



Bounded Agility in Hybrid Organization: Bridging Fiscal Duties and Regulatory Constraints in *Lembaga Manajemen Aset Negara*

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Abstract

The transformation of public organizations into hybrid entities has created increasing complexity in governance, particularly when administrative flexibility must coexist with strict fiscal compliance. In the Indonesian public sector context, the State Asset Management Agency (*Lembaga Manajemen Aset Negara/LMAN*), operating as a Public Service Agency (*Badan Layanan Umum/BLU*) while simultaneously registered as a Taxable Entrepreneur (*Pengusaha Kena Pajak/PKP*), faces unique institutional challenges in balancing its dual mandate of public service delivery and fiscal compliance. This study aims to analyze LMAN's institutional strategy in managing fiscal duty through an agile governance perspective. This study uses a descriptive qualitative approach, utilizing in-depth interviews with nine key informants from within and outside the organization, supported by observation and document analysis. Data were analyzed using an interactive model developed by Miles, Huberman, and Saldaña. The findings indicate that agile governance in LMAN is not solely driven by structural transformation but emerges through flexible work processes, adaptive decision-making, and the active role of human resources in responding to the dynamics of change. Organizational agility is supported by cross-unit coordination and the use of technology as a supporting tool rather than a primary driver. This study identifies the concept of bounded agility, which is a form of organizational agility that operates within the constraints of institutional regulations and strict fiscal compliance. These findings highlight that agility in public organizations is process-driven and actor-centered, rather than structurally imposed. This study contributes to the literature by extending agile governance theory to the context of fiscal compliance in public organizations, offering a new perspective on how adaptive capacity is shaped under institutional regulation. Practically, this study provides insights for policymakers and implementers in designing more adaptive governance mechanisms for hybrid public organizations facing dual administrative and fiscal demands.

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INTRODUCTION

Public organizations operate in increasingly complex environments shaped by regulatory changes, fiscal pressures, technological disruption, and growing stakeholder expectations (Baniamin & Ramasamy, 2022; Henry, 2017; Shulzhyk et al., 2024). These challenges have transformed the landscape of public administration and require government institutions to move beyond conventional bureaucratic approaches toward governance models that are more responsive, collaborative, and adaptable (Frederickson et al., 2018; Klijn & Koppenjan, 2012; Micacchi et al., 2025; Moynihan et al., 2015; Peters & Pierre, 1998). As public problems become more interconnected and dynamic, public organizations must not only ensure administrative effectiveness but also

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develop institutional capacity for rapid adaptation, cross-sector collaboration, and effective responses to emerging governance challenges (Craig et al., 2017; Dharmawan et al., 2025; Greenwood et al., 2021; Maulana et al., 2025). Consequently, organizational adaptability has become a critical component of public sector governance, particularly for institutions that must balance operational flexibility with increasing demands for accountability, compliance, and performance (Nugroho & Sujarwoto, 2021; Schoenefeld et al., 2019).

In public administration, an organization can be considered successful when it can orchestrate its resources, build adaptive capacity, navigate complex dynamics, and support strategic decision-making (Janssen, 2022; Janssen & van der Voort, 2016; Huynh et al., 2025; Yang & Wu, 2025; Suryawati et al., 2026). These conditions require government organizations to move beyond traditional hierarchical and procedural bureaucratic models toward more agile forms of governance (Negoro et al., 2026; Tai & Awasthi, 2025). Conventional bureaucratic models, which emphasize stability, procedural certainty, and administrative control, often lack the flexibility needed to address rapidly changing public problems (Fernández-I-Marín et al., 2024; Johannessen, 2025; Jurkiewicz & Mujkic, 2021; Kettl, 2022). One influential paradigm that has shaped this transformation is New Public Management, which promotes managerial flexibility, efficiency, performance orientation, and the adoption of private sector management principles in public organizations (Jurkiewicz & Mujkic, 2021; Munshi & Abraham, 2004; Osborne, 2010). In Indonesia, this reform agenda is reflected in the establishment of Public Service Agencies, or *Badan Layanan Umum* (BLU), which operate within the government's legal framework while receiving greater autonomy in financial and resource management. This institutional model marks a shift from a rule-based orientation to a performance-based orientation, creating a hybrid organizational form in which public service responsibilities coexist with business-oriented administrative functions. In this context, agile governance becomes relevant because it emphasizes adaptability, responsive coordination, flexible work processes, and dynamic institutional responses, especially for hybrid public organizations that must balance operational flexibility with strict fiscal compliance.

The transformation of public governance in response to global complexity has become a strategic issue aligned with the Sustainable Development Goals agenda, particularly Goal 16 on peace, justice, and strong institutions. Public organizations are no longer required merely to perform administrative functions procedurally. They must also respond to increasingly complex policy dynamics, fiscal pressure, and regulatory change. This challenge becomes more pronounced when public organizations occupy a hybrid position, in which they must fulfill public service mandates while also complying with strict fiscal obligations. Such a position creates tension between the managerial flexibility expected in modern public organizations and the need to comply with rigid regulations. In Indonesia, the State Asset Management Agency, or *Lembaga Manajemen Aset Negara* (LMAN), represents this complexity. As a BLU that also holds Taxable Entrepreneur, or *Pengusaha Kena Pajak* (PKP), status, LMAN requires an adaptive institutional strategy to manage fiscal obligations without compromising public service effectiveness.

BLU represents an institutional form of public sector reform in Indonesia that combines public service obligations with managerial flexibility. Based on Government Regulation Number 23 of 2005, as amended by Government Regulation Number 74 of 2012, BLU receives flexibility in financial management to improve service delivery based on efficiency and productivity principles. This arrangement reflects a shift in public administration from a purely rule-based orientation toward a more performance-based and outcome-oriented model. However, this flexibility does not eliminate the responsibility of BLU institutions to uphold accountability, transparency, and legal compliance in managing public resources. As public organizations that manage state resources, BLU institutions must ensure that operational autonomy remains aligned with fiscal discipline, including tax compliance. In this context, tax compliance should not be understood merely as an administrative obligation. It also reflects governance quality. The ability of BLU institutions to fulfill tax obligations in an orderly and transparent manner indicates the extent to which public institutions uphold accountability, efficiency, fairness, and responsible financial governance.

In Indonesia, BLU institutions have become important instruments for improving public service delivery and strengthening state resource management. Within the Ministry of Finance, they operate in strategic areas such as public financing, investment management, and state asset optimization. Their role is not limited to generating Non-Tax State Revenue, or *Penerimaan Negara*

Bukan Pajak (PNBP), but also includes improving efficiency, increasing public value, and ensuring that state resources are managed more productively. Among these institutions, LMAN plays a strategic role in managing and optimizing state assets to generate greater public and fiscal value.

LMAN is a BLU under the Ministry of Finance with a strategic mandate to manage and optimize state assets. Established based on the Decree of the Minister of Finance of the Republic of Indonesia Number 1319/KMK.05/2015, LMAN functions as an institutional instrument for improving the productive use of state assets. Its mandate covers the management and optimization of state assets, the generation of financial and non-financial benefits for the state, land acquisition funding for National Strategic Projects, and the implementation of specific government assignments. This position places LMAN in a hybrid role because it must carry out public service functions while managing assets in a productive, efficient, and accountable manner.

Since its establishment, LMAN has experienced substantial growth in both managed assets and asset optimization activities. Between 2019 and 2024, the number of managed assets increased from 234 to 316, while optimized assets grew from 30 to 138. This expansion has strengthened LMAN's contribution to PNBP, but it has also increased the complexity of governance and fiscal compliance requirements, particularly after the Directorate General of Taxes confirmed LMAN as a PKP on January 4, 2022. This status expanded LMAN's administrative and fiscal responsibilities because relevant asset management transactions must be treated not only as public service activities but also as taxable transactions with Value Added Tax (VAT) consequences. As a result, LMAN must manage several tax compliance processes, including the identification of taxable objects, the crediting of input tax, the issuance of tax invoices, VAT remittance, and periodic tax reporting. These obligations require more adaptive systems, competent human resources, stronger internal controls, and clearer accountability mechanisms. Therefore, LMAN's dual institutional position as a BLU and PKP creates a new governance challenge because it must integrate BLU management flexibility with fiscal compliance requirements so that operational flexibility, PNBP management, and public accountability remain aligned.

The confirmation of a public organization as a PKP represents an emerging issue in Indonesian public financial management, particularly in the context of tax intensification and fiscal compliance. LMAN provides a relevant case because it operates as a BLU while also holding PKP status. This dual position creates a hybrid governance setting in which LMAN must carry out its public mandate to optimize state assets for the national interest while managing taxable transactions that arise from asset utilization and other revenue-generating services. LMAN's experience therefore illustrates how tax regulations are internalized within public sector institutional practices. This condition makes LMAN relevant for examining how a public organization responds, adapts, and formulates institutional strategies in managing the intersection between public service responsibilities and fiscal compliance obligations. In this context, agile governance offers a suitable analytical perspective because it emphasizes an organization's ability to respond to change through adaptive strategy, flexible structure, dynamic processes, responsive human resources, and technology as an organizational enabler (Aghina et al. 2017). Aghina et al. (2017) explain that an agile organization is not only characterized by speed, but also by its capacity to adapt continuously to changing environmental needs. Thus, in the public sector, agility is not limited to efficiency, but also reflects the ability of public organizations to manage regulatory complexity, coordinate internal resources, and maintain accountability under changing institutional demands (Aghina et al., 2021; Mangoting et al., 2025; Negoro et al., 2026).

Studies on how public organizations develop their adaptive capacity to address the complexity of fiscal regulations are still relatively limited (Cao et al., 2023; Craig et al., 2017; Prayitno et al., 2026). Previous research tends not to specifically examine the implementation of *agile governance* in the context of managing administrative, technical, and highly regulated fiscal obligations (Hegele & Stoll, 2024; Hou et al., 2026; Johannessen, 2025; Mangoting et al., 2025; Tai & Awasthi, 2025; Younas et al., 2025). Furthermore, the approaches used in previous studies generally do not comprehensively integrate the five main dimensions of agile governance: strategy, structure, process, human resources, and technology.

Based on these gaps, this study differs from previous studies by placing agile governance in the context of fiscal obligation management within a tightly regulated public organization. This study not only broadens the scope of agile governance research but also offers a new perspective on how

organizational adaptive capacity is formed within complex administrative functions. The novelty of this study lies in situating agile governance within highly regulated administrative functions and introducing the concept of bounded agility as a form of organizational adaptation that operates within regulatory boundaries. Therefore, this study also provides practical contributions to the design of more adaptive governance mechanisms for public organizations with dual institutional status.

In line with this focus, this study aims to analyze governance practices in managing fiscal obligations at LMAN through an agile governance perspective. The analysis focuses on five key dimensions, namely strategy, structure, process, human resources, and technology, to understand how the organization develops adaptive capacity in response to the dynamics of tax regulation. This framework was chosen because it provides a comprehensive analytical perspective for understanding how organizations develop adaptive capacity in dynamic and highly regulated environments. These five dimensions not only represent the structural components of an organization but also reflect the interaction among managerial orientation, operational mechanisms, institutional flexibility, and organizational support systems in shaping agility.

METHOD

This study uses a descriptive qualitative approach to explore agile governance practices in depth within the context of a public sector institution. A qualitative approach was chosen because of its strategic position to capture the complexity of dynamic, contextual, and meaning-laden phenomena constructed by actors within the organization (Jason & Glenwick, 2016; Creswell & Creswell, 2023; Miles & Saldaña, 2014). This approach is also relevant for understanding the processes, strategies, and dynamics of institutional adaptation in a comprehensive and structured manner (Creswell, 2013; Creswell & Poth, 2016; Mortelmans, 2019). The descriptive design was used to systematically and factually describe the implementation of agile governance within the State Asset Management Agency, or Lembaga Manajemen Aset Negara (LMAN), a hybrid organization that functions as both a Public Service Agency, or Badan Layanan Umum (BLU), and a Taxable Entrepreneur, or Pengusaha Kena Pajak (PKP).

The research was conducted at LMAN in Jakarta. This location was selected purposively because LMAN has dual institutional status, making it relevant for examining agile governance practices in the management of fiscal obligations. Data collection was conducted from June 2025 to January 2026. This period allowed the researchers to capture the dynamics of organizational policies and practices in real time.

The data sources in this study consisted of primary and secondary data. Primary data were obtained through in-depth interviews with nine key informants selected purposively based on their direct involvement in fiscal obligation management and decision-making processes at LMAN. These informants included leaders, technical implementers, and external parties who interact with LMAN in the context of asset management and taxation. The number of informants used in this study was deemed adequate because it reached data saturation, where the information obtained showed recurring patterns and no significant new themes were identified. Data saturation in this study was determined based on the repetition and consistency of information obtained from informants during the interview process. Data collection was deemed sufficient when findings began to show recurring patterns, no substantial new themes emerged, and the information obtained sufficiently explained the dynamics of agile governance and fiscal obligation management at LMAN. The data obtained was deemed sufficient to comprehensively represent the phenomenon under study. In qualitative research, the researcher acts as the main instrument (human instrument) who is directly involved in the process of data collection and interpretation, supported by additional instruments such as interview guides, field notes, and recording devices to ensure data accuracy (Creswell & Clark, 2017; Tracy, 2020).

To provide a clearer understanding of the data sources and composition of key informants involved in this study, the following table presents the profiles of informants selected through purposive sampling techniques. The selection was based on their direct involvement in institutional management and the implementation of fiscal duty at LMAN, as well as their relevance to the research focus on agile governance practices. The informants represented a range of strategic actors, including

internal organizational roles, technical implementers, and external stakeholders, ensuring a comprehensive and balanced perspective in capturing the dynamics of adaptive governance within the institution.

Table 1. List of Informants

Number	Informant Position
1	Head of the Treasury Division of the State Asset Management Agency
2	Treasurer of Receipts at the State Asset Management Agency
3	Treasurer of Expenditures at the State Asset Management Agency
4	Head of Property Utilization Division of the State Asset Management Agency
5	LMAN Partners in Asset Management in Karawaci
6	LMAN Tax Payment Transaction Operator (Banking)
7	Account Representative in LMAN (KPP) tax services
8	LMAN Partners in Apartment Rental
9	LMAN Partners in Asset Management in Bandung

Data collection techniques included in-depth interviews, observation, and documentation. In-depth interviews were used as the primary technique to gather comprehensive information regarding strategies, institutional responses, and the dynamics of adaptive governance implementation. Observations were conducted to understand the empirical conditions and actual practices within the organization, while documentation was used to supplement and verify the data obtained from interviews and observations. Observations were conducted by observing interactions between organizational units, the implementation of coordination mechanisms, and the dynamics of tax administration practices within the institution. The types of documents analyzed included annual organizational performance reports, financial reports, and other relevant regulatory documents.

In this qualitative research, the researcher acted as the primary instrument, directly involved in the data collection and analysis process. To maintain objectivity, the researcher conducted ongoing reflection through field notes, triangulation of sources and techniques, and member checking of data with informants. This approach aimed to minimize subjective bias and ensure that the resulting interpretations remained grounded in empirical data.

To ensure transparency and trustworthiness in the research process, data analysis in this study was conducted systematically and continuously throughout all stages of data collection and interpretation. The researcher applied source triangulation, technical triangulation, and member checking to strengthen the credibility and consistency of the findings. Information obtained from interviews was continuously compared with observational findings and institutional documents to ensure data accuracy and contextual validity. In addition, reflective field notes were maintained throughout the research process to document analytical developments and reduce subjective interpretation bias. The selection of nine key informants was deemed adequate because the data collection process had reached saturation, as indicated by the repetition of similar themes and patterns across interviews, particularly regarding adaptive work practices, fiscal compliance mechanisms, cross-unit coordination, and organizational responses to tax regulations. No substantial new information emerged during the final stage of interviews, indicating that the collected data adequately represented the phenomenon under study.

Data analysis was carried out inductively using an interactive model developed by [Miles & Saldaña, 2014](#) which includes the stages of data collection, data condensation, data presentation, and drawing conclusions. The results of the analysis were then interpreted using an agile governance framework to understand how the dimensions of strategy, structure, process, human resources, and technology interact to shape the organization's adaptive capacity.

The five dimensions of agile governance proposed by [Aghina et al. \(2017\)](#)-strategy, structure, process, human resources, and technology-were operationalized as the primary analytical framework for interpreting the empirical findings of this study. During the data analysis process, interview transcripts, observational findings, and organizational documents were categorized according to these five dimensions to identify patterns of organizational adaptation and governance practices within LMAN. The strategy dimension was used to analyze how the organization

formulated adaptive responses to fiscal and regulatory changes. The structure dimension focused on the flexibility of authority distribution, coordination patterns, and institutional arrangements within the organization. The process dimension examined iterative work practices, coordination mechanisms, and administrative adjustments related to fiscal obligations. Meanwhile, the human resources dimension was used to understand the role of employee competencies, initiative, and adaptive behavior in supporting organizational responsiveness. Finally, the technology dimension explored how information systems and digital tools supported administrative efficiency and coordination processes.

In the initial stages of the research, the focus was on the administrative aspects of fiscal compliance at LMAN. However, as the analysis progressed, findings indicated that organizational adaptability, cross-unit coordination, flexible work processes, and the role of human resources were more dominant factors in shaping agile governance practices. Consequently, the research focus evolved toward understanding how organizational adaptive capacity is developed in a highly regulated institutional environment. This iterative analysis process allowed the research to remain grounded in empirical reality while ensuring that the interpretation of the findings reflected the actual dynamics occurring within the organization.

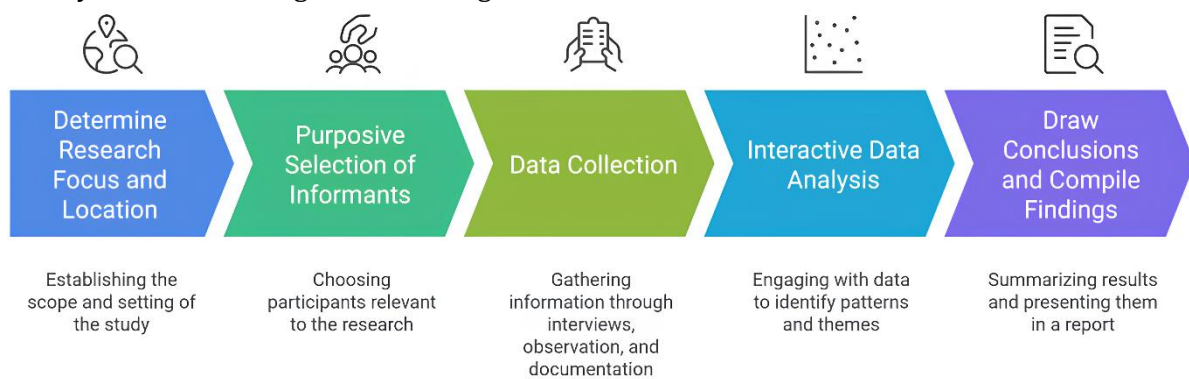


Figure 1. Research process flow
(Source: Processed by Author)

Figure 1 illustrates the overall research process flow used in this study, starting with the identification of the research problem and a literature review, followed by data collection through interviews, observation, and documentation. The collected data were then analyzed using an interactive analysis model involving data condensation, data display, and conclusion drawing. Throughout the process, the researcher continued to interpret the findings using an agile governance framework comprising the dimensions of strategy, structure, process, human resources, and technology. The final stage involved synthesizing the findings to understand how adaptive capacity and agile governance practices developed within LMAN in managing fiscal obligations under a highly regulated institutional environment.

RESULTS AND DISCUSSION

Institutional Transformation of LMAN after PKP Designation

The designation of LMAN as a Taxable Entrepreneur (PKP) introduced substantial changes to its governance arrangements, administrative responsibilities, and organizational processes. To illustrate the scope of these institutional changes, Table 2 compares LMAN’s conditions before and after the PKP designation.

Table 2. Changes in LMAN's Institutional Status as a BLU and PKP

No	Variables	LMAN as BLU	LMAN as BLU + PKP
1	Institutional Status	LMAN operates as a Public Service Agency (BLU) that is oriented towards flexible financial management to support public services.	LMAN has dual status as a BLU and a Taxable Entrepreneur (PKP), which requires compliance with tax regulations, particularly Value Added Tax (VAT).
2	Governance Orientation	Focus on service efficiency, optimization of state assets, and managerial flexibility in accordance with BLU principles.	Aspects of institutional governance are also directed at fiscal compliance, tax

			accountability, and integration of tax administration systems.
3	Administrative Complexity	It is relatively simpler because it only follows BLU regulations and institutional policies internally and from the agencies above it.	It is more complex because it must integrate the BLU management system with the tax administration system (tax invoices, VAT reporting, etc.).
4	Business Process	Business processes focus on managing public assets and services with operational flexibility.	Business processes are adjusted to accommodate tax obligations, including transaction validation, tax recording, and periodic reporting.
5	Human Resources (HR)	HR is focused on asset management and public service competencies.	Human resources are required to have additional competencies in the field of taxation, particularly related to VAT administration and regulations.
6	Utilization of Technology	Technology is used to support the management of an organization's internal assets and services.	Technology is being expanded to support digital tax systems, including the integration of tax reporting and administration as a compliance mechanism.
7	Institutional Risk	The risks are more in the operational aspects and management of state assets.	Increased risks include tax compliance risks, administrative sanctions, and the complexity of fiscal regulations.
8	Accountability and Transparency	Accountability focuses on BLU service performance and financial management.	Accountability covers fiscal aspects, including transparency of tax reporting and compliance with tax regulations.

LMAN Asset Management Profile and Performance

The establishment of the State Asset Management Agency (LMAN) stems from the policy of reforming state assets management, which developed alongside bureaucratic reform in the state financial sector, as outlined in Minister of Finance Regulation No. 219/PMK.01/2015. This recognizes that state assets cannot simply be managed as administrative objects, but rather must be actively managed to generate added value. The Ministry of Finance then formulated the need for an entity capable of carrying out asset management functions professionally and performance-oriented. This idea was realized through the establishment of LMAN as a non-chelon organizational unit under the Directorate General of State Assets (DJKN). LMAN's placement within the DJKN structure reflects the continuity of state asset management policies, which have long been the primary mandate of the DJKN.

The primary mandate of the State Asset Management Agency (LMAN) focuses on managing state assets in the form of *idle or underutilized land and buildings*. These assets previously lacked a clear utilization scheme and had not yet provided optimal contributions to the state. LMAN was given the authority as a Public Service Agency (BLU) to manage these assets through various utilization schemes in accordance with the provisions of laws and regulations on the management of State Assets (BMN). This approach marks a shift from passive asset management to asset management based on economic potential. In the context of public administration, this shift demonstrates a transformation in how the state views and manages public assets (Irawan et al., 2026; Musvianti et al., 2022).

In carrying out asset utilization and service provision activities, LMAN carries out activities that have tax implications. The transformation of LMAN's role in managing state assets into an economically productive unit requires an adjustment in tax status to a Taxable Entrepreneur (PKP). This determination places LMAN under the tax administration regulations applicable to entities that provide taxable goods and services. With this status, LMAN has an obligation to collect, deposit, and report taxes in accordance with applicable provisions. There are 3 services managed by LMAN, including: 1. Property Management, 2. Consulting Services, 3. Land Financing for National Strategic Projects (PSN).

The escalation of the State Asset Management Institution's (LMAN) asset portfolio represents the accumulation of value simultaneously influenced by internal investment strategies and external market sentiment. Determining factors such as global economic stability and fiscal policy direction

are variables that shape the asset management landscape. As a consequence of the demand for professionalism, LMAN's asset management mechanism has transformed to adopt *New Public Management* (NPM) principles, which prioritize process transparency, cost efficiency, and effective results as key indicators of success. The following shows the percentages of LMAN's current asset management categories.

Table 3. LMAN Assets Managed by Asset Category

Category	Amount	%
General Properties		
Apartments + Condominiums	151	48%
House/residence	9	3%
Shophouses (105), Kiosks (2), Warehouse (1)	108	34%
Building	15	5%
Land	25	8%
Requisition as of November (category adjusted to Director General's Decree)	6	2%
Special Properties	2	1%
Arun LNG & Badak LNG Refinery		
Amount	316	100%

Source: LMAN Annual Report 2024

Table 3 presents the distribution of assets managed by LMAN by asset category as of 2024. The data shows that apartment and condominium assets dominate the portfolio, accounting for 48% of total assets managed, followed by shophouses, kiosks, and warehouses at 34%. This composition indicates that LMAN's asset management activities are primarily concentrated in the commercial property sector, which has significant optimization potential to generate state revenue. Meanwhile, strategic assets such as LNG plants represent a relatively smaller proportion but possess substantial economic value and strategic importance.

The portfolio profile of assets managed by the State Asset Management Agency (LMAN) as of December 2024 shows a net accumulation of 316 units, including general property assets and strategic assets in the form of two LNG plants. Of the 151 apartment/condominium units managed by LMAN, 124 are Puri Casablanca. Shophouses are the second-largest asset category, with 105 assets. LMAN's assets are spread across various strategic national regions, including Java, Sumatra, Kalimantan, Sulawesi, and West Nusa Tenggara. However, the largest asset agglomeration is identified in DKI Jakarta Province, particularly in the administrative areas of South Jakarta and West Jakarta.

The management performance of the State Asset Management Institution (LMAN)'s managed assets embodies the asset cycle established by LMAN, namely the *7 Cycle Asset*. Managed assets are then classified based on their cycle achievements. Specifically, this mapping spectrum is divided into eight cycle categories, which describe the evolution of asset status in the LMAN management value chain: Conceptualization, Optimization, *Ready Stock* /Market Ready, As is, Litigation, Non-Litigation, Construction Process, and Not Ready for Market.

The State Asset Management Agency (LMAN) asset management performance evaluation shows significant achievements, marked by a positive correlation between asset portfolio expansion and acceleration in its optimization rate. Data for the 2019-2024 period shows a growth in total assets under management from 234 units to 316 units, with a *Compound Annual Growth Rate* (CAGR) of 5.17%. However, a more substantial performance indicator is seen in the surge in optimized assets, which increased drastically from an initial 30 units to 138 units. With an optimization CAGR of 30.14%, LMAN has successfully demonstrated that asset utilization capacity is growing much faster than the rate of asset acquisition itself. This positive trend is projected to continue with effective internal orchestration between divisions, which is a key modality for future performance improvement.

LMAN as a Hybrid Organization: Duality of Public Service Mandate and Business Entity

LMAN's dual status as a Public Service Agency (BLU) and Taxable Entrepreneurs (PKP) places it in a hybrid institutional position within the public administration system. On the one hand, LMAN performs public service functions oriented toward the interests of the state and the community. On

the other hand, LMAN must comply with the fiscal and tax obligations inherent in entities engaged in economic activity. The combination of these two roles creates a unique dynamic in organizational decision-making. Every operational decision has potential financial and tax implications that must be carefully considered.

In terms of institutional relations, LMAN interacts with various stakeholders with differing interests in state assets and land acquisition. These interactions include ministries and institutions using the assets, local governments, and other parties involved in asset utilization. Each interaction carries different administrative, fiscal, and legal implications. This requires LMAN to have a strong capacity for coordination and regulatory compliance. The complexity of these relationships is part of the governance dynamics LMAN faces in carrying out its mandate.

The dual institutional status of the State Asset Management Agency (LMAN) also impacts the need for human resource capacity and organizational support systems. LMAN employees are required to have an adequate understanding of asset management, Public Service Agency (BLU) finance, and tax administration. The organization's information and accounting systems must be able to support recording and reporting requirements consistent with the characteristics of BLU and Taxable Entrepreneurs (PKP). These needs drive sustainable internal capacity development. This context is crucial for understanding LMAN's institutional dynamics in carrying out its mandate.

The Dynamics of LMAN's Institutional Adaptation in Carrying Out Its Dual Role as a Public Organization with Fiscal Obligations

The research results show that the change in the institutional status of the State Asset Management Agency (LMAN) as a Public Service Agency (BLU) and Taxable Entrepreneur (PKP) has resulted in increased complexity in managing fiscal obligations. This situation requires adjustments in the organization's work patterns, particularly in responding to the highly dynamic dynamics of tax regulations that require high administrative accuracy. In practice, managing fiscal obligations has evolved into a process that demands a rapid response, cross-sector coordination, and a high degree of discretion and initiative.

The implementation of the duties and functions of the State Asset Management Agency (LMAN) takes place within a dynamic policy environment. Changing development priorities, limited state budgets, and demands for project acceleration affect the agency's latitude in carrying out its mandate. These conditions require the organization's adaptability in responding to changing policies and public needs. LMAN's position, duties, and functions form an institutional context that influences how the agency carries out its role. This framework forms part of the public administration dynamics LMAN faces in managing assets and development funding.

In its implementation, the coordination process is a prominent aspect. LMAN employees actively build communication not only internally between work units but also with external parties such as vendors and tax authorities. When document discrepancies occur, such as errors in Value Added Tax (VAT) amounts or invoice codes, efforts are made through direct communication with relevant parties to expedite the remediation process. This communication pattern demonstrates that resolving various challenges in the field can be done more flexibly by leveraging existing networks.

Furthermore, the dynamics of changing tax regulations also influence the organization's work patterns. Policy changes, such as adjustments to the tax base and the implementation of new tax systems, encourage LMAN to actively consult and coordinate with the Directorate General of Taxes. Involvement in development activities, such as tax classes and technical consultations, is part of the organization's efforts to ensure an adequate understanding of applicable regulations. This strengthens the adaptation process, not only internally but also through intensive interaction with external parties.

On the other hand, the quality of human resources is also a crucial factor in supporting the smooth management of fiscal obligations. Employees involved in this process are required to have a good understanding of tax regulations and the ability to handle various administrative issues that arise. A shared commitment from various levels of the organization, from technical implementers to management, plays a role in ensuring that each process runs orderly and in accordance with applicable regulations. Work practices such as double-checking before reporting are part of efforts to maintain accuracy and minimize the risk of errors.

However, implementation still faces several challenges. One is the quality of documents submitted by external parties, particularly vendors, which do not always comply with tax regulations. This situation necessitates repeated corrections and potentially delays administrative processing. Furthermore, rapid regulatory changes require continuous adjustments in employee understanding and work practices. These challenges demonstrate that managing fiscal obligations depends not only on an organization's internal capacity but also on the readiness and compliance of external actors involved (Indrawati et al., 2024; Kim & Kang, 2026; Yusfa et al., 2023).

Furthermore, the operational transition of institutions also implies changes in decision-making patterns, which currently tend to be situational and needs-based. Under certain circumstances, decisions do not always await hierarchical instructions but can be made directly by implementing units, taking into account the urgency and potential administrative impact. This reflects the flexibility available in work practices that allows organizations to respond more quickly to issues without being hampered by formal procedures within a multi-layered bureaucratic context.

The adaptation process in carrying out duties as a PKP encourages organizations to begin developing internal learning mechanisms in response to the dynamics of policy changes. Experience in handling document errors, regulatory changes, and consultations with external authorities provides a source of learning that enriches future work practices. This process continues to develop through daily work experience, indirectly shaping individual and organizational capacity building.

The use of systems and technology is beginning to be directed towards supporting work efficiency, although it has not yet been fully integrated. Existing systems are used as tools for recording and reporting, but in practice still require manual adjustments by employees. This demonstrates that technology plays a role in supporting work processes, but has not yet become the primary solution to addressing the complexities of tax administration (Febriyanti et al., 2023; Han et al., 2025; Rajala, 2025).

The findings of this study indicate that organizational agility in LMAN does not emerge as limitless flexibility, but rather develops within a governance environment heavily influenced by institutional and fiscal regulations. While the organization is able to respond adaptively through flexible coordination, situational decision-making, and iterative work processes, any adjustments remain constrained by formal administrative procedures and tax compliance obligations. This situation suggests that organizational responsiveness in the public sector cannot be separated from the legal and regulatory framework that governs institutional operations. In practice, LMAN has room for operational adaptation, particularly in expediting coordination, resolving administrative differences, and adjusting work processes in accordance with regulatory changes. However, this flexibility cannot transcend the constraints imposed by fiscal regulations, audit requirements, and accountability mechanisms. Therefore, this study identifies a form of organizational agility that remains adaptive but institutionally constrained, conceptualized as bounded agility. These findings highlight that agility in highly regulated public organizations is not characterized by limitless innovation or structural freedom, but by the organization's capacity to navigate complexity while remaining compliant with regulatory obligations.

Discussion

This study extends the study of Agile Governance, widely used in the business sector, to a more specific context: hybrid organizational governance. The findings indicate that the State Asset Management Agency (LMAN), as a public organization holding both Public Service Agency (BLU) and Taxable Entrepreneur (PKP) status, has significant implications for changes in organizational governance across various aspects. This dual status not only expands LMAN's institutional mandate but also places the organization in a dynamic between its public service mission and the fiscal compliance typically applied to business entities. Furthermore, LMAN is required to optimally manage state assets while ensuring that all activities utilizing these assets fulfill tax obligations in accordance with applicable regulations. These changes are not merely administrative in nature, but simultaneously affect the organizational structure, workflow, role allocation, and decision-making patterns within the organization (Almazrouei et al., 2024; Stanikzai & Mittal, 2025).

The operational complexity faced by LMAN is a consequence of mandatory policies, which leave no room for the organization to refuse or avoid them. The determination of BLU and PKP status is a policy decision that must be implemented, not negotiated. This situation places LMAN in an

adaptive situation that demands the ability to respond to changes in regulations, systems, and institutional expectations simultaneously. In this context, the main challenge lies in how the organization responds to and manages the complexity inherent in these policies in its operational practices. Public organizations need to have a flexible and responsive perspective to evolving dynamics. LMAN is not only required to comply with normative tax regulations but also to be able to maintain operational stability so that asset utilization functions continue to run effectively. The balance between fiscal compliance and operational sustainability is a central issue in organizational management (Ariyanto et al., 2024; Burdon & Sorour, 2020; Novita et al., 2024; Suryawati et al., 2026).

LMAN's success in maintaining organizational operational stability and meeting established performance targets is inseparable from the agile governance strategy it pursues. Adaptation is not only interpreted as normative structural changes, but also as a series of ongoing adjustments in procedures, coordination mechanisms, and utilization of organizational resources. This agility-based strategy allows LMAN to continue carrying out its public service mandate while meeting increasingly complex fiscal obligations. In this analysis, the discussion of agile governance focuses on five key indicators developed by Aghina et al. (2017), namely: Strategy, Organizational Structure, Process, Human Resources, and Technology. These five indicators interact with each other and are used as analytical tools to explore how LMAN responds to institutional complexity and the fiscal obligations it faces. The five indicators are described as follows:

Adaptive Strategy in Managing Fiscal Obligations

Research findings indicate that in the context of fiscal obligation management, LMAN does not explicitly formulate a formal agility strategy, but rather implicitly develops a flexible approach to addressing the dynamics of tax regulations. Employees often rely on direct communication between units to resolve administrative issues related to tax reporting, transaction verification, and document discrepancies without waiting for lengthy formal procedures. For example, when discrepancies are discovered in VAT invoices or payment documents, treasury and technical unit staff immediately coordinate through informal discussions and direct consultations with relevant parties to expedite corrective action. This approach allows operational issues to be resolved more quickly while still complying with fiscal regulations.

The organization's primary focus remains on fiscal compliance, but in practice, this is achieved through adjusting priorities and responding quickly to policy changes. Under these circumstances, the organization does not view a single issue, such as a tariff increase, but rather breaks it down into communication issues, adjusting expectations, and mitigating complaints. This approach ensures that the burden of adaptation falls not solely on the treasury but also on the work of technical divisions interacting with partners. In this situation, fiscal complexity transforms into relational complexity, managed through a communication approach. This approach demonstrates that breaking down complexity is not always technocratic, but can also involve segmenting handling strategies according to problem characteristics (McNabb & Lee, 2021; Setyari et al., 2025).

These informal practices demonstrate that organizational agility at LMAN is not only shaped through formal policies, but also through adaptive daily interactions and collaborative problem-solving among employees. This demonstrates that organizational strategy develops contextually, as a course of action that continually transforms as needed (Garvin et al., 2008; Piening, 2013). These findings broaden the perspective of Agile Governance by demonstrating that in the public sector, agile strategies can be implicit and embedded in organizational practices, rather than always formalized in a vision or strategic document (Hou et al., 2026; Johannessen, 2025).

Operational Agility Supported by Organizational Structure Readiness and Capacity

Structurally, LMAN continues to operate within a formal bureaucratic framework with a clear division of duties and responsibilities. This is inseparable from the demands of accountability and compliance in the management of public finances and assets, which require a well-defined structure. However, research findings indicate that in practice, this structure provides room for flexibility in operational decision-making.

Agile institutional responses require speedy decision-making as a further step in untangling complexity (Dharmawan et al., 2025; Stanikzai & Mittal, 2025; Wang et al., 2018). The speed of decision-making at LMAN is supported by a clear division of authority between technical and policy

decisions. Day-to-day technical decisions, such as scheduling VAT payments or administrative adjustments, can be made directly by the treasurer and tax administrator. This approach avoids bureaucratic bottlenecks that can hinder the fulfillment of fiscal obligations. This delegation allows for real-time responses to field conditions. Speed is a result of an adaptive authority structure (Akman & Kulaç, 2025; Lewis et al., 2016).

In operational practice, speedy decision-making is evident when LMAN faces the risk of late partner payments approaching the tax payment deadline. In this situation, the treasurer and tax administrator have the opportunity to quickly identify the risk and propose mitigation measures. The escalation process is carried out quickly because a coordination channel has been established. Decisions can be made before the risk develops into a fiscal violation. This pattern demonstrates that speed is achieved through preparedness and a clear decision-making process (Asthana et al., 2025; Dharmawan et al., 2025).

A clear structure allows each unit within the organization to understand its position and responsibilities. The treasury function is positioned as the central point for controlling fiscal obligations, while business units focus on asset utilization, taking tax implications into account. This division of roles helps mitigate the risk of overlapping authority and confusion over responsibilities. Placing the treasury function at the center of fiscal management provides a clear internal coordination flow. Every transaction with tax implications is ultimately linked to this function, facilitating the overall control and monitoring of fiscal obligations. In practice, treasury acts as a liaison between business units and the tax system. This position allows for consistent tax management across all transactions.

The transformation toward a more agile structure in the face of environmental uncertainty is a form of *adaptive hierarchy*, where the formal structure is maintained but operated more flexibly through direct communication and cross-unit coordination. These findings suggest that in public organizations, agility is not always synonymous with structural change, but can be realized through flexibility in implementing the existing structure (Cao et al., 2023; Craig et al., 2017).

Process Flexibility as the Core of Organizational Adaptation

The process dimension is a dominant aspect in shaping an organization's adaptive capacity. Research findings indicate that fiscal obligation management at LMAN develops through iterative adjustment mechanisms. Work processes often involve stages of correction, clarification, and re-coordination in response to administrative errors and regulatory changes. Agile processes are characterized by the ability to adapt quickly and continuously. The flexibility built into these processes also plays a role in maintaining operational continuity when leaders are not directly involved in each process. With distributed authority, fiscal activities continue even when leaders are focused on other strategic agendas. This reduces the organization's dependence on specific individuals. Technical decisions can still be made and implemented at a pace that aligns with the work schedule.

These findings reinforce this concept by demonstrating that, in practice, process flexibility is key to maintaining smooth organizational operations. Agility in the public sector is manifested more through *process adaptability* than structural transformation. This also confirms that process is the primary focus in the implementation of *agile governance* (Birkland, 2019; Hood, 2014).

Human Resources as a Driver of Institutional Agility

Human resources also play a central role in fostering organizational adaptability and agility. Employees serve not only as policy implementers but also as initiators in responding to emerging issues in the field. One example of employee initiative can be seen in the efforts of finance and tax administration staff to proactively coordinate with vendors and tax authorities when errors in tax invoices or discrepancies in VAT calculations occur. Employees don't simply wait for formal instructions from superiors, but often take immediate action to identify the source of the problem, communicate directly with external parties, and propose corrective measures to prevent delays in the tax reporting and payment process. The ability to communicate effectively, understand complex regulations, and make quick decisions are crucial indicators for supporting the smooth management of fiscal obligations.

The PKP status inherent in LMAN requires a more complex understanding of taxation techniques than that of a typical Public Service Agency (BLU). Employees involved in managing revenue and expenditure are required to understand VAT regulations and apply them in daily administrative practices. This competency is crucial for maintaining the organization's operational stability. Employees' technical understanding stems not only from their educational background but also from accumulated work experience. Direct involvement in business transactions and state financial management fosters sensitivity to the fiscal implications of each activity. This experience enables employees to recognize potential risks and errors early on. Consequently, HR competencies develop in line with the work dynamics faced by the organization.

The findings of this study strengthen and expand the concept of Agile Governance by demonstrating that agility in public organizations is *actor-driven* (Berman et al., 2021; Sinosi et al., 2025; Piening, 2013; Susanti et al., 2023; Zheng, 2026). This means that an organization's adaptive capacity is highly dependent on the quality of the individuals involved. Therefore, strengthening competency and developing human resource capacity are crucial elements in building more resilient governance (Huynh et al., 2025; Saadah & Agustiyara, 2024; Teece, 2007).

The Role of Technology as an Enabler

Utilizing an internal information system through the AKILA application strengthens an organization's capacity to face audits or inspections. Well-documented data facilitates the provision of information when needed. With data readiness, organizations can respond to information requests more quickly and accurately. This reduces administrative pressure when facing audits. In the context of its dual status as a Public Service Agency (BLU) and Taxable Entrepreneur (PKP), an internal information system helps LMAN maintain a balance between the demands of operational flexibility and the need for administrative control. The system provides structure without completely eliminating room for adaptation. With technological support, organizations have a stronger foundation for managing complex fiscal obligations.

Technology, in the context of fiscal obligation management at LMAN, functions as a supporting tool in administrative processes, such as recording and reporting. However, research findings indicate that the effectiveness of fiscal obligation management is not solely determined by the level of technological sophistication used. Instead, communication, coordination, and human resource capacity play a more dominant role in ensuring a smooth process.

Although technology supports administrative processes at LMAN, findings indicate that technology is not the primary determinant in shaping agile governance practices. The organization still relies heavily on human interaction, coordination mechanisms, and adaptive decision-making processes to address the complexity of fiscal obligations. Existing technology systems primarily serve as support tools for recording, reporting, and documenting fiscal activities, while problem-solving processes continue to rely on employee responsiveness and initiative. In practice, many operational adjustments related to tax administration still require manual coordination and direct communication between organizational actors. This situation suggests that organizational agility in highly regulated public institutions is more influenced by process flexibility, cross-unit collaboration, and human resource capacity than by technological sophistication alone. In the context of agile governance, technology is positioned as an enabler that supports the creation of agile organizations (Aghina et al., 2021; Negoro et al., 2026). This research finding aligns with this concept, but also emphasizes that in the public sector, technology is not always the primary factor in fostering agility. This indicates that *agile governance implementation* does not have to be driven solely by digitalization but can evolve through the optimization of existing resources, particularly in human resources and processes.

To synthesize the findings of this study and provide a clearer conceptual understanding of how agile governance manifests in LMAN, a conceptual model was developed. This model illustrates the dynamic interaction between key dimensions of agile governance: strategy, structure, process, human resources, and technology, in shaping an organization's agile capacity to manage fiscal obligations. By integrating these dimensions into a cohesive framework, the model highlights how organizational agility emerges as a result of multidimensional and interrelated processes, rather than a single dominant factor. The conceptual representation is presented in Figure 2

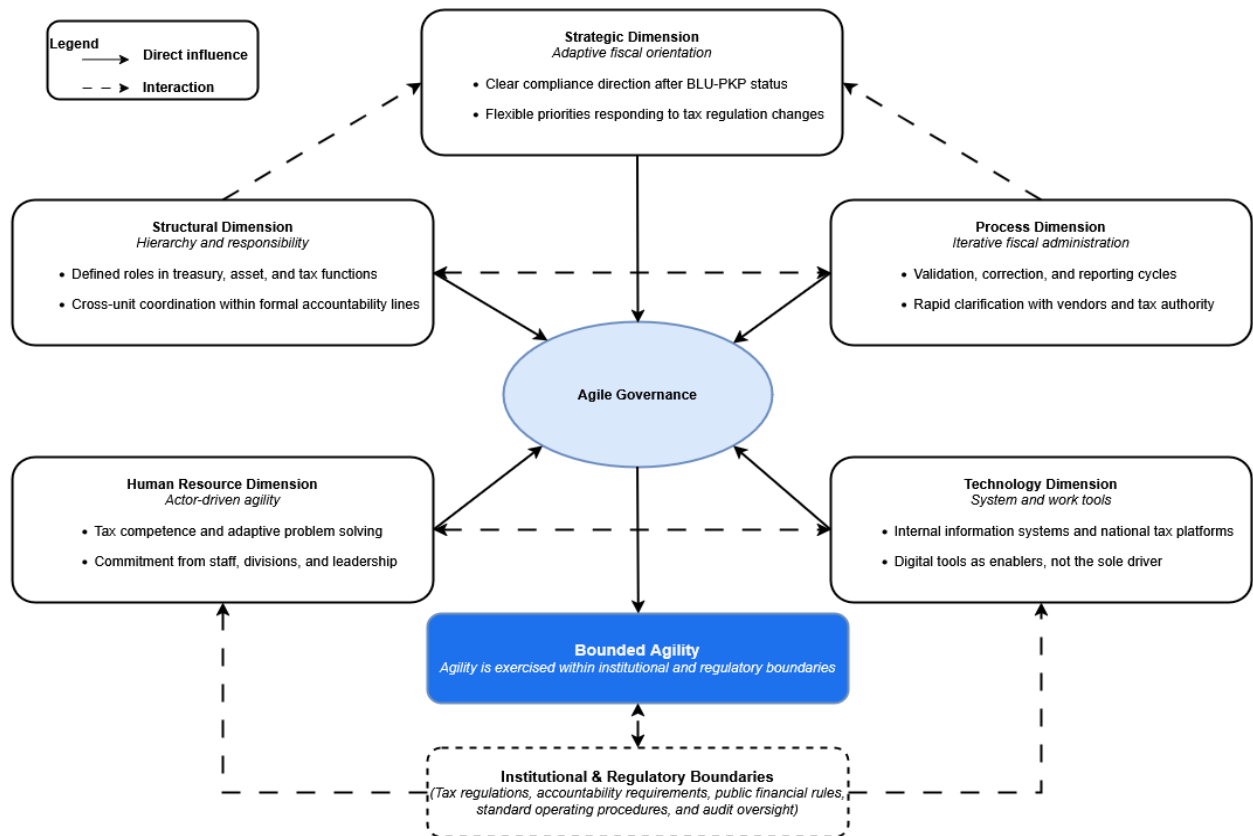


Figure 2. Conceptual Model of Bounded Agility in Hybrid Organization

LMAN's institutional capacity and agile response are formed through the interaction between the dimensions of strategy, structure, process, human resources, and technology within a governance system. Each dimension plays a complementary role in building organizational capacity to respond to dynamics in achieving agile governance. The interaction between these five dimensions produces *agile governance capacity*, which in turn contributes to the creation of adaptive fiscal governance (Aghina et al., 2017).

The resulting outcomes are not only regulatory compliance but also include increased administrative accuracy and the organization's ability to respond to change in a targeted manner. Organizational agile capacity is not formed linearly, but rather through multidimensional and mutually reinforcing relationships. These findings demonstrate that *agile governance* in the context of fiscal obligation management cannot be understood as the result of a single form of reform, such as digitalization or organizational structural changes. Rather, *agile governance* is the result of systemic interactions between various organizational dimensions that develop contextually in response to a highly regulated environment. This also confirms that the implementation of *agile governance* in the public sector is complex, gradual, and heavily influenced by both internal and external organizational dynamics.

The findings of this study indicate that the implementation of agile governance in the context of fiscal obligation management in public organizations does not fully follow the structural transformation pattern as widely discussed in previous literature. Instead, the results indicate that organizational adaptive capacity is formed more through flexible work processes, cross-unit coordination practices, and the active role of human resources in responding to regulatory dynamics. These findings reinforce and expand on previous studies that emphasize the importance of organizational flexibility in addressing policy changes (Handika et al., 2025; Jun & Lee, 2023; Mills et al., 2023; Olivo et al., 2025), but differ in their focus, specifically on highly regulated administrative functions such as tax duty.

Compared with previous research, most studies on agile governance in the public sector tend to focus on the context of service innovation, digital transformation, or environmental governance, where organizational flexibility is relatively more plentiful (Hegele & Stoll, 2024; Johannessen, 2025;

Mangoting et al., 2025; Negoro et al., 2026). In these contexts, agility is often associated with structural decentralization, intensive use of digital technology, and policy experimentation. However, this study's findings indicate that in highly regulated environments, such as those governing fiscal obligations, organizational flexibility becomes more limited. Organizations cannot freely undertake structural or procedural innovation without considering strict regulatory compliance. In this regard, this study fills a research gap by demonstrating that agile governance in public organizations is not universal but rather highly contextual and influenced by the characteristics of the organization's functions.

Furthermore, this study introduces the concept of bounded agility as a novelty in agile governance studies. This concept refers to a condition in which an organization maintains flexibility and responsiveness, yet remains within strict regulatory constraints. Unlike the concept of agility in the private sector or innovation context, which tends to emphasize freedom and experimentation, bounded agility places compliance as the primary boundary in the adaptation process. Thus, agility is not defined as complete freedom to innovate, but rather as the ability to adaptively navigate regulatory complexity without violating applicable provisions.

This study offers a unique contribution to the agile governance literature by introducing the concept of limited agility in the context of a hybrid public organization managing fiscal obligations. Previous studies on agile governance in the public sector have generally emphasized organizational flexibility through structural decentralization, digital transformation, service innovation, or collaborative governance mechanisms. In many of these studies, agility is often associated with greater organizational autonomy, rapid experimentation, and reduced bureaucratic rigidity. However, the findings of this study reveal a different institutional reality in a highly regulated administrative environment such as fiscal governance. In the case of LMAN, organizational flexibility does exist, but it continues to operate within strict legal, fiscal, and accountability constraints that cannot be ignored. Consequently, agility does not manifest as unlimited organizational freedom, but rather as the ability to strategically adapt within regulatory constraints. Therefore, the concept of limited agility is an important distinction from previous agile governance studies because it explains that public sector agility is highly contextual and institutionally limited. These findings extend existing agile governance theory by showing that organizational adaptability in public institutions is shaped not only by flexibility and innovation capacity, but also by the organization's ability to maintain compliance while responding adaptively to complex governance dynamics.

These findings also reinforce the perspective that agility in the public sector is actor-driven, with human resources playing a key role in shaping an organization's adaptive capacity (Cao et al., 2023; Janssen, 2022; Janssen & van der Voort, 2016; Suryawati et al., 2026; Susanti et al., 2023). In the context of LMAN, an individual's ability to understand regulations, communicate across actors, and make situational decisions are key determinants in maintaining the organization's operational continuity amidst complex fiscal obligations. This suggests that investing in strengthening human resource capacity is more crucial than simply structural change.

From a practical perspective, this research provides implications for policymakers and managers of public organizations, particularly those with dual institutional status, to place greater emphasis on strengthening work process flexibility, enhancing human resource competency, and developing adaptive coordination mechanisms. Furthermore, it is crucial for organizations to design governance systems that balance fiscal compliance demands with operational flexibility, ensuring optimal organizational performance in the face of evolving regulatory dynamics.

LIMITATION

This study has several limitations that need to be acknowledged. This research focused on the State Asset Management Agency (LMAN) as a single case study, so generalizability of the findings is necessary with similar research on other public organizations with similar institutional characteristics. Furthermore, this study was conducted solely using a purely qualitative method and did not quantitatively measure the impact of agile governance implementation on organizational performance. Combining quantitative approaches to measure the impact of institutional change and the effectiveness of agile governance could also provide a broader understanding and implications for the implementation of institutional strategies.

CONCLUSION

This study aims to analyze the institutional strategy of LMAN in managing fiscal obligations through an agile governance perspective. The findings demonstrate that LMAN's adaptive capacity is primarily shaped by flexible work processes, the active role of human resources, and continuous coordination across actors, rather than by structural transformation. This indicates that organizational responsiveness in highly regulated environments relies more on process adaptability and actor-driven practices. A key finding of this study is the emergence of *bounded agility*, which reflects a form of organizational adaptation that operates within strict regulatory constraints. While LMAN is able to respond flexibly to dynamic policy changes, such flexibility is inherently limited by the need to comply with complex fiscal regulations. This highlights that agility in public organizations is not absolute, but contextually constrained.

Theoretically, this study contributes to the development of agile governance by extending its application into the domain of highly regulated administrative functions. It demonstrates that agility in the public sector is not always driven by structural reform or technological transformation, but can emerge through contextual, process-based, and actor-centered practices under institutional constraints. In this regard, the concept of bounded agility introduced in this study offers a new perspective in the agile governance literature by explaining how public organizations maintain operational responsiveness and adaptability while remaining constrained by formal fiscal and institutional regulations.

Practically, the findings suggest that public organizations with dual institutional status should prioritize strengthening process flexibility, enhancing human resource competencies, and fostering adaptive coordination mechanisms. These elements are critical in maintaining a balance between regulatory compliance and operational effectiveness in managing fiscal obligations.

AUTHOR CONTRIBUTIONS

RPP contributed to the conceptualization of the study, research design, theoretical framework development, and final manuscript refinement. RAP contributed to data collection, interview coordination, observation, and documentation analysis. MIM contributed to data analysis using the interactive model of Miles, Huberman, and Saldaña, interpretation of findings, and discussion development. YRH contributed to literature review, manuscript drafting, reference management, and language editing.

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