

Analyzing Strategic Agility in Indonesian Public Sector Organizations: A Case Study of LLDIKTI Region XVI

Munawir Sadzali Razak^{1*}, Rifdan², Risma Niswaty³, Andi Kasmawati⁴
Department of Public Administration, Faculty of Social Science and Law,
Universitas Negeri Makassar

Corresponding Author: Munawir Sadzali Razak
munawirsadzalirazak@gmail.com

ARTICLE INFO

Keywords: Strategic Agility, Public Organizations, Public Administration in Indonesia, Bureaucratic Reform, Adaptive Governance

Received: 19, April

Revised: 20, May

Accepted: 30, June

©2026 Razak, Rifdan, Niswaty, Kasmawati: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

Rapid changes in the strategic environment—characterized by dynamic public policies, ongoing bureaucratic reform agendas, increasing demands for accountability, and accelerated digital transformation—require public sector organizations in Indonesia to develop a high level of adaptive capability. In this context, strategic agility emerges as a relevant strategic approach for enhancing the responsiveness and performance effectiveness of public organizations. This study aims to analyze the implementation of strategic agility in Indonesian public sector organizations through a case study of LLDIKTI Region XVI, an institution that plays a strategic role in the governance of higher education. This study adopts a qualitative approach using a case study method. Data were collected through in-depth interviews, observations, and document analysis. The findings indicate that strategic agility at LLDIKTI Region XVI is reflected in the organization's ability to detect and respond to changes in higher education policies (*strategic sensitivity*), the presence of leadership alignment in strategic decision-making (*leadership unity*), and limited flexibility in resource management (*resource fluidity*), which has begun to be strengthened through the use of digital technologies. Nevertheless, the implementation of strategic agility continues to face structural constraints, including hierarchical bureaucracy, regulatory rigidity, and limited human resource capacity. This study contributes theoretically by extending the application of the strategic agility concept within the context of public administration in developing countries, and practically by providing insights for policy formulation and the strengthening of adaptive public sector governance in Indonesia.

INTRODUCTION

The strategic environment of public sector organizations in Indonesia has undergone increasingly rapid and complex changes over the past decade. Intense dynamics in public policy, sustained bureaucratic reform agendas, rising standards of accountability, and the acceleration of digital transformation have shifted the paradigm of public sector management from a focus on mere administrative compliance toward adaptive and performance-oriented governance (Osborne, 2010; Mergel, Ganapati, & Whitford, 2021). In this context, public organizations can no longer rely on traditional bureaucratic models characterized by hierarchical, rigid, and procedural structures, as such models may hinder their capacity to respond effectively to environmental changes (Weber, 1947).

The bureaucratic reform agenda in Indonesia explicitly requires public sector organizations to enhance the quality of governance, improve service efficiency, and foster policy innovation. Nevertheless, the implementation of these reforms frequently encounters structural and cultural challenges, including regulatory rigidity, limited managerial autonomy, and uneven human resource capacity (Dwiyanto, 2015). These conditions create inherent tensions between the need for bureaucratic stability and the growing demand for flexibility and rapid decision-making. Accordingly, a strategic approach is required to balance these competing imperatives in a sustainable manner.

In the literature on strategic management and public administration, strategic agility has emerged as a relevant concept for explaining how organizations can maintain stability while simultaneously enhancing their adaptive capacity (Doz & Kosonen, 2010). Strategic agility refers to an organization's capability to continuously sense environmental changes (strategic sensitivity), build alignment and commitment among leadership in strategic decision-making (leadership unity), and manage as well as reallocate resources flexibly in accordance with shifting strategic priorities (resource fluidity) (Doz & Kosonen, 2008). This concept offers an alternative perspective on the management of public organizations, which has traditionally been understood primarily within a framework of control and compliance.

Although the concept of strategic agility has been widely examined in the context of private sector organizations and developed countries, empirical studies addressing its application in public sector organizations in developing countries remain relatively limited (Teece, Peteraf, & Leih, 2016). This gap is particularly noteworthy given that public organizations in developing contexts, including Indonesia, exhibit distinct institutional characteristics, such as high regulatory complexity, strong bureaucratic cultures, and a high degree of dependence on central government policies. The limited availability of empirical evidence highlights a significant research gap in the strategic agility literature, especially with regard to understanding how the concept is adapted and implemented within the context of Indonesian public administration.

In the higher education sector, the challenge of organizational adaptation in public institutions has become increasingly pronounced. Changes in national higher education policies, growing demands for quality improvement and

institutional competitiveness, and the integration of digital technologies into academic governance have positioned higher education management bodies in a strategically important yet highly uncertain environment (Chan & Muthuveloo, 2019). Higher education institutions are increasingly required to develop adaptive capabilities, strategic flexibility, and innovation-oriented governance to remain effective amid dynamic policy and technological changes (Yang, Al Mamun, & Salameh, 2023) [2]. LLDIKTI Region XVI, as an institution responsible for the guidance, supervision, and facilitation of higher education institutions, is therefore required to respond to these changes in a timely, effective, and well-coordinated manner. A failure to adapt adequately may undermine the effectiveness of higher education policies and the quality of services delivered to key stakeholders.

Based on these conditions, it is important to examine in depth how strategic agility is manifested in the practices of public sector organizations in Indonesia. This study aims to analyze the implementation of strategic agility at LLDIKTI Region XVI by examining the dimensions of strategic sensitivity, leadership unity, and resource fluidity within an institutional context characterized by bureaucratic and regulatory constraints. From a theoretical perspective, this study is expected to extend the understanding of strategic agility in the public sector of developing countries. From a practical perspective, the findings are intended to inform policy formulation and support the strengthening of more adaptive and responsive public sector governance in Indonesia.

Strategic agility has emerged as an important organizational approach for responding to environments characterized by instability, complexity, and uncertainty. Unlike traditional strategic approaches that tend to be rigid and long-term oriented, strategic agility emphasizes adaptability, rapid decision-making, and continuous organizational learning (Doz & Kosonen, 2010). In the strategic management literature, strategic agility is commonly conceptualized through three interrelated dimensions: strategic sensitivity, leadership unity, and resource fluidity. Strategic sensitivity reflects the organization's ability to identify and anticipate environmental changes, leadership unity emphasizes alignment and commitment among leaders in strategic decision-making, while resource fluidity refers to the flexible allocation and reconfiguration of organizational resources to support changing priorities (Doz & Kosonen, 2008). Without these three dimensions, organizations risk delayed adaptation, fragmented decisions, and ineffective strategy implementation.

In the context of public sector organizations, strategic agility is closely related to dynamic capabilities theory and the new public governance paradigm. Dynamic capabilities theory highlights the importance of organizational capabilities in integrating, developing, and reconfiguring internal competencies to respond effectively to environmental changes (Teece, Peteraf, & Leih, 2016). Meanwhile, the new public governance perspective emphasizes flexibility, collaboration, and outcome-oriented governance as essential elements of modern public administration (Osborne, 2010). Within this framework, strategic agility serves as a complementary approach that enables

public organizations to become more adaptive without abandoning the principles of accountability and legitimacy that characterize public bureaucracy.

However, the implementation of strategic agility in public organizations remains constrained by structural and institutional limitations. Rigid regulations, bureaucratic procedures, inflexible budgeting systems, and limited managerial autonomy often reduce the capacity of public institutions to respond quickly to environmental change. These challenges are particularly evident in developing countries, including Indonesia, where public organizations continue to operate within highly hierarchical and procedural governance systems. Existing empirical studies on strategic agility have largely focused on private sector organizations and developed countries, leaving limited evidence regarding how strategic agility is adapted within public sector institutions in developing contexts.

In Indonesia, public sector organizations are increasingly pressured to improve performance, innovation, and responsiveness through ongoing bureaucratic reform initiatives. Nevertheless, these demands coexist with deeply entrenched bureaucratic cultures and centralized policy structures, creating tension between flexibility and administrative control. Consequently, strategic agility becomes both highly relevant and institutionally challenging in the Indonesian public sector context.

LITERATURE REVIEW

Based on the literature, strategic agility can be understood as a promising strategic framework for strengthening the adaptive capacity of public sector organizations. Nevertheless, a significant research gap remains due to the limited empirical evidence examining strategic agility in public organizations within developing countries, particularly Indonesia. Therefore, this study positions strategic agility as the primary analytical framework for understanding how public organizations respond to changes in their strategic environment. By examining the dimensions of strategic sensitivity, leadership unity, and resource fluidity in higher education governance institutions, this study is expected to enrich the strategic agility literature in public administration and contribute to the development of more adaptive and responsive public sector governance systems.

METHODOLOGY

This study employs a qualitative case study approach to develop an in-depth understanding of how strategic agility is implemented within Indonesian public sector organizations, particularly in the context of LLDIKTI Region XVI. A qualitative approach is considered appropriate because strategic agility is a complex, context-dependent phenomenon that cannot be fully captured through quantitative measurement alone. Rather than testing causal relationships, the study focuses on exploring organizational meanings, adaptive processes, and strategic dynamics that emerge within bureaucratic settings (Creswell & Poth, 2018).

The case study design enables a holistic examination of the interactions among leadership, organizational structures, policies, and everyday governance

practices within a real institutional environment (Yin, 2018). LLDIKTI Region XVI was purposively selected because of its strategic role in higher education governance and its active involvement in implementing dynamic national education policies. These characteristics make the institution a relevant context for examining the adaptive capacity and strategic responsiveness of public organizations in Indonesia.

Data collection was conducted through in-depth interviews, observation, and document analysis. Semi-structured interviews were designed around the core dimensions of strategic agility – strategic sensitivity, leadership unity, and resource fluidity – to explore how organizational actors interpret and respond to environmental change (Doz & Kosonen, 2008). Observation was used to capture daily work practices, coordination mechanisms, and decision-making processes that may not emerge explicitly during interviews, while document analysis provided additional evidence through strategic plans, performance reports, and internal regulations.

Research informants were selected using purposive sampling based on their roles, experience, and involvement in strategic decision-making processes. Informants included organizational leaders, structural officials, and staff members directly engaged in policy planning and implementation. This strategy allowed the study to obtain comprehensive perspectives across multiple organizational levels and to understand how strategic agility is translated from leadership decisions into operational practices.

Data analysis was conducted concurrently with data collection using thematic analysis. The process involved data reduction, coding, theme identification, and interpretation by connecting empirical findings with the theoretical framework of strategic agility and the institutional context of public administration (Braun & Clarke, 2006). In addition, pattern-matching techniques were applied to assess the extent to which organizational practices aligned with or diverged from strategic agility theory (Yin, 2018). Contextual analysis further examined how institutional regulations, bureaucratic culture, and policy constraints influenced the implementation of strategic agility within the organization.

To ensure the trustworthiness and analytical rigor of the findings, the study employed source triangulation, method triangulation, member checking, and audit trail documentation. Reflexivity was also applied throughout the research process to minimize researcher bias and maintain interpretive objectivity, particularly given the hierarchical and policy-sensitive nature of public sector organizations.

Overall, this methodological approach provides a contextualized and analytical understanding of strategic agility practices within public sector organizations. By integrating empirical exploration with a strong theoretical framework, the study contributes to the literature on strategic agility, public administration, and adaptive governance, while also offering practical insights for strengthening more responsive and flexible public sector governance in Indonesia.

RESULTS AND DISCUSSION

The findings reveal that strategic agility in public sector organizations does not emerge as a fully institutionalized capability, but rather as a gradual and context-dependent adaptive practice shaped by bureaucratic and regulatory environments. At LLDIKTI Region XVI, strategic agility is reflected through three interrelated dimensions—strategic sensitivity, leadership unity, and resource fluidity—each demonstrating varying levels of development and effectiveness (Doz & Kosonen, 2010).

The study indicates that strategic sensitivity represents the strongest dimension within the organization. LLDIKTI Region XVI actively monitors changes in national higher education regulations, ministerial circulars, and technical policies affecting affiliated universities. Organizational responses to policy changes are generally reflected in adjustments to work programs and service mechanisms. However, this strategic sensitivity remains predominantly reactive and compliance-oriented rather than anticipatory. Medium- and long-term strategic forecasting has not yet been fully integrated into institutional planning processes, suggesting that strategic sensitivity functions primarily as an administrative adjustment mechanism instead of a predictive capability for strategic adaptation (Doz & Kosonen, 2008).

Leadership unity is reflected in the commitment of organizational leaders to maintaining service continuity and collectively responding to policy changes. Coordination among leaders is regularly conducted through formal meetings and internal forums aimed at aligning organizational perspectives and facilitating strategic decisions. Nevertheless, leadership cohesion continues to face challenges related to cross-unit integration and limited managerial discretion. Divergent interpretations of strategic priorities and rigid bureaucratic procedures constrain the speed and flexibility of decision-making processes. This finding indicates that leadership unity has developed at a normative level, but has not yet fully evolved into an agile and cohesive strategic alignment capable of supporting rapid organizational adaptation (Doz, 2020).

Among the three dimensions, resource fluidity emerged as the weakest aspect of strategic agility within the organization. Human resource management and budget allocation remain highly dependent on formal regulations and procedural mechanisms, thereby limiting the organization's flexibility in responding to urgent strategic demands. However, the findings also identify digital technology as a compensatory mechanism that enables greater operational flexibility and efficiency despite structural rigidity. The digitalization of services and internal coordination processes has accelerated workflows, enhanced transparency, and reduced dependence on rigid manual procedures. This finding suggests that resource fluidity in public organizations tends to evolve through process innovation and digital adaptation rather than through substantial structural transformation (Mergel, Ganapati, & Whitford, 2021).

The findings further demonstrate that the three dimensions of strategic agility interact dynamically rather than operating independently. Relatively

strong strategic sensitivity is not always followed by rapid strategic action because limitations in resource fluidity and bureaucratic procedures constrain organizational responsiveness. In several cases, leadership awareness regarding the urgency of change had already been established, yet procedural and regulatory constraints delayed the implementation of strategic responses. This condition reflects the existence of “agility bottlenecks,” in which organizations possess the capacity to recognize environmental change and build leadership consensus but lack sufficient resource flexibility to execute adaptive strategies effectively. Such bottlenecks represent a defining characteristic of strategic agility within highly regulated public sector organizations (Teece, Peteraf, & Leih, 2016).

The study also highlights that digitalization within the organization remains primarily operational and tactical rather than transformational. Although digital technologies support administrative efficiency and coordination, they have not yet been fully integrated into long-term strategic planning and institutional innovation processes. Consequently, digitalization functions more as a tactical solution for overcoming operational limitations than as a strategic instrument for organizational transformation (AlNuaimi & Singh, 2022).

Overall, the findings demonstrate that strategic agility in Indonesian public sector organizations develops incrementally through adaptive practices, leadership coordination, and process innovation within existing bureaucratic frameworks. Rather than emerging through radical structural reform, strategic agility evolves as a constrained and contextual capability shaped by institutional regulations, organizational culture, and administrative systems. These findings contribute to the strategic agility literature by emphasizing that agility in public sector organizations of developing countries is inherently different from the market-driven flexibility commonly observed in private sector organizations.

The findings of this study affirm that strategic agility in public sector organizations exhibits characteristics distinct from those commonly observed in the private sector. In the context of LLDIKTI Region XVI, strategic agility does not manifest through rapid and disruptive strategic transformation, but rather through gradual and negotiated adaptation within bureaucratic and regulatory frameworks. This finding supports the argument that strategic agility in public organizations is inherently shaped by institutional constraints, accountability demands, and procedural governance systems (Piening, 2013).

The relatively strong presence of strategic sensitivity indicates that public organizations are capable of identifying and responding to policy changes and environmental dynamics. However, limitations in resource fluidity significantly constrain the organization’s ability to transform strategic awareness into innovative and rapid strategic action. These findings reinforce the view that strategic agility in public organizations tends to resemble administrative agility rather than entrepreneurial agility, as adaptation primarily occurs through procedural adjustments instead of disruptive organizational innovation (Doz & Kosonen, 2010).

From the perspective of dynamic capabilities theory, the findings suggest that sensing capabilities are relatively well developed, while seizing capabilities emerge through leadership coordination and collective alignment. Nevertheless, reconfiguring capabilities remain weak due to rigid civil service systems, inflexible budgeting procedures, and highly regulated organizational structures (Teece, Peteraf, & Leih, 2016). This imbalance demonstrates that dynamic capabilities within public organizations do not evolve simultaneously, but are heavily influenced by institutional contexts and bureaucratic constraints. Similar findings in public sector studies suggest that organizational adaptability in government institutions is frequently constrained by structural rigidity and regulatory dependence (Miller & Ghaffarzadegan, 2025).

Within the framework of new public governance, strategic agility at LLDIKTI Region XVI can be interpreted as an institutional effort to balance managerial flexibility with public accountability. Adaptation occurs through limited managerial discretion, procedural innovation, and digital process adjustments that remain aligned with formal regulations. Consequently, strategic agility in the public sector should not be interpreted solely through the lens of speed and radical transformation, but rather through the organization's capacity to negotiate adaptive space within institutional limitations (Osborne, 2010).

The findings also emphasize that strengthening strategic agility in Indonesian public sector organizations cannot rely exclusively on leadership initiatives or individual adaptive capacity. Instead, the institutionalization of strategic agility requires broader policy reform and structural support. Greater budgetary flexibility, civil service reform, and expanded managerial autonomy are necessary preconditions for enabling organizations to respond more effectively to environmental change (Kattel & Mazzucato, 2018). Without supportive institutional reforms, strategic agility risks remaining at a rhetorical or merely administrative level without producing substantive organizational transformation.

An important theoretical contribution of this study lies in extending the dynamic capabilities framework within the context of public administration. The study demonstrates that strategic agility in public organizations of developing countries is adaptive-institutional rather than entrepreneurial-disruptive in nature. This perspective broadens the strategic agility literature by highlighting that public sector agility develops incrementally through institutional negotiation, procedural adaptation, and process innovation instead of market-driven transformation.

Furthermore, the findings underscore the importance of positioning strategic agility as an integral component of bureaucratic reform rather than merely as an organizational capability or leadership attribute. Strategic agility should be embedded within broader governance reform agendas that support innovation, flexibility, and adaptive capacity while maintaining accountability and legitimacy. From a practical perspective, the study highlights that sustainable strategic agility in Indonesian public organizations depends on the strengthening of institutional policy frameworks capable of creating adaptive

governance environments under conditions of regulatory complexity and bureaucratic control.

CONCLUSIONS AND RECOMMENDATIONS

This study demonstrates that strategic agility constitutes a relevant and necessary strategic capacity for public sector organizations in Indonesia in responding to dynamic policy environments, bureaucratic reform demands, and ongoing digital transformation. Through a case study of LLDIKTI Region XVI, the study finds that strategic agility is manifested as a gradual and context-specific form of institutional adaptation, rather than as rapid and disruptive strategic change typically associated with the private sector.

The findings indicate that the dimensions of strategic sensitivity and leadership unity are relatively well developed, particularly in detecting and responding to changes in higher education policy. However, the strengthening of these dimensions is not yet fully supported by flexibility in resource management (*resource fluidity*), which remains constrained by rigid budgetary regulations, civil service systems, and bureaucratic structures. This imbalance among dimensions results in strategic agility functioning more as a mechanism of administrative adjustment than as a transformative organizational capability.

From a theoretical standpoint, this study contributes to the literature by extending the understanding of strategic agility within the context of public sector organizations in developing countries. It demonstrates that strategic agility must be understood contextually and institutionally, closely intertwined with regulatory dynamics and bureaucratic culture. In doing so, the study enriches the fields of strategic management and public administration, particularly by adapting the *dynamic capabilities* and *new public governance* frameworks to the Indonesian public sector context.

From a practical perspective, the findings imply that strengthening strategic agility in public organizations cannot rely solely on leadership capacity or individual innovation. Instead, it requires systematic institutional policy support. Reforms in human resource management, increased budgetary flexibility, and the integration of digital technologies into long-term strategic planning are critical prerequisites for institutionalizing strategic agility in a sustainable manner.

This study is subject to limitations, as it focuses on a single case study, and therefore, the generalizability of the findings should be approached with caution. Future research is encouraged to adopt comparative designs across public sector organizations or to employ mixed-methods approaches in order to broaden analytical scope and enhance generalizability. Additionally, future studies may explore the role of external actors and collaborative networks in strengthening strategic agility within public sector organizations.

REFERENCES

- Braun, V., & Clarke, V. (2006). Using Thematic Analysis in Psychology. *Qualitative Research in Psychology*, 3(2), 77-101.
- Chan, J. I. L., & Muthuveloo, R. (2019). Antecedents and Influence of Strategic

- Agility on Organizational Performance of Private Higher Education Institutions in Malaysia. *Studies in Higher Education*, 46(2), 339–356. <https://doi.org/10.1080/03075079.2019.1637843>
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches* (4th ed.). Thousand Oaks, CA: Sage Publications.
- Doz, Y. L., & Kosonen, M. (2008). *Fast Strategy: How Strategic Agility Will Help You Stay Ahead of the Game*. London: Wharton School Publishing.
- Doz, Y. L., & Kosonen, M. (2010). Embedding Strategic Agility: A Leadership Agenda for Accelerating Business Model Renewal. *Long Range Planning*, 43(2–3), 370–382. <https://doi.org/10.1016/j.lrp.2009.07.006>
- Doz, Y. (2020). Fostering Strategic Agility: How Individual Executives and Human Resource Practices Contribute. *Human Resource Management Review*, 30(1), 100693. <https://doi.org/10.1016/j.hrmr.2019.100693>
- Dwiyanto, A. (2015). *Reformasi Birokrasi Publik di Indonesia*. Yogyakarta: Gadjah Mada University Press.
- Kattel, R., & Mazzucato, M. (2018). Mission-oriented Innovation Policy and Dynamic Capabilities in the Public Sector. *Industrial and Corporate Change*, 27(5), 787–801. <https://doi.org/10.1093/icc/dty032>
- Mergel, I., Ganapati, S., & Whitford, A. B. (2021). Agile: A New Way of Governing. *Public Administration Review*, 81(1), 161–165.
- Miller, M., & Ghaffar zadegan, N. (2025). Dynamic Capabilities in the Public Sector: A Systematic Literature Review. *International Journal of Public Sector Management*.
- Osborne, S. P. (2010). *The New Public Governance? Emerging Perspectives on the Theory and Practice of Public Governance*. London: Routledge. DOI: <https://doi.org/10.4324/9780203861684>
- Piening, E. P. (2013). Dynamic Capabilities in Public Organizations. *Public Management Review*, 15(2), 209–245.
- Teece, D. J., Peteraf, M., & Leih, S. (2016). Dynamic Capabilities and Organizational Agility: Risk, Uncertainty, and Strategy in the Innovation Economy. *California Management Review*, 58(4), 13–35.
- Weber, M. (1947). *The Theory of Social and Economic Organization*. New York: Oxford University Press.
- Yin, R. K. (2018). *Case Study Research and Applications: Design and Methods* (6th ed.). Thousand Oaks, CA: Sage Publications.
- Yang, M., Al Mamun, A., & Salameh, A. A. (2023). Leadership, Capability and Performance: A Study among Private Higher Education Institutions in Indonesia. *Heliyon*, 9(5), e15837.