

Boosting Organizational Agility Through Situational Leadership and Islamic Values: Evidence from Indonesian SMEs

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Abstract. In this era of rapid change, organizations require Agility to survive, and the ability to apply Agility can be cultivated through Situational Leadership and Islamic OCB, among others. This study analyzes the impacts of situational leadership and Islamic organizational citizenship behaviors (OCB) on organizational agility among 180 small business owners and managers in Indonesia's Kasongan pottery industry. Using structural equation modeling, results demonstrate that situational leadership involving adaptable decision-making positively influences both Islamic OCB practices and agility. Additionally, Islamic OCB is shown to directly enhance agility and strengthen the leadership-agility relationship when modulated. The research provides practical evidence that developing more flexible, employee-focused leadership approaches could effectively improve Islamic values-based employee performance and responsiveness to market changes. Overall, the work makes both empirical and practical contributions by extending application of situational leadership and Islamic OCB theories to agility for SMEs.

Keywords: Situational Leadership, Islamic OCB, Organizational Agility, SMEs, Covid-19

1. Introduction

As the times progress, the greater the challenges faced by companies. This is because the business environment is increasingly dynamic, complex, uncertain and always faces unexpected changes (Akkaya & Tabak, 2017). Several aspects such as rapid technological advances, business volatility, socio-political environment and fluctuating economic conditions encourage the topic and discourse of Agility in business management (Chatwani, 2019).

In recent years, changes in the environment, people's lifestyles, climate and market conditions have been dynamic and unpredictable. The existence of the Covid-19 pandemic followed by the war between Russia and Ukraine to the surprising development of artificial intelligence shows that change is accelerating and unpredictable. Therefore, agility in the organization becomes very important and if it is not able to develop agility, it will lose competitiveness and will collapse (Joiner, 2019).

Agility is the ability to anticipate, respond, and react well to the conditions of the business environment, both internal and external to the company. Attar & Abdul-Kareem, (2020) added that Agility is the company's adaptability and the ability to take advantage of any conditions experienced by the company. Agility emphasizes adaptation and flexibility to the new business environment (Attar & Abdul-Kareem, 2020; Chatwani, 2019).

Agility is directly related to corporate strategy, so Agility of an organization is strongly influenced by the leadership carried out within the organization (Akkaya & Tabak, 2020, 2021; Busse & Weidner, 2020). Several literatures emphasize the role of various types of leadership in increasing Agility including Leadership Agility (Attar & Abdul-Kareem, 2020), Entrepreneurial Leadership (Dabić et al., 2021) and Transformational Leadership (Khoshlahn & Ardabili, 2016).

Among several leadership styles associated with organizational Agility, there is one leadership style that is still rarely analyzed in relation to organizational Agility is Situational Leadership. Definition Organizational Agility always refers to the ability to manage dynamic situations and turn them into business opportunities. This requires a leader who is adaptive, flexible and able to read and take advantage of any situation so that Situational Leadership is needed in achieving organizational goals Agility.

Building Organizational Agility also requires employees who work optimally (Darvishmotevali et al., 2020; Melián-Alzola et al., 2020). One form of optimal performance is through Organizational Citizenship Behavior (OCB) (Purwanto et al., 2022; T. Yang et al., 2022; Y. Yang & Chae, 2022). The development of literature related to OCB gave birth to a new concept, namely Islamic OCB or the application of OCB based on teachings in Islam. The concept is still rarely associated with organizational Agility and analyzing the relationship between the two variables is a novelty in this research.

The performance of leaders and employees must work well together in order to create an agile organization that is able to withstand such rapid changes. Therefore, this study further explores the role of Situational Leadership and Islamic OCB on Organizational Agility. This study also analyzes the moderating role of Islamic OCB in improving the relationship between Situational Leadership and Organizational Agility.

2. Literature Review

2.1. Organizational Agility

Organizational Agility is a concept considered by many literatures to have an agility in organization activities. Agility is the organization's ability to take several strategic steps, namely adapting to internal and external changes, quickly and responsively meeting consumer demands and expectations, creating an innovative organizational culture and maintaining the company's competitive advantage (Harraf et al., 2015). Some literature emphasizes that currently the business industry is entering a dynamic, disruptive era and is in an unpredictable market (Raja, 2021; Tulder et al. 2019). To survive in these

conditions, organizational agility is needed. Keywords in Organizational Agility are adaptation, innovation and the result is competitive advantage.

Ajmal et al., (2020) describe the determinants of the creation of organizational Agility is Safety Training, Safety Rules and Procedures and Safety Communication. Meanwhile, Melián-Alzola et al., (2020) mention four aspects in organizational agility those are adaptability, capacity to predict and identify changes, respond quickly to change and flexibility. As for Akkaya & Tabak, (2020) divides several dimensions of Organizational Agility into Responsiveness, Flexibility, Speed and Competence.

To create agility, the main actors are the leaders of the organization (Akkaya & Tabak, 2020, 2021; Busse & Weidner, 2020). Leaders must be able to read the external situation of the organization and immediately adjust the internal conditions of the organization to deal with external changes in order to survive and continue to grow (Akkaya, 2021). Joiner (2019) describes the role of leadership in building agility by emphasizing two leader characters, namely reflection and action. These two aspects are carried out alternately and continuously so that the organization becomes more agile. Every organization has different leader characters and leadership styles. However, each leadership style will be able to build agility if managed properly. Several literatures emphasize the role of various types of leadership in improving Agility including Leadership Agility (Attar & Abdul-Kareem, 2020), Entrepreneurial Leadership (Dabić et al., 2021) and Transformational Leadership (Khoshlahn & Ardabili, 2016). Basically, organizational agility can be built with leadership that is sensitive to the external and internal conditions of the organization, flexible to change and innovative.

Several leadership styles are associated with organizational Agility, but there is one leadership style that is still rarely analyzed in relation to organizational Agility is Situational Leadership. The Role Situational Leadership on Organizational Agility is emphasized by Gren, (2017) that to achieve organizational Agility requires leaders who are able to give good instructions, sell the company brand, participate in business processes and are able to choose the right delegates. These four aspects are aspects of Situational Leadership. Ngalm (2020) identified that situational leadership can encourage companies to be more agile and innovative. These results are also corroborated by the findings of Sarjito (2023) that the concept and implementation of situational leadership can control VUCA (volatility, uncertainty, complexity and ambiguity) in the business environment so that the company's agility increases. Meanwhile, Meyer et al. (2019) explain that the situational leadership style fosters leadership sensitivity to the internal and external conditions of the company so that the company can achieve good agility.

2.2. Situational Leadership

Situational Leadership is a leadership style in which leaders can adapt their leadership style to suit the situation they are trying to influence (Wanjala et al., 2021; Woods, 2019). In the situational leadership model, the leader must have the ability to adapt to a situation. Situational leadership focuses on the leader's ability to choose a style that fits the changing dynamics of their goals and circumstances (Woods, 2019). Prange, (2021) states that situational leaders are indispensable in an effort to adapt to the environment. Situational leaders are able to accelerate the process of adaptation and are sensitive to changes in the business environment. Situational leadership is not often based on a leader's specific skills, but is based on a leader's ability to transform their skills into what can be of benefit to followers.

Situational leaders have at least three basic abilities, namely communicating goals, knowing employee competency levels and selecting and integrating leadership styles according to the situation at hand (Setiawan et al., 2019). This shows that aspects of situational leadership approach and support aspects of organizational Agility. Some literature also supports that situational leadership can encourage the creation of organizational Agility (Gren, 2017; Ngalm, 2020). Sarjito (2023) explains that the concept and implementation of situational leadership can control VUCA (volatility, uncertainty, complexity and ambiguity) in the business environment so that the company's agility increases. Meanwhile, Meyer et al. (2019) explain that the situational leadership style fosters leadership sensitivity

to the internal and external conditions of the company so that the company can achieve good agility.

Situational leadership and organizational agility have the same keywords, namely the ability to adapt (Khalid et al. 2020; Machaba et al. 2023). Therefore, leaders who are able to understand the internal and external situation of the company well, and are able to adapt well, will foster organizational agility (Machaba et al. 2023). Ngalim (2020) added that being an agile organization must also be accompanied by innovation, and innovation is born from leaders who are able to nurture and optimize the potential possessed by the organization.

Apart from having a direct effect on Agility, Situational Leadership can also increase the application of OCB in organizations (Amalia et al., 2020; Anggraini & Lo, 2020; Mustofa & Muafi, 2021; Solihin & AD, 2020). Situational Leadership is required to understand members and their subordinates well so that leaders are able to provide tasks and support in accordance with the portion, abilities and conditions of each member or employee (Gibson et al., 2012). This concept shows the closeness between leaders and employees, this condition will encourage employees to implement OCB (Amalia et al., 2020; Solihin & AD, 2020). More interestingly, Mustofa & Muafi, (2021) introduced the concept of Islamic-based OCB and it is also empirically proven that it can be improved by the active role of Situational Leadership.

H1 Situational Leadership has a positive effect on Organizational Agility.

H2 Situational Leadership has a positive effect Islamic OCB.

2.3. Islamic Organizational Citizenship Behavior

The company has two types of employees, first are employees who work happily and optimally and often do work that is even beyond their responsibilities. Then the second is employees who work only for a salary and do not want to work beyond what is their responsibility. Companies with the first type of employee certainly benefit more than companies with the second type of employee because they have good and optimal performance (Moradi et al. 2017).

OCB is the willingness of employees to do work beyond their duties and responsibilities (Qasim et al. 2020). Williams & Anderson (1991; Moradi et al. 2017) divide OCB into two types, namely OCB carried out by employees aimed at other individuals in a company and OCB carried out by employees aimed at the organization or company as a whole. The two types of OCB are based on different motivations, namely kinship and friendship for the first type of OCB and a sense of belonging and loyalty as motivation for the second type.

Growing Organizational Agility must also be supported by good employee performance. One form of optimal performance is through Organizational Citizenship Behavior (OCB) (Purwanto et al., 2022; Yang et al., 2022; Yang & Chae, 2022). The development of literature related to OCB gave birth to a new concept, namely Islamic OCB or the application of OCB based on teachings in Islam.

The concept of OCB has also recently been developed by adopting Islamic teachings so that the literature raises the concept of Islamic OCB. Islamic OCB was first introduced in the literature by Kazemipour et al., (2012) but still with the term spiritual-based OCB, then Noor & Abdullah, (2013) discussed OCB as a form of manifestation of devotion which is essentially a teaching of Islam. More specifically, Kamil et al. (2014; 2015; Fasa, 2018) developed OCB in an Islamic perspective. Finally, in 2020 Mustofa & Muafi (2021) developed the concept of Islamic OCB.

OCB in various forms provides benefits to the company, one of which is being able to increase agility in the company (Zakeri et al., 2018; Moradi et al., 2018; Moradi et al. 2017; Khavari et al. 2016; Vahdati et al. 2014). Companies that are able to implement OCB will have an impetus in increasing adaptability, effectiveness and performance efficiency, so that companies will be more sensitive and responsive to changes that occur (Vahdati et al. 2014).

The direct effect of Islamic OCB on organizational agility has not been discussed by previous

literature. However, some literature shows the influence of Islamic OCB on aspects that build and improve organizational agility (Islami & Mas'ud, 2020; Kusnilawati, 2022). Islami & Mas'ud (2020) found that Islamic OCB affects knowledge sharing where knowledge sharing is one of the main factors of organizational agility. Furthermore, Kusnilawati (2022) found the effect of Islamic OCB on employee commitment and engagement where these two aspects are also driving factors for organizational agility (Ajmal et al. 2022; Dupret & Pultz, 2022).

On the other hand, some previous studies emphasized the influence of aspects in Islamic OCB on agility (Trafican, 2022; Bala & Mehta, 2023). Trafican (2022) found that conscientiousness, which is one aspect of Islamic OCB, can influence organizational agility. Meanwhile, Bala & Mehta (2023) found the influence of civic virtue on organizational agility. From these findings, in general, organizational agility can be improved through aspects of Islamic OCB and this research provides novelty by testing Islamic OCB as a whole in influencing organizational agility.

The important role of OCB in both leadership and agility has prompted several researchers to analyze the moderating role of OCB (Abdulmuhsin et al. 2021). This study more specifically uses the Islamic OCB variable and finds out its effect on organizational agility and the moderating role of the relationship between situational leadership and organizational agility. Therefore, the following hypothesis is formulated:

H3 Islamic OCB has a positive effect on Organizational Agility.

H4 Islamic OCB moderates the relationship between Situational Leadership and Organizational Agility.

3. Methodology

This study was analyzed using quantitative methods with a population of employees and SMEs owners in the Kasongan pottery industry, Bantul, Yogyakarta. Sampling was carried out using purposive sampling method with several sample criteria, namely:

- Respondents are MSME actors who have been operating for at least 1 year
- Respondents are managers or owners of MSMEs
- Respondents have strategic authority in the management of MSMEs

From the total population, a sample selection was made based on the criteria and 180 respondents were selected according to the analysis criteria. The data in this study are primary data obtained through the distribution of questionnaires. The analysis in this study uses the structural equation model method with Software Smart-PLS.

This study analyzes one exogenous variable and two endogenous variables, the exogenous variable in this study is Situational Leadership, while the endogenous variables in this study are Islamic OCB and Organizational Agility. This study also analyzes the moderating role of Islamic OCB on the relationship between Situational Leadership and Organizational Agility. The measurement of variables in this study was adapted from several literatures.

Table 1. Research Instrument Test

Variable	Code	Indicators	Pearson Correlation Sig	Validity
Situational Leadership	SL1	Leaders participate in internal activities	0,000	Valid
	SL2	Leaders participate in external activities	0,000	Valid
	SL3	Delegation from leaders based on skills and knowledge	0,000	Valid
	SL4	Delegation from leaders is given to the right people	0,000	Valid
	SL5	Instructions are clear and easy to understand	0,000	Valid

Variable	Code	Indicators	Pearson Correlation Sig	Validity
Islamic OCB	SL6	Leadership instructions are visionary and constructive	0,000	Valid
	SL7	Leaders are willing to listen to complaints	0,000	Valid
	SL8	Leaders are solutive	0,000	Valid
	IOCB1	Employees work well with each other	0,000	Valid
	IOCB2	Employees prioritize common interests	0,000	Valid
	IOCB3	Employees remind each other in kindness	0,000	Valid
	IOCB4	Employees work earnestly	0,000	Valid
	IOCB5	Employees prioritize ethics	0,000	Valid
Organizational Agility	OA1	The organization adapts easily and quickly	0,000	Valid
	OA2	Organization is able to predict market conditions	0,000	Valid
	OA3	Organization is able to identify changes	0,000	Valid
	OA4	The organization is able to respond to changes quickly and flexibly	0,000	Valid

Situational Leadership uses 8 measurement indicators adapted from Princes & Said, (2022; Solihin & AD, 2020) which includes 4 aspects, namely participating, delegating, instruction and consulting. Furthermore, Islamic OCB uses 5 measurement indicators adapted from Mustofa & Muafi, (2021) yaitu Altruism (Ta'awun), Civic Virtue, Sportsmanship (Da'wah), Conscientiousness (Mujahadah) dan Courtesy (Raf'al Haraj). Adapun Organizational Agility uses 4 measurement indicators adapted from Melián-Alzola et al., (2020) namely Adaptability, Capacity to Predict and Identify Changes, Respond Quickly to Change and Flexibility.

4. Results

4.1. Respondent Characteristics

Characteristics of respondents in this study are described in terms of several criteria, including Gender, Age, Education, and Income. The explanation of the characteristics of the respondents is as follows:

Table 2: Respondents' Characteristic

Gender	Frequency	Percentage
Male	104	57,8 %
Female	76	42,2 %
Age		
15 - 30 years old	24	13,3 %
31 - 40 years old	79	43,9 %
41 - 50 years old	77	42,8 %
Education		
Elementary School	0	0,0 %
Junior High School	15	8,3 %
Senior High School	96	53,3 %
Bachelor	79	43,9 %
Income (Rp)		
< 1.000.000		0,0 %
1.000.000 – 5.000.000	106	58,9 %
> 5.000.000	74	41,1 %
Total Respondent	180	100 %

Source: Processed Data, 2022

Table 2 shows that the respondents in this study were mostly male, as many as 104 respondents,

aged between 31-40 years as many as 79 respondents and having the latest undergraduate education as many as 79 respondents.

4.2. Outer Model Evaluation

The Outer Evaluation Model aims to determine the validity and reliability of the measurement instruments in the research model. The outer model is to look at the convergent validity test. Convergent validity in PLS can be done by looking at the value of each loading factor. The loading factor describes the magnitude of the correlation between each measurement item (the indicator on the questionnaire) and the latent variable (the construct). An indicator item is said to have met convergent validity if the loading factor on each path (path) between the components (latent variable) and manifest variable 0.7 (Kurnianto et al. 2020).

The results of the analysis show that there are 2 indicators, namely IOCB2 with a value of 0.6 and OA1 with a value of 0.5 so that it must be dropped from the analysis in this study. After the invalid are dropped, all indicator items are valid as in Table 3.

Table 3: Conclusion of Loading Factor Value

Indicators	Loading Factors	Result
IOCB1	0.7	Valid
IOCB3	0.8	Valid
IOCB4	0.7	Valid
IOCB5	0.8	Valid
OA2	0.9	Valid
OA3	0.9	Valid
OA4	0.9	Valid
SL1	0.7	Valid
SL2	0.8	Valid
SL3	0.7	Valid
SL4	0.8	Valid
SL5	0.8	Valid
SL6	0.8	Valid
SL7	0.8	Valid
SL8	0.8	Valid
Moderation	1.2	Valid

Source: Processed Data, 2022

Table 3 describes that all items have an outer loading greater than or equal to 0.7 so that the questionnaire items studied can be said to be valid and have outer model a good.

4.3. Construct Validity, Composite Reliability and Discriminant Validity

Construct validity is a validity that shows the extent to which a test measures construct the theoretical. The construct is said to have construct validity if the Average Variance Extracted (AVE) 0.5. The reliability test can be seen from the value of Cronbach's Alpha and Composite Reliability. A construct can be said to be reliable, if it has Cronbach's Alpha must be 0.6 and the Composite Reliability must be 0.7 (Kurnianto et al. 2020).

Table 4: AVE and Composite Reliability (CR)

	Cronbach' Alpha	Composite Reliability	AVE
IOCB	0.75	0.83	0.55
Moderating Effect	1.00	1.00	1.00
Organizational Agility	0.89	0.93	0.82
Situational Leadership	0.91	0.93	0.62

Source: Processed Data, 2022

Table 4 describes that there is no measurement error in the outer model and all latent variables are used to predict structural functions in the inner model because all research variables have AVE values > 0.5 , $CR > 0.7$ and Cronbach's Alpha must be 0.6. Likewise, Table 5 explains that all research variables are declared valid because the AVE value is higher than the correlation between the variables.

Table 5: Discriminant Validity

	IOCB	Mod	OA	SL
IOCB	0.74			
Moderating Effect	-0.16	1.00		
Organizational Agility	0.46	0.15	0.90	
Situational Leadership	0.56	-0.15	0.52	0.79

Source: Processed Data, 2022

4.4. Inner Model Evaluation

Furthermore, Table 6 explains calculation of the R-Square and it is found that the IOCB variable can be explained by other variables in this research model by 31% and the Organizational Agility (OA) can be explained by other variables in this research model by 38%.

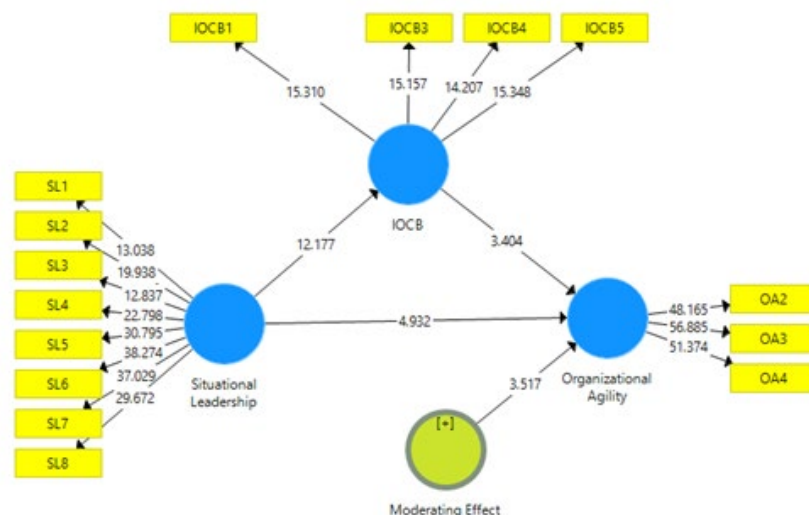
Table 6: R-Square

	R Square	R Square Adjusted
IOCB	0.31	0.31
Organizational Agility	0.38	0.37

Source: Processed Data, 2022

4.5. Structural Equation Model Interpretation

This study tested 4 hypotheses in the inner model consisting of one exogenous variable and two endogenous variables, the exogenous variable in this study was Situational Leadership. The endogenous variables in this study were Islamic OCB and Organizational Agility. This study also analyzes the moderating role Islamic OCB on the relationship between Situational Leadership and Organizational Agility. The results of the hypothesis test are as shown in Figure 2 and Table 5.



Source: Processed Data, 2022

Fig.1: Model Struktural (Inner Model)

Table 7: Path Coefficient

	Original Sample	T Statistics	P Values
Situational Leadership > Organizational Agility	0.404	4.932	0.000
Situational Leadership > IOCB	0.561	12.177	0.000
IOCB > Organizational Agility	0.276	3.404	0.001
Moderating Effect > Organizational Agility	0.210	3.517	0.000

Source: Processed Data, 2022

The results of the inner model test as listed in Table 5 are as follows:

1. Situational Leadership has a positive effect on Organizational Agility. These results are evidenced by the T-Statistics which is more than 1.96, which is 4.392 and the P-Value value is less than 0.05, which is 0.000.
2. Situational Leadership has a positive effect on Islamic OCB (IOCB). These results are evidenced by the T-Statistics which is more than 1.96, namely 12.177 and the P-Value value is less than 0.05, which is 0.000.
3. Islamic OCB (IOCB) has a positive effect on Organizational Agility. These results are evidenced by the T-Statistics which is more than 1.96 which is 3.404 and the P-Value value which is less than 0.05 is 0.001.

4.6. Moderation Analysis

In moderation analysis, the results of path analysis testing show that Islamic OCB moderates the relationship between Situational Leadership and Organizational Agility. These results are evidenced by the T-Statistics which is more than 1.96, which is 3.517 and the P-Value value is less than 0.05, which is 0.000. Furthermore, to strengthen the moderation analysis, this study presents a simple slope analysis with the following results

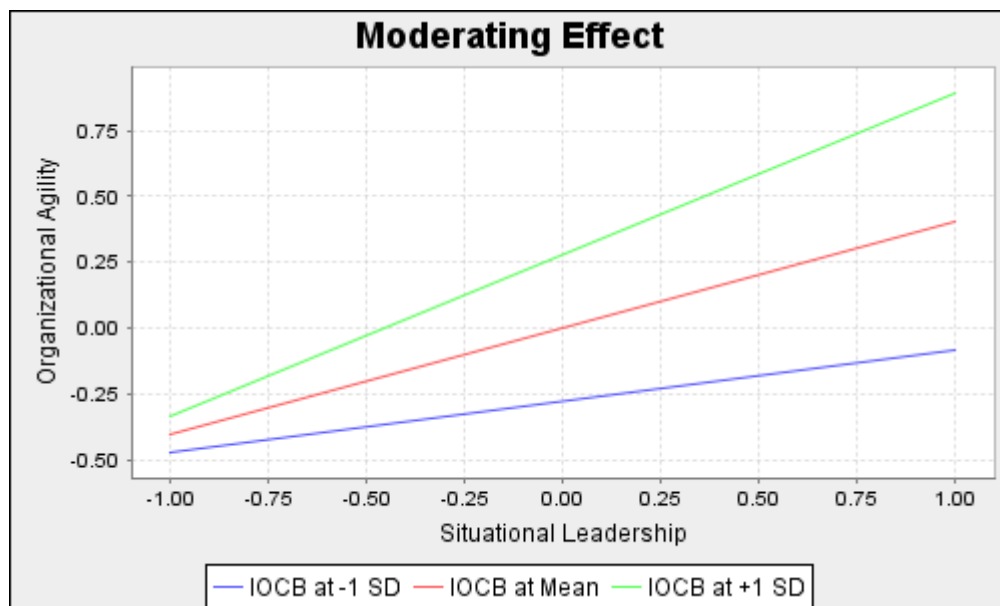


Fig.2. Simple Slope Analysis

The simple slope analysis graph shows that as IOCB increases, it produces a stronger relationship between situational leadership and organizational agility. IOCB at level 1 (at mean) produces a higher effect than at level -1. Furthermore, IOCB at level +1 increases the relationship between situational leadership and organizational agility higher than IOCB at level at mean. So that IOCB is proven to be able to moderate the effect of situational leadership on organizational agility.

5. Discussion

This research raises the topic of Organizational Agility in SMEs after the Covid-19 Pandemic. The dynamic business environment and rapid changes require all lines of business, including SMEs, to have Agility so that they are responsive and able to adapt to changes. This study analyzes the role of Situational Leadership and Islamic OCB on Organizational Agility by formulating 4 research hypotheses. The results of the analysis show that the 4 hypotheses in this study are supported with details and discussion of the results as follows:

5.1. Effect Situational Leadership on Organizational Agility

Variable Situational Leadership has a positive influence on Organizational Agility. These results indicate that H1 this study is supported. SMEs with Situational Leadership will encourage organizational Agility, so that SMEs with Situational Leadership are better prepared to face market changes, changes in industry direction and changes in the business environment.

Situational Leadership is a leadership style that is still rarely analyzed for its influence on Organizational Agility in particular and Agility in general. The role Situational Leadership in Agility has just been stated by two researchers, namely Gren, (2017; Ngalm, 2020). So the results of this study provide new literacy that organizational Agility can be increased through the implementation of Situational Leadership. Some of the literature indirectly supports the results of the analysis of this research with a statement or finding that leadership is one of the main factors in growing organizational culture Agility (Akkaya & Tabak, 2020, 2021; Busse & Weidner, 2020).

Supporting the findings by Akkaya (2021), this study found that leaders who are able to read internal and external situations well can develop organizational agility. Furthermore, Joiner (2019) emphasizes two leadership attitudes that can make the organization more agile, namely reflection and repeated action. In the findings of this study, leaders prioritize 4 aspects, namely participating, delegating, instructing and consulting. These aspects encourage organizations to be more flexible and adaptive so as to increase organizational agility.

Situational Leadership includes 4 main aspects, namely Participating, Delegating, Instruction and Consulting. In implementing Situational Leadership, SMEs must be able to involve leadership in all organizational activities, meaning that leaders must participate and be able to invite employees who are given the task to participate optimally in completing company targets. Furthermore, SMEs must be able to delegate the right people to the right jobs. Then the leader must also be able to provide clear instructions in each task and responsibility given to employees and finally the leader must be able to provide consultation for employees who are constrained or encounter problems at work.

5.2. Effect Situational Leadership on Islamic OCB

This study also found that Situational Leadership also had a positive effect on Islamic OCB. These results indicate that H2 this study is supported and empirically proven in the case of the Pottery SMEs in Kasongan, Bantul, Yogyakarta that by applying Situational Leadership the practice Islamic OCB will increase. Therefore, SMEs, especially in the Kasongan Pottery Industry, should implement Situational Leadership well.

Several previous studies still focus on the influence of Situational Leadership on OCB such as Purwanto et al., (2022; T. Yang et al., 2022; Yang & Chae, 2022). Islamic OCB one of the branches and focuses of OCB by adopting Islamic teachings. The results of this study provide new literacy that with the implementation of Situational Leadership, SMEs are able to encourage the improvement of Islamic OCB.

Gibson et al (2021) explain that Situational Leadership is required to understand members and their subordinates well so that leaders are able to provide tasks and support in accordance with the portions, abilities and conditions of each member or employee. This explanation is in line with the results of this study that leaders who understand the situation of employees well and are able to optimize their

potential will give birth to loyal employees where this loyalty will foster and increase Islamic OCB. Furthermore, Mustofa & Muafi (2021) emphasized that leaders must provide spiritual role models so as to motivate employees to implement Islamic OCB.

These results indicate that SMEs, especially in the pottery industry in Kasongan Bantul, Yogyakarta, should apply Situational Leadership well. Situational Leadership is a leadership style in which leaders can adapt their leadership style to suit the situation they are trying to influence (Wanjala et al., 2021; Woods, 2019). In the situational leadership model, the leader must have the ability to adapt to a situation. Situational leadership focuses on the leader's ability to choose a style that fits the changing dynamics of their goals and circumstances (Woods, 2019).

5.3. Effect Islamic OCB on Organizational Agility

The third hypothesis in this study is that Islamic OCB has a positive effect on organizational Agility. The results of the analysis in this study support H3 so it is proven that with a good application of Islamic OCB, SMEs will be able to grow and develop Organizational Agility. Therefore, SMEs can strive for organizational Agility by implementing Islamic OCB.

OCB in various forms provides benefits for the company, one of which is being able to increase agility in the company (Khavari et al., 2016; Saleh et al., 2017; Vahdati et al., 2014; Zakeri et al., 2018). Companies that are able to implement OCB will have the drive to improve adaptability, effectiveness and efficiency of performance, so that companies will be more sensitive and responsive to changes that occur (Vahdati et al., 2014).

Various previous studies still focus on OCB analysis of organizational Agility and still rarely analyze the role of Islamic OCB in growing Organizational Agility. This study provides new literacy that implementing Islamic OCB is one of the best steps in improving organizational Agility, especially for SMEs. Trafican (2022) found that conscientiousness which is one aspect of Islamic OCB can have an influence on organizational agility. Meanwhile, Bala & Mehta (2023) found the influence of civic virtue on organizational agility. On the other hand, some literature shows the influence of Islamic OCB on aspects that build and improve organizational agility (Islami & Mas'ud, 2020; Kusnilawati, 2022). Islami & Mas'ud (2020) found that Islamic OCB affects knowledge sharing where knowledge sharing is one of the main factors of organizational agility. Furthermore, Kusnilawati (2022) found the effect of Islamic OCB on employee commitment and engagement where these two aspects are also driving factors for organizational agility (Ajmal et al. 2022; Dupret & Pultz, 2022). Therefore, this study answers the analysis gap in the previous literature and finds that Islamic OCB affects organizational agility.

5.4. Moderation Role Islamic OCB in the Influence Situational Leadership on Organizational Agility

Apart from the direct influence of Islamic OCB on Organizational Agility, this study also found that Islamic OCB is able to moderate the influence of Situational Leadership on Organizational Agility. So that H4 is supported. By the application of Islamic OCB, the influence of Situational Leadership on Organizational Agility can be increased. These results emphasize that Islamic OCB has a big role in developing organization.

OCB is the willingness of employees to do work outside of their duties and responsibilities (Qasim et al., 2020; Saleh et al., 2017; Williams & Anderson, 1991) Companies that are able to implement OCB will have an incentive to improve Adaptability, Effectiveness and Performance Efficiency, so that companies will be more sensitive and responsive to changes that occur (Vahdati et al., 2014). This study emphasizes the application of Islamic OCB by opimalizing several aspects, namely Altruism (Ta'awun), Civic Virtue, Sportsmanship (Da'wah), Conscientiousness (Mujahadah) and Courtesy (Raf'al Haraj) ((Mustofa & Muafi, 2021).

This research provides novelty in the literature review with the finding that Islamic OCB is able to

moderate the influence of situational leadership on organizational agility. Abdulmuhsin et al. (2021) emphasized the moderating role of OCB in leadership and knowledge management. These findings indicate that OCB can strengthen the role of leadership in the company. Al Doghan & Zakariya (2023) also found that altruism as part of Islamic OCB is able to moderate the role of leadership in improving organizational performance. This study specifically provides new findings that Islamic OCB is able to moderate situational leadership in increasing organizational agility.

6. Conclusions

This study analyzes organizational Agility in SMEs after the Covid-19 pandemic. The dynamic business environment and rapid changes require all lines of business, including SMEs, to have Agility so that they are responsive and able to adapt to changes. This study analyzes the role of Situational Leadership and Islamic OCB on Organizational Agility by formulating four research hypotheses. In conclusion, this study offers useful empirical insights confirming the key role situational leadership plays in driving organizational agility for Indonesian SMEs, both directly and indirectly via enabling Islamic OCB. The research particularly highlights how principles of adaptable decision-making combined with employee development grounded in Islamic teachings can prepare smaller firms to tackle market uncertainties. While wider investigations across industrial contexts is warranted, the findings make early theoretical and practical contributions by underscoring how leadership and Islamic values synergize for improved agility. In particular, managers can apply the learnings on alignment of participative, delegated, instructional and consultative leadership with Islamic OCB priorities like civic duty and reciprocity. Further scholarship can aim to generalize the integrated leadership-Islamic OCB framework for agility emerging here across Indonesian and wider Islamic business spheres.

7. Research Implication

Currently, the business environment is becoming increasingly dynamic and unpredictable. These conditions require business actors to increase agility, including MSMEs. MSMEs have many weaknesses compared to large companies in developing agility, although on the other hand MSMEs are easier to make organizational restructuring and changes in the context of adjustment and development based on the current business situation. The results of this study provide recommendations for MSMEs to increase organizational agility through the development of situational leadership and the implementation of Islamic OCB. In developing situational leadership, leaders in MSMEs must be able to implement 4 aspects, namely participation in internal and external business activities, developing accuracy and success of delegation, providing clear and visionary instructions and being able to provide solutions to any organizational problems quickly and flexibly. Furthermore, in the implementation of Islamic OCB, there are several aspects that must be developed, namely teamwork, motivation and common goals, reminding each other of goodness, persistence in working and applying ethics at work.

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