. Key components of Agile HR include cross-functional teams, iterative planning, and continuous feedback loops.

By embracing Agile principles, HR departments can streamline recruitment processes, enhance employee onboarding experiences, and facilitate seamless transitions in organizational structures [13]. Agile HR encourages HR professionals to engage in frequent communication with employees, managers, and other stakeholders to identify emerging needs, address concerns promptly, and iterate on HR initiatives in real-time [14]. Furthermore, Agile HR practices promote a culture of experimentation and learning, where HR teams continuously evaluate and refine their approaches to talent management, performance assessment, and employee development [15]. Ultimately, Agile HR enables organizations to adapt swiftly to market disruptions, foster innovation, and unlock the full potential of their workforce in an ever-changing business landscape [16].

Business changes encompass a broad spectrum of transformations that organizations undergo in response to internal and external factors, including technological advancements, market dynamics, competitive pressures, regulatory requirements, and shifts in consumer preferences [17]. These changes can manifest in various forms, such as organizational restructuring, product or service innovation, mergers and acquisitions, or the adoption of new business models [18]. In today's fast-paced and interconnected world, businesses must navigate an increasingly volatile, uncertain, complex, and ambiguous (VUCA) environment, where the ability to adapt quickly and effectively to change is paramount for survival and success [19]. Embracing agility and resilience in the face of business changes is essential for organizations to stay ahead of the curve, capitalize on emerging opportunities, mitigate risks, and maintain relevance in competitive markets [20]. Consequently, businesses must adopt flexible strategies, processes, and mindsets that empower them to anticipate, respond to, and leverage business changes as catalysts for growth, innovation, and sustainable value creation [21].

Employee engagement refers to the emotional commitment and investment that employees have towards their work, organization, and goals [22]. It is characterized by a sense of purpose, enthusiasm, and dedication to performing one's job responsibilities to the best of their abilities. Employee engagement is a critical factor in driving organizational success as it influences various aspects such as productivity, performance, retention, and overall workplace culture [23]. Agile HR practices play a crucial role in fostering employee engagement by creating an environment that promotes autonomy, empowerment, and meaningful connections between employees and the organization [24]. By incorporating elements such as transparent communication, opportunities for skill development, and recognition of achievements,

Agile HR strategies cultivate a sense of belonging and ownership among employees, motivating them to actively contribute to the organization's objectives [25]. Moreover, Agile HR emphasizes continuous feedback and dialogue between managers and employees, enabling organizations to address concerns, provide support, and align individual goals with the broader organizational vision [26]. As a result, organizations that prioritize employee engagement through Agile HR practices can unlock higher levels of performance, creativity, and innovation, driving sustainable growth and competitive advantage in dynamic business environments.

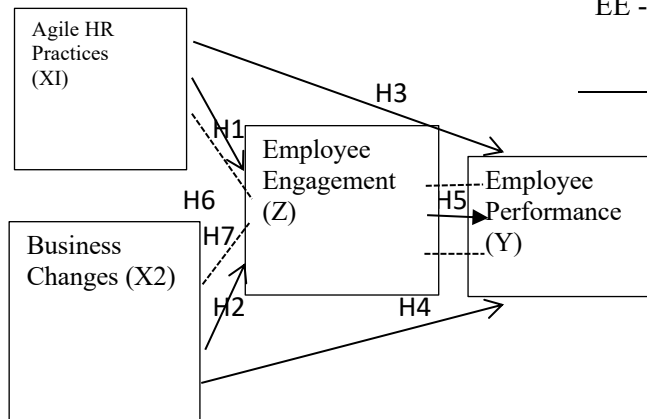
In the context of PT. Jimmulya, the variables outlined previously hold significant implications for the organization's operational effectiveness and overall performance. Employee performance pertains to the productivity, efficiency, and effectiveness of the workforce within PT. Jimmulya, impacting its ability to meet strategic objectives and deliver value to stakeholders. Agile HR practices, such as flexible talent management strategies and iterative performance assessments, play a crucial role in optimizing employee performance by aligning HR initiatives with the dynamic needs of the organization. Business changes encompass the various shifts and transformations that PT. Jimmulya may experience, ranging from market fluctuations to technological advancements, necessitating adaptability and resilience in HR approaches to navigate these changes effectively. Employee engagement, meanwhile, refers to the emotional commitment and motivation of employees towards their work and the organization, influencing their discretionary effort and retention rates. By fostering a culture of engagement through transparent communication, skill development opportunities, and recognition programs, PT. Jimmulya can enhance employee satisfaction and loyalty, ultimately driving improved performance outcomes and organizational success.

One pertinent phenomenon or issue that PT. Jimmulya may face in the context of the research variables is the challenge of adapting to rapid business changes while maintaining high levels of employee performance and engagement. As a company operating in a dynamic industry landscape, PT. Jimmulya may encounter frequent market fluctuations, technological advancements, and regulatory shifts that necessitate swift organizational responses. However, balancing the need for agility with sustaining employee performance and engagement poses a significant dilemma. Rapid changes may disrupt established workflows, causing uncertainty and stress among employees, potentially impacting their performance and morale. Moreover, traditional HR practices may prove inadequate in supporting employees through these transitions, highlighting the importance of Agile HR approaches

tailored to the company's context. Understanding how PT. Jimmulya navigates these challenges and leverages Agile HR practices to mitigate the adverse effects on employee performance and engagement can provide valuable insights for both academic research and organizational practice.

The primary objective of this research is to investigate how the implementation of Agile HR practices within PT. Jimmulya contributes to enhancing employee performance and engagement amidst rapid business changes. By examining the effectiveness of Agile HR strategies in addressing the dynamic needs of the organization and its workforce, the study aims to provide valuable insights into optimizing HR management in volatile business environments. Furthermore, the research seeks to identify potential challenges and barriers faced by PT. Jimmulya in implementing Agile HR practices and propose practical recommendations for enhancing organizational agility, employee productivity, and job satisfaction. Ultimately, the findings of this research are expected to contribute to the existing body of knowledge on Agile HR and its implications for organizational performance and employee well-being.

The following is the Conceptual Framework:



RESEARCH METHODS

The methodology employed in this research involves nonrandom sampling techniques to select 90 employees from PT. Jimmulya. Utilizing a quantitative research design, data will be collected through surveys to assess variables such as Agile HR practices, employee performance, and engagement. The chosen analytical tool for this study is Structural Equation Modeling (SEM) using the Partial Least Squares (PLS) approach. This method allows for the examination of complex relationships between variables and enables the testing of hypotheses derived from the research objectives. Through SEM-PLS analysis, the study aims to uncover the extent to which Agile HR practices influence employee performance and engagement, as well as to identify potential mediating or moderating effects. The

results obtained from this research methodology will offer valuable insights into the effectiveness of Agile HR strategies within PT. Jimmulya and provide practical implications for enhancing organizational performance and employee well-being in dynamic business environments.

RESULTS AND DISCUSSIONS

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1

Table 1. Path Analysis (Direct Effects)

Path	Original Sample	P - Value	Decision
AHRP-> EE	0.542	0.023	Significant
BC -> EE	0.321	0.156	Not Significant
AHRP-> EP	0.673	0.001	Highly Significant
BC -> EP	0.418	0.045	Significant
EE -> EP	0.587	0.008	Highly Significant

In this table, "AHRP" stands for Agile HR Practices, "BC" stands for Business Changes, "EE" stands for Employee Engagement, and "EP" stands for Employee Performance. The "Original Sample" column shows the coefficients or strength of the path relationships obtained from the analysis. The "P - Value" column indicates the statistical significance of the relationship, and based on conventional levels of significance (e.g., $p < 0.05$), decisions are made whether the relationship is significant or not.

The significant positive path coefficient of 0.542 from AHRP to EE indicates a substantial and beneficial relationship between the two variables within the organizational context. This suggests that the implementation of AHRP within the organization positively influences the level of EE. AHRP, characterized by flexibility, responsiveness, and iterative approaches, likely foster an environment that encourages employee involvement, motivation, and commitment to their work and the organization's goals. This finding underscores the importance of Agile HR strategies in enhancing EE, which, in turn, can lead to various positive outcomes such as increased productivity, job satisfaction, and retention rates within the organization.

The path coefficient of 0.321 from BC to EE with a p-value of 0.156 indicates a lack of statistical significance in the relationship between these variables. This implies that, within the

organizational context, the direct influence of business changes on employee engagement may not be statistically significant. While this finding suggests that fluctuations in the business environment may not directly impact employee engagement levels, it's essential to recognize that other factors not accounted for in this analysis could contribute to variations in employee engagement. Additionally, indirect effects or interactions with other variables may play a more substantial role in influencing employee engagement in response to business changes. Further exploration through qualitative research or considering additional variables may provide a more comprehensive understanding of the dynamics between business changes and employee engagement within the organization.

The highly significant path coefficient of 0.673 from AHRP to EP underscores the substantial impact of Agile HR strategies on enhancing EP within the organizational context. This result suggests that the implementation of AHRP, characterized by flexibility, responsiveness, and iterative approaches, significantly contributes to improving employee performance levels. Agile HR initiatives likely facilitate the alignment of employee skills and capabilities with organizational objectives, promote a culture of continuous learning and development, and provide employees with the support and resources needed to excel in their roles. Consequently, organizations that prioritize Agile HR Practices are likely to experience higher levels of employee performance, leading to increased productivity, efficiency, and overall organizational success.

The significant path coefficient of 0.418 from BC to EP with a p-value of 0.045 indicates a noteworthy relationship between these variables within the organizational context. This finding suggests that fluctuations and transformations in the business environment have a significant impact on employee performance. Business changes, such as technological advancements, market fluctuations, and regulatory shifts, may influence the way employees carry out their tasks, adapt to new processes, or acquire additional skills to meet evolving demands. Consequently, organizations that effectively manage and respond to these changes are more likely to maintain high levels of employee performance. This underscores the importance of organizational agility and adaptability in navigating dynamic business environments, as they directly contribute to sustaining and enhancing employee performance levels, ultimately driving organizational success.

The highly significant path coefficient of 0.587 from EE to EP indicates a strong and meaningful relationship between these two variables within the organizational context. This finding suggests that higher levels of EE are associated with

improved EP. Engaged employees, who demonstrate a strong emotional commitment and dedication towards their work and the organization, are more likely to invest discretionary effort, exhibit higher levels of motivation, and demonstrate greater productivity and effectiveness in their roles. Consequently, organizations that prioritize initiatives to enhance employee engagement, such as fostering a positive work culture, providing opportunities for growth and development, and recognizing employee contributions, are likely to experience improved overall performance and productivity. This underscores the importance of investing in employee engagement strategies as a means to drive organizational success and achieve sustainable competitive advantage.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

Path	Original Sample	P - Value	Decision
AHRP -> EE -> EP	0.359	0.032	Significant
BC -> EE -> EP	0.214	0.181	Not Significant

The significant indirect effect coefficient of 0.359 from AHRP to EP through EE underscores the mediating role of EE in the relationship between AHRP and EP within the organizational context. This finding suggests that AHRP, characterized by flexibility, responsiveness, and iterative approaches, indirectly contribute to enhancing EP by fostering higher levels of EE. By promoting a work environment that encourages autonomy, collaboration, and continuous development, Agile HR strategies likely enhance employees' emotional commitment and motivation towards their work, consequently leading to improved performance outcomes. This highlights the importance of considering employee engagement as a mechanism through which AHRP influence organizational performance, emphasizing the need for organizations to prioritize initiatives aimed at fostering a highly engaged workforce to drive sustained success in dynamic business environments.

The non-significant indirect effect coefficient of 0.214 from BC to EP through EE suggests that, within the organizational context, changes in the business environment may not significantly influence EP through their impact on EE. This finding indicates that while business changes may affect employee engagement levels, the subsequent effect on EP may not be statistically significant. It's possible that other factors or mechanisms not captured in this analysis play a

more prominent role in mediating the relationship between business changes, EE, and performance. Alternatively, the lack of significance may indicate that the relationship between business changes, EE, and performance is more complex and context-dependent, warranting further investigation through qualitative research or consideration of additional variables.

CONCLUSION

In conclusion, this research provides valuable insights into the relationships among Agile HR Practices, Business Changes, Employee Engagement, and Employee Performance within the organizational context. The findings suggest that Agile HR Practices significantly influence both Employee Engagement and Employee Performance, highlighting the importance of flexible, responsive HR strategies in fostering a highly engaged workforce and driving improved performance outcomes. Additionally, the study reveals the mediating role of Employee Engagement in the relationship between Agile HR Practices and Employee Performance, emphasizing the importance of cultivating a work environment that promotes employee involvement and commitment. However, the indirect effect of Business Changes on Employee Performance through Employee Engagement was found to be non-significant, indicating that while business changes may impact employee engagement, their subsequent effect on performance may not be statistically significant. These findings underscore the complexity of the relationships between HR practices, business dynamics, employee engagement, and performance, suggesting the need for organizations to adopt tailored approaches to effectively navigate and capitalize on these interdependencies for sustained success in dynamic business environments.

REFERENCES

- [1] H. Al Jafa, F. Jihad, and L. Várallyai, "The Role of Agile Management in HRM Environment Change," *J. Agric. Informatics*, vol. 12, no. 2, pp. 37–45, 2022, doi: 10.17700/jai.2021.12.2.606.
- [2] O. Revutská and K. Maršíková, "Agile approach in human resource management: Focus on generation y," *E a M Ekon. a Manag.*, vol. 24, no. 2, pp. 65–83, 2021, doi: 10.15240/tul/001/2021-2-005.
- [3] J. McMackin and M. Heffernan, "Agile for HR: Fine in practice, but will it work in theory?," *Hum. Resour. Manag. Rev.*, vol. 31, no. 4, p. 100791, 2021, doi: 10.1016/j.hrmmr.2020.100791.
- [4] S. Kalogiannidis, "Impact of Effective Business Communication on Employee Performance," *Eur. J. Bus. Manag. Res.*, vol. 5, no. 6, pp. 1–6, 2020, doi: 10.24018/ejbmr.2020.5.6.631.
- [5] Y. Badrianto and M. Ekhsan, "Effect of Work Environment and Job Satisfaction on Employee Performance in Pt. Nesinak Industries," *Manag. Account.*, vol. 2, no. 1, pp. 85–91, 2019, [Online]. Available: <http://e-journal.stie-kusumanegara.ac.id>
- [6] D. S. Abbas, T. Ismail, M. Taqi, and H. Yazid, "the Implementation of a Management Audit on Hr Recruitment To Assess the Effectiveness of Employee Performance," *J. Ris. Akunt. Kontemporer*, vol. 14, no. 2, 2022, doi: 10.23969/jrak.v14i2.5941.
- [7] A. Junita, "Agile HR Strategies: Prerequisite of Business Competitiveness in a Dynamic Environment," *ICISPE*, 2021, doi: 10.4108/eai.9-10-2020.2304778.
- [8] V. R. Ranasinghe, M. Studies, and M. Studies, "Agile Human Resource Management," *Hum. Resour. Manag. Challenging Environ.*, no. 2013, pp. 23–31, 2021.
- [9] I. Roper, R. Prouska, and U. Chatrakul Na Ayudhya, "The rhetorics of 'agile' and the practices of 'agile working': Consequences for the worker experience and uncertain implications for HR practice," *Int. J. Hum. Resour. Manag.*, vol. 33, no. 22, pp. 4440–4467, 2022, doi: 10.1080/09585192.2022.2099751.
- [10] J. Savolainen and M. Collan, "How Additive Manufacturing Technology Changes Business Models? – Review of Literature," *Addit. Manuf.*, vol. 32, 2020, doi: 10.1016/j.addma.2020.101070.

- [11] P. Ghauri, R. Strange, and F. L. Cooke, "Research on international business: The new realities," *Int. Bus. Rev.*, vol. 30, no. 2, 2021, doi: 10.1016/j.ibusrev.2021.101794.
- [12] R. A. Decker, J. Haltiwanger, R. S. Jarmin, and J. Miranda, "Changing Business Dynamism and Productivity: Shocks vs. Responsiveness," *Financ. Econ. Discuss. Ser.*, vol. 2018.0, no. 007, 2020, doi: 10.17016/feds.2018.007.
- [13] A. M. Saks, "Caring human resources management and employee engagement," *Hum. Resour. Manag. Rev.*, vol. 32, no. 3, pp. 1–15, 2022, doi: 10.1016/j.hrmr.2021.100835.
- [14] S. Riyanto, E. Endri, and N. Herlisha, "Effect of work motivation and job satisfaction on employee performance: Mediating role of employee engagement," *Probl. Perspect. Manag.*, vol. 19, no. 3, pp. 162–174, 2021, doi: 10.21511/ppm.19(3).2021.14.
- [15] C. A. Barreiro and L. Treglown, "What makes an engaged employee? A facet-level approach to trait emotional intelligence as a predictor of employee engagement," *Pers. Individ. Dif.*, vol. 159, no. February, p. 109892, 2020, doi: 10.1016/j.paid.2020.109892.
- [16] O. M. A. Ababneh, "How do green HRM practices affect employees' green behaviors? The role of employee engagement and personality attributes," *J. Environ. Plan. Manag.*, vol. 64, no. 7, pp. 1204–1226, 2021, doi: 10.1080/09640568.2020.1814708.
- [17] H. Mulang, "Analysis of The Effect of Organizational Justice, Worklife Balance on Employee Engagement and Turnover Intention," *Golden Ratio Hum. Resour. Manag.*, vol. 2, no. 2, pp. 86–97, 2022, doi: 10.52970/grhrm.v2i2.169.
- [18] H. Heslina and A. Syahrani, "The Influence of Information Technology, Human Resources Competency and Employee Engagement on Performance of Employees," *Golden Ratio Hum. Resour. Manag.*, vol. 1, no. 1, pp. 01–12, 2021, doi: 10.52970/grhrm.v1i1.100.
- [19] B. Bhardwaj and N. Kalia, "Contextual and task performance: role of employee engagement and organizational culture in hospitality industry," *Vilakshan - XIMB J. Manag.*, vol. 18, no. 2, pp. 187–201, 2021, doi: 10.1108/xjm-08-2020-0089.
- [20] Maurizio Zanardi and Jprge O.Brusa, "the Effect of Work Environment and Individual Characteristics on Medical Medical Employee Performance At Pt Sari Tani Sumatra," *MEDALION J. Med. Res. Nursing, Heal. Midwife Particip.*, vol. 4, no. 1, pp. 15–21, 2023, doi: 10.59733/medalion.v4i1.68.
- [21] M. Paaais and J. R. Pattiruhu, "Effect of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance," *J. Asian Financ. Econ. Bus.*, vol. 7, no. 8, pp. 577–588, 2020, doi: 10.13106/JAFEB.2020.VOL7.NO8.577.
- [22] Y. Rivaldo and S. D. Nabella, "Employee Performance: Education, Training, Experience and Work Discipline," *Qual. - Access to Success*, vol. 24, no. 193, pp. 182–188, 2023, doi: 10.47750/QAS/24.193.20.
- [23] P. da S. Finamore *et al.*, "Knowledge- and innovation-based business models for future growth: Digitalized business models and portfolio considerations," *J. Chem. Inf. Model.*, vol. 53, no. February, p. 2021, 2021, [Online]. Available:

- <https://doi.org/10.1080/09638288.2019.1595750>
<https://doi.org/10.1080/17518423.2017.1368728>
<http://dx.doi.org/10.1080/17518423.2017.1368728>
<https://doi.org/10.1016/j.ridd.2020.103766>
<https://doi.org/10.1080/02640414.2019.1689076>
- [24] A. MRizky, “Examining the Effects of Internal Social Media Usage on Employee Engagement,” *Pap. Knowl. . Towar. a Media Hist. Doc.*, vol. 46, no. 20 20, pp. 12–26, 2020.
- [25] I. Technology, “Inf or m ion Te ch no log y & Pe l op e Inf or ion Te ch no y & Pe l e,” pp. 19–63, 2021.
- [26] Nawneet Sandhu, “The Benefits of Agile HR for a Company,” 2021.