THE DYNAMICS OF ORGANIZATIONAL CAPABILITIES AND THEIR IMPLICATIONS FOR INTERNAL SERVICE QUALITY IN PUBLIC INSTITUTIONS: A STUDY OF THE REGIONAL OFFICE AND IMMIGRATION UNITS IN WEST KALIMANTAN

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ABSTRACT

This study aims to analyze the influence of Digital Transformation and Human Resource Management Practices on Internal Service Quality, with Organizational Agility as a mediating variable at the Regional Office of the Directorate General of Immigration in West Kalimantan. The research employs a quantitative survey method using proportionate stratified sampling, involving 254 employees as respondents. The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indicate that Digital Transformation and Human Resource Management Practices have a significant effect on improving Internal Service Quality, both directly and indirectly through the enhancement of Organizational Agility. Organizational Agility also plays a mediating role in strengthening the relationship between these variables, highlighting its importance as a dynamic capability within the organization. The study concludes that strengthening digital integration, implementing adaptive human resource management practices, and improving organizational responsiveness are essential for enhancing internal service quality in public sector institutions. From a theoretical perspective, this research contributes to the development of the Resource-Based View and Social Exchange Theory within the context of digital public services. However, this study is limited by its cross-sectional research design, and future studies are recommended to use longitudinal approaches to better understand the causal relationships among the variables.

Keywords: *Digital Transformation; Human Resource Management Practices ; Organizational Agility; Internal Service Quality; Public Sector; Immigration Office*

Received : 05-02-2026
Revised : 10-03-2026
Approved : 11-03-2026
Published : 13-03-2026

INTRODUCTION

The quality of public services is fundamentally dependent on the efficiency of internal operations, conceptualized as Internal Service Quality (ISQ) (Aydemir & Kıpçak, 2024). For frontline institutions like immigration offices, high ISQ is a critical prerequisite for seamless public service delivery. In the contemporary era, two strategic levers are pivotal for enhancing ISQ: Digital Transformation (DT), which renews operational processes through technology (Morakanyane et al., 2017), and strategic Human Resource Management Practices (HRMP), which optimize workforce potential (Amstrong & Taylor, 2014). Concurrently, Organizational Agility (OA) the capability to rapidly adapt to change has emerged as a vital dynamic capability that potentially determines how well these levers translate into performance outcomes (Zhang & Sharifi, 2000).

Previous research has established independent links between these constructs. Studies confirm DT's role in improving service efficiency (Li et al., 2022) and HRMP's positive impact on service quality and employee performance (Chand, 2010; Papademetriou et al., 2023). Furthermore, OA has been linked to enhanced service outcomes and sustainable performance (Gultom et al., 2024; Özkan & Salepçioğlu, 2022). However, a significant research problem persists: the extant literature is siloed. Investigations into DT and service quality often neglect the mediating role of adaptive organizational capabilities like OA (Aisyah et al., 2023), while studies on HRMP seldom integrate the digital transformation context. Consequently, a critical research gap exists: there is a lack of comprehensive studies that examine how DT and HRMP jointly influence ISQ through the mediating mechanism of OA, especially within the under-explored context of public sector bureaucracies undergoing digital transition.

This study is designed to address this gap. Conducted in the unique setting of the Regional Office of the Directorate General of Immigration in West Kalimantan, an institution recently separated into a new ministry (Perpres No. 157/2024) and actively pursuing digitalization, this research aims to fill the void by investigating the integrated influence of DT and HRMP on ISQ, with OA posited as the key mediating variable. By testing this holistic model, the study seeks to provide a more nuanced understanding of the mechanisms driving internal service improvement in the public sector, offering valuable theoretical and practical contributions.

LITERATURE REVIEW

Digital Transformation

Digital Transformation (DT) is defined as a process that aims to enhance an entity by triggering significant changes in its properties through a combination of information, computing, communication, and connectivity technologies (Vial, 2019). It represents a strategic renewal of organizational processes and value creation. In this study, DT is operationalized using five specific indicators adapted from (Nguyen et al., 2025). The indicators and their corresponding measurement items are: a) Digital Technology Adoption: This measures the extent to which the organization has adopted digital technologies in its operations. b) Business Model Transformation: This focuses on changes in the organizational business model resulting from the implementation of digital technology. c) Corporate Strategy: This assesses how digital transformation is integrated into the company's long-term strategy. d) Human Resource Readiness: This evaluates employee preparedness to face change and adopt digital technologies within the organization. e) Data-Driven Decision Making: This refers to the importance of digital data in the organizational decision-making process. These indicators collectively capture

both the technological integration and strategic alignment of DT within a public sector context.

Human Resource Management Practices

Human Resource Management Practices (HRMP) are viewed as internal factors with a greater influence on organizational performance compared to the utilization of external resources. Human resources are considered a critical asset that must be managed alongside other resources to drive company performance improvement (Hamadamin & Atan, 2019). For this research, HRMP is measured through four key indicators adapted from Hamadamin & Atan (2019). The indicators are: a) Recruitment: This measures the rigor and effectiveness of the selection process at the Immigration Office to obtain qualified employees with development potential. b) Career Path Strategy: This measures the clarity of career paths offered to employees at the Immigration Office. c) Training and Development: This measures the quality of training programs at the Immigration Office to enhance employee skills through direct field experience. d) Performance Management: This focuses on performance appraisals that look not only at final results but also at the development of employee abilities and expertise. These four indicators provide a focused assessment of core HR functions in a public institution.

Organizational Agility

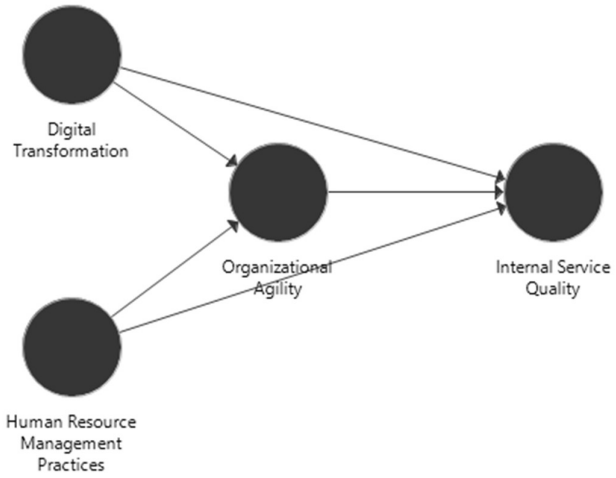
Organizational Agility (OA) is defined as an organization's ability to quickly adapt to change and capitalize on emerging business opportunities. It encompasses the balance between flexibility in responding to opportunities or challenges and an awareness of the costs and limitations accompanying each change (Teece et al., 2016). This study measures OA using six indicators adapted from AlNuaimi et al. (2022). The indicators are divided into three dimensions: a) Responsiveness to customer needs: This includes the ability to respond quickly and accurately to government needs and directives regarding services, and to implement new decisions or policies swiftly in response to regulatory changes or central government instructions. b) Adaptability: This measures the ability to adjust service procedures and resource utilization to face service fluctuations, and to innovate services, including digitalization, improvement of online queuing systems, and process simplification for greater speed, transparency, and effectiveness. c) Problem-solving capability: This measures the ability to overcome problems arising from cooperation with other units, and to utilize regulatory changes, migration trends, and international work needs as opportunities to improve service quality.

Internal Service Quality

Internal Service Quality (ISQ) is explained as the quality of service that impacts internal customer satisfaction and directly influences the quality of external services provided by the organization (Skarpeta et al., 2020). It is a key determinant of internal operational efficiency. This research measures ISQ using three core indicators adapted from Nurkumalawati et al. (2024). The indicators are: a) Reliability : This measures the reliability of Immigration Office staff in providing consistent and optimal service to other units. b) Responsiveness (Responsivitas): This measures the responsiveness of Immigration Office staff in providing services that match the needs of other units. c) Timeliness: This measures the speed or punctuality of Immigration Office staff in responding to and providing services to other units. These three indicators capture the essential aspects of dependable, need-based, and timely internal service delivery.

Research Framework

Figure 1 presents the conceptual framework underpinning this study, which outlines the hypothesized relationships among the key variables examined. As illustrated in Figure 1, Digital Transformation (X1) and Human Resource Management Practices (X2) are posited to influence Internal Service Quality (Y) both directly and indirectly through Organizational Agility (Z), which functions as a mediating variable. This framework suggests that investments in digital technology and strategic human resource practices can enhance the organization's capacity for rapid adaptation and responsiveness. This increased agility, in turn, enables the organization to more effectively translate these strategic resources into tangible improvements in the quality of services exchanged between its internal units, ultimately leading to superior internal service quality.



Source: Data Analyzed, 2026

Figure 1
Research Framework

Hypotheses

The formulation of the research hypotheses is based on a logical derivation from the established theoretical framework and a synthesis of prior empirical findings. As depicted in the conceptual framework (Figure 1), Digital Transformation and Human Resource Management Practices are theorized to influence Internal Service Quality through dual pathways: a direct effect and an indirect effect mediated by Organizational Agility. This study's hypotheses are constructed by integrating the core propositions of Resource-Based View (RBV), Social Exchange Theory (SET), and the Dynamic Capabilities perspective. These theories collectively posit that strategic digital assets and human capital investments are fundamental drivers that can shape organizational capabilities and, subsequently, the efficacy of internal service processes.

Guided by the aforementioned theoretical integration and the proposed conceptual model, this research advances the following hypotheses for empirical testing:

H1: Digital Transformation has a significant positive effect on Internal Service Quality at the Regional Office of the Directorate General of Immigration, West Kalimantan.

H2: Human Resource Management Practices have a significant positive effect on Internal Service Quality at the Regional Office of the Directorate General of Immigration, West Kalimantan.

H3: Organizational Agility has a significant positive effect on Internal Service Quality at the Regional Office of the Directorate General of Immigration, West Kalimantan.

H4: Digital Transformation has a significant positive effect on Organizational Agility at the Regional Office of the Directorate General of Immigration, West Kalimantan.

H5: Human Resource Management Practices have a significant positive effect on Organizational Agility at the Regional Office of the Directorate General of Immigration, West Kalimantan.

H6: Organizational Agility mediates the effect of Digital Transformation on Internal Service Quality at the Regional Office of the Directorate General of Immigration, West Kalimantan.

H7: Organizational Agility mediates the effect of Human Resource Management Practices on Internal Service Quality at the Regional Office of the Directorate General of Immigration, West Kalimantan.

METHOD

This study employs a quantitative research design with a survey approach, as it aims to test objective theories by examining the relationships among measurable variables (Creswell & Creswell, 2018). This approach is appropriate for identifying cause-and-effect relationships and making predictions about outcomes based on specific predictors.

The sampling method for this research is proportionate stratified random sampling. The population consists of all employees (695 individuals) across the 8 Technical Implementation Units (UPT) and the Regional Office of the Directorate General of Immigration in West Kalimantan who meet the inclusion criteria. To determine the sample size, the Slovin formula with a 5% margin of error was applied, yielding a minimum sample size of 254 respondents. To account for non-response and invalid data, an oversampling of 20% was implemented, resulting in a target sample of 305 participants. The sample from each UPT was then allocated proportionally based on its size relative to the total population.

Data collection was conducted using a structured questionnaire distributed online via the Google Forms platform. The questionnaire items were developed based on established indicators for each construct: Digital Transformation (5 indicators), Human Resource Management Practices (6 indicators), Organizational Agility (6 indicators), and Internal Service Quality (3 indicators). Respondents provided their level of agreement with each statement using a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

For data analysis, this research utilizes Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with SmartPLS 3.0 software. PLS-SEM is a variance-based approach suitable for predictive research, complex models with multiple relationships, and data that may not be normally distributed (Hair et al., 2017). The analysis proceeded in two main stages: (1) evaluation of the measurement model (outer model) to assess reliability and validity, and (2) evaluation of the structural model (inner model) to test the hypothesized relationships and mediation effects.

RESULTS AND DISCUSSION

Data Analysis

Based on the results of demographic analysis, a total of 254 valid and complete responses were obtained from employees for the final data analysis, meeting the minimum sample size requirement. In terms of gender distribution, the majority of respondents were male, totaling 177 individuals (69.69%), while female respondents numbered 77 individuals (30.31%). Regarding age distribution, the largest group of respondents was under 35 years old, comprising 170 individuals (66.93%), followed by the 36-45 years age group with 57 individuals (22.44%), the 46-55 years age group with 18 individuals (7.09%), and those over 56 years old with 9 individuals (3.54%).

Concerning employment grade levels, the distribution showed that Grade II employees formed the largest group with 151 individuals (59.45%), followed by Grade III employees with 98 individuals (38.58%), and Grade IV employees with 5 individuals (1.97%). In terms of work tenure, most respondents had 1-5 years of service, totaling 127 individuals (50.00%), followed by those with 6-15 years of service with 73 individuals (28.74%), and employees with over 15 years of service numbering 54 individuals (21.26%).

The demographic characteristics of respondents in this study provide an overview of their gender, age, employment grade, and years of service. This information is important to understand the general profile of employees who participated in the research and to ensure that the sample adequately represents the workforce composition at the Regional Office of the Directorate General of Immigration, West Kalimantan. The predominance of younger employees (under 35 years) and those in Grade II positions suggests a workforce that is relatively new to the organization but occupies operational-level roles, which is relevant when examining perceptions of digital transformation and internal service quality.

Table 1
Respondent Demographics

Information	Number of Employees	Percentage
Gender		
Male	177	69,69%
Female	77	30,31%
Age		
< 35	170	66,93%
36 – 45	57	22,44%
46 - 55	18	7,09%
56 >	9	3,54%
Rank/Level		
Grade / Group IV	5	1,97%
Grade / Group III	98	28,58%
Grade / Group II	151	59,45%
Years of Service		
< 5	127	50%
5 – 15	73	28,74%
15 >	54	21,26%

Source : Formulated by the Researcher, 2026

Outer Model Testing

In this study, the outer model is employed to evaluate the validity and reliability of the measurement instruments for each construct. Data validity is first assessed through convergent validity analysis by examining the Average Variance Extracted (AVE) and

outer loading values of the indicators (Hair et al., 2017). An indicator is considered valid if its outer loading value meets or exceeds 0.70, signifying that it shares more variance with its construct than with error variance. The purpose of this assessment is to ensure that each indicator accurately and sufficiently represents the underlying construct it is intended to measure.

Subsequently, discriminant validity is tested to verify that the constructs are empirically distinct from one another and do not overlap conceptually. This is evaluated using the cross-loading matrix, the Fornell-Larcker criterion, and the Heterotrait-Monotrait (HTMT) ratio (Hair et al., 2017). Finally, a reliability test is conducted to evaluate the internal consistency among the indicators forming each construct, using Composite Reliability and Cronbach's Alpha (Hair et al., 2017). Thus, the outer model plays a critical role not only in verifying the construct validity of the measurement instruments but also in ensuring their reliability and precision, forming a necessary prerequisite for the subsequent evaluation of the structural relationships in the inner model.

Convergent validity testing

Convergent validity is a method used to assess the degree to which multiple indicators that theoretically represent the same latent construct are in agreement and converge to measure that construct effectively (Hair et al., 2017). This evaluation plays a vital role in construct validation within multivariate analyses and structural modeling techniques such as Partial Least Squares Structural Equation Modeling (PLS-SEM) (Hair et al., 2017). Fundamentally, convergent validity examines the correlations among indicators expected to measure the same construct, where strong correlations demonstrate that they collectively capture the intended conceptual dimensions.

In this study, convergent validity was assessed using two primary criteria: the Average Variance Extracted (AVE) and the outer loading values of each indicator. The AVE measures the amount of variance captured by a construct relative to the variance due to measurement error, with a value above 0.50 indicating adequate convergent validity (Hair et al., 2017). The results, as shown in Table 2, confirm that all constructs met this criterion, with AVE values ranging from 0.685 to 0.763. The outer loading test, which evaluates the strength and direction of the relationship between an indicator and its latent construct, further confirmed convergent validity. An indicator is considered valid if its outer loading value is 0.70 or higher, signifying that the construct explains at least 50% of the indicator's variance (Hair et al., 2017).

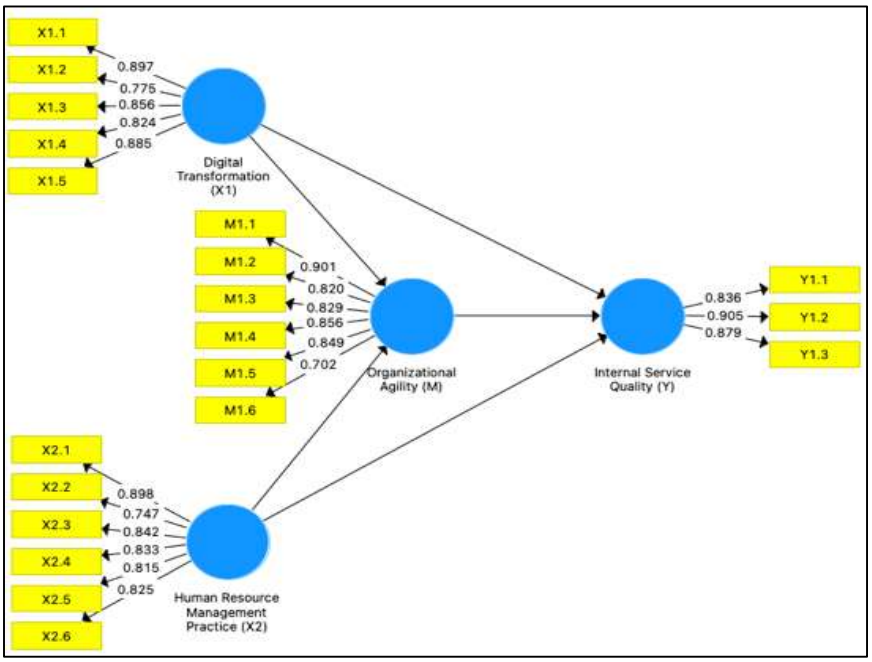
Table 2
Average Variance Extracted (AVE) Test Results

	Digital Transformation (X1)	Human Resource Management Practice (X2)	Internal Service Quality (Y)	Organizational Agility (M)
Average Variance Extracted (AVE)	0,720	0,685	0,763	0,686

Source : Formulated by the Researcher, 2026

As illustrated in Figure 2, all indicators for the constructs of Digital Transformation, Human Resource Management Practices, Organizational Agility, and Internal Service Quality exhibited outer loadings exceeding the 0.70 threshold. These results collectively indicate that the measurement indicators possess good convergent

validity in representing their intended latent variables, thereby establishing a robust foundation for the measurement model.



Source : Formulated by the Researcher, 2026

Figure 2
PLS Model

Discriminant validity

Discriminant validity plays a crucial role in structural equation modeling (SEM) by confirming that each construct in the model captures a unique underlying concept and is empirically distinct from the others (Hair et al., 2017). In this study, discriminant validity was assessed using three established methods: cross-loading analysis, the Fornell-Larcker criterion, and the Heterotrait-Monotrait (HTMT) ratio.

First, the cross-loading examination was conducted. According to this analysis, each indicator should exhibit its strongest loading on the construct it is intended to measure compared to all other constructs (Hair et al., 2017). As shown in Table 3, every indicator in this study demonstrated the highest loading value on its assigned construct. For example, indicators for Digital Transformation (X1.1–X1.5) loaded most strongly on that construct, while indicators for Human Resource Management Practices (X2.1–X2.6), Organizational Agility (M1.1–M1.6), and Internal Service Quality (Y1.1–Y1.3) followed the same pattern.

Table 3
Cross-loading Test

Item	Digital Transformation (X1)	Human Resource Management Practice (X2)	Organizational Agility (M)	Internal Service Quality (Y)
X1.1	**0,897**	0,167	0,448	0,540
X1.2	**0,775**	0,040	0,338	0,422
X1.3	**0,856**	0,187	0,459	0,458

X1.4	**0,824**	0,170	0,354	0,419
X1.5	**0,885**	0,103	0,359	0,481
X2.1	0,146	**0,898**	0,453	0,347
X2.2	0,130	**0,747**	0,386	0,288
X2.3	0,109	**0,842**	0,331	0,393
X2.4	0,152	**0,833**	0,339	0,304
X2.5	0,137	**0,815**	0,364	0,366
X2.6	0,120	**0,825**	0,339	0,326
M1.1	0,466	0,480	**0,901**	0,642
M1.2	0,333	0,381	**0,820**	0,438
M1.3	0,316	0,320	**0,829**	0,537
M1.4	0,361	0,300	**0,856**	0,556
M1.5	0,351	0,330	**0,849**	0,561
M1.6	0,453	0,385	**0,702**	0,516
Y1.1	0,505	0,390	0,534	**0,836**
Y1.2	0,523	0,338	0,598	**0,905**
Y1.3	0,409	0,345	0,599	**0,879**

Source : Formulated by the Researcher, 2026

Second, discriminant validity was evaluated using the Fornell-Larcker criterion. This criterion requires that the square root of the Average Variance Extracted (AVE) for each construct (displayed diagonally) should be greater than its highest correlation with any other construct (Hair et al., 2017). The results in Table 4 confirm that this condition is met for all constructs. The square root of AVE for each construct consistently exceeded the inter-construct correlations, providing further evidence of discriminant validity.

Table 4
Fornell-Larcker Criterion Test

	Digital Transformation (X1)	Human Resource Management Practice (X2)	Internal Service Quality (Y)	Organizational Agility (M)
Digital Transformation (X1)	0,849			
Human Resource Management Practice (X2)	0,160	0,828		
Internal Service Quality (Y)	0,550	0,409	0,874	
Organizational Agility (M)	0,465	0,448	0,661	0,828

Source : Formulated by the Researcher, 2026

Finally, the more conservative Heterotrait-Monotrait (HTMT) ratio was applied. According to Hair et al. (2017), HTMT values should be below 0.85 (or a more stringent 0.90) to establish discriminant validity. As presented in Table 5, all HTMT values in this study were well below the 0.85 threshold. The highest observed HTMT value was 0.749 (between Organizational Agility and Internal Service Quality), which still falls within the acceptable range.

Table 5
HTMT Values

	Digital Transformation (X1)	Human Resource Management Practice (X2)	Internal Service Quality (Y)	Organizational Agility (M)
Digital Transformation (X1)				
Human Resource Management Practice (X2)	0,174			

Internal Service Quality (Y)	0,625	0,467	
Organizational Agility (M)	0,504	0,486	0,749

Source : Formulated by the Researcher, 2026

Based on the satisfactory results from all three tests cross-loadings, Fornell-Larcker criterion, and HTMT ratio, it can be concluded that the constructs in this study demonstrate adequate discriminant validity. This confirms that Digital Transformation, Human Resource Management Practices, Organizational Agility, and Internal Service Quality are empirically distinct and measure different phenomena, thereby supporting the robustness of the measurement model.

Reliability Testing

Reliability testing is essential to ensure the internal consistency and stability of the measurement instruments used for each construct. In this study, reliability was assessed using two established metrics: Composite Reliability (CR) and Cronbach's Alpha (Hair et al., 2017).

Composite Reliability (CR) measures the overall reliability of a set of indicators for a latent construct, with a threshold value of 0.70 or higher considered acceptable (Hair et al., 2017). As shown in Table 6, all constructs in this study exceeded this threshold: Digital Transformation (CR = 0.928), Human Resource Management Practices (CR = 0.929), Internal Service Quality (CR = 0.906), and Organizational Agility (CR = 0.929). These high CR values indicate strong internal consistency among the indicators for each construct. Cronbach's Alpha, which provides a more conservative estimate of reliability, was also calculated. A Cronbach's Alpha value above 0.70 is generally considered satisfactory (Hair et al., 2017).

Table 6
Composite Reliability (CR)

	Digital Transformation (X1)	Human Resource Management Practice (X2)	Internal Service Quality (Y)	Organizational Agility (M)
Composite Reliability	0,928	0,929	0,906	0,929

Source : Formulated by the Researcher, 2026

The results, presented in Table 7, confirm that all constructs met this criterion: Digital Transformation (α = 0.902), Human Resource Management Practices (α = 0.907), Internal Service Quality (α = 0.844), and Organizational Agility (α = 0.907). The high values for both Composite Reliability and Cronbach's Alpha across all constructs demonstrate that the measurement instruments used in this study are reliable and possess strong internal consistency. This establishes a solid foundation for proceeding to the evaluation of the structural model.

Table 7
Cronbach's Alpha

	Digital Transformation (X1)	Human Resource Management Practice (X2)	Internal Service Quality (Y)	Organizational Agility (M)
Cronbach's Alpha	0,902	0,907	0,844	0,907

Source : Formulated by the Researcher, 2026

Inner Model Evaluation

Following the validation of the measurement model, the structural model (inner model) was evaluated. First, multicollinearity was assessed using the Variance Inflation Factor (VIF), with all values well below the threshold of 3.3 (Table 8), indicating no significant collinearity issues (Hair et al., 2017).

Table 8
Variance Inflation Factor (VIF) Test

	VIF
M1.1	3,552
M1.2	2,546
M1.3	2,436
M1.4	3,148
M1.5	2,834
M1.6	1,569
X1.1	3,109
X1.2	1,848
X1.3	2,446
X1.4	2,274
X1.5	3,064
X2.1	3,363
X2.2	1,908
X2.3	2,907
X2.4	2,609
X2.5	2,590
X2.6	2,513
Y1.1	1,711
Y1.2	2,515
Y1.3	2,295

Source : Formulated by the Researcher, 2026

Following the validation of the measurement model, the structural model (inner model) was evaluated. First, multicollinearity was assessed using the Variance Inflation Factor (VIF), with all values well below the threshold of 3.3 (Table 8), indicating no significant collinearity issues (Hair et al., 2017).

The model's explanatory power, as indicated by the R-square values (Table 9), shows that it explains 53.2% of the variance in Internal Service Quality and 36.0% of the variance in Organizational Agility.

Table 9
R Square

	R Square	R Square Adjusted
Internal Service Quality (Y)	0,532	0,526
Organizational Agility (M)	0,360	0,355

Source : Formulated by the Researcher, 2026

The effect size (f^2) analysis (Table 10) revealed that Digital Transformation and Human Resource Management Practices have a medium effect on Organizational Agility, while Organizational Agility itself has a medium effect on Internal Service Quality.

Table 10
Effect size (f^2)

	Digital Transformation (X1)	Human Resource Management Practice (X2)	Organizational Agility (M)	Internal Service Quality (Y)
Digital Transformation (X1)			0,249	0,170
Human Resource Management Practice (X2)			0,224	0,044
Internal Service Quality (Y)				
Organizational Agility (M)				0,265

Source : Formulated by the Researcher, 2026

The model's predictive relevance, measured by the Q^2 values obtained through blindfolding (Table 11), was confirmed with values of 0.397 for Internal Service Quality (large) and 0.234 for Organizational Agility (medium), both exceeding zero and thus indicating satisfactory predictive power (Hair et al., 2017).

Table 11
Q^2 values

	Q^2 (=1-SSE/SSO)
Digital Transformation (X1)	
Human Resource Management Practice (X2)	
Internal Service Quality (Y)	0,397
Organizational Agility (M)	0,234

Source : Formulated by the Researcher, 2026

Hypothesis Testing

Hypothesis testing in the structural model using the bootstrapping method generates path coefficient values that indicate the strength and direction of the relationships between variables (Hair et al., 2017). These coefficients enable the assessment of the statistical significance of the proposed relationships, allowing for conclusions regarding the validity of the hypotheses.

The results of the direct effect hypothesis testing are presented in Table 12. All five direct effect hypotheses were supported. Digital Transformation has a significant positive effect on Internal Service Quality (β = 0.319, p = 0.000), supporting H1. Human Resource Management Practices also positively affect Internal Service Quality (β = 0.161, p = 0.001), supporting H2. Organizational Agility shows the strongest direct effect on Internal Service Quality (β = 0.440, p = 0.000), supporting H3. Furthermore, both Digital Transformation (β = 0.404, p = 0.000) and Human Resource Management Practices (β = 0.383, p = 0.000) have significant positive effects on Organizational Agility, supporting H4 and H5 respectively.

Table 12
Direct Effect Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Transformation (X1) -> Internal Service Quality (Y)	0,319	0,320	0,046	6,949	0,000
Digital Transformation (X1) -> Organizational Agility (M)	0,404	0,403	0,045	9,018	0,000

Human Resource Management Practice (X2) -> Internal Service Quality (Y)	0,161	0,160	0,047	3,394	0,001
Human Resource Management Practice (X2) -> Organizational Agility (M)	0,383	0,384	0,048	8,041	0,000
Organizational Agility (M) -> Internal Service Quality (Y)	0,440	0,439	0,044	10,071	0,000

Source : Formulated by the Researcher, 2026

The mediation hypothesis testing results are shown in Table 13. The specific indirect effects confirm that Organizational Agility mediates the relationship between Digital Transformation and Internal Service Quality (β = 0.178, p = 0.000), supporting H6. Similarly, Organizational Agility mediates the relationship between Human Resource Management Practices and Internal Service Quality (β = 0.169, p = 0.000), supporting H7. These findings indicate that Organizational Agility serves as a significant mediating mechanism through which both Digital Transformation and Human Resource Management Practices influence Internal Service Quality.

Table 13
The Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Transformation (X1) -> Organizational Agility (M) -> Internal Service Quality (Y)	0,178	0,177	0,026	6,913	0,000
Human Resource Management Practice (X2) -> Organizational Agility (M) -> Internal Service Quality (Y)	0,169	0,169	0,028	5,954	0,000

Source : Formulated by the Researcher, 2026

CONCLUSION AND SUGGESTION

This study concludes that Digital Transformation and Human Resource Management Practices are pivotal in enhancing Internal Service Quality within a public sector immigration office, with Organizational Agility serving as a fundamental mediating mechanism. The findings reveal that while both digital initiatives and strategic HR practices directly improve internal services, their most substantial impact is channeled through the development of a more adaptive and responsive organization. This confirms that investments in technology and human capital are most effective when they are intentionally designed to foster organizational agility, thereby enabling quicker adaptation, better problem-solving, and more efficient internal coordination. Theoretically, this research contributes by integrating the Resource-Based View and Social Exchange Theory within a dynamic capabilities framework, providing a validated model for understanding internal service improvement in digitizing public institutions. Practically, it underscores the need for public managers to pursue an integrated strategy that simultaneously advances digital integration, strengthens HR systems focused on development and clarity, and prioritizes building agile capabilities to fully leverage these investments.

For subsequent research, it is recommended to employ longitudinal designs to better capture the causal and evolutionary dynamics of how digital and human resource

investments build organizational agility and impact service quality over time. Furthermore, future studies could investigate potential moderating factors, such as leadership styles or specific organizational cultures, which may strengthen or weaken the relationships identified in this model. Exploring this framework in diverse public sector contexts would also help ascertain its generalizability and identify context-specific nuances.

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