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-RESEARCH ARTICLE-

HOW CONSUMER PACKAGED GOODS COMPANIES SUCCEED IN OMNICHANNEL RETAILING: MEDIATING AND MODERATING ROLE OF OPERATIONAL FLEXIBILITY AND MARKET DYNAMICS

Danang Cahyono*

Management Department, BINUS Business School Doctor of Research in Management, Bina Nusantara University, Jakarta, Indonesia 11480
ORCID: https://orcid.org/0000-0003-4810-539X
Email: danang.cahyono@binus.ac.id

Mts. Arief

Management Department, BINUS Business School Doctor of Research in Management, Bina Nusantara University, Jakarta, Indonesia 11480
ORCID: https://orcid.org/0009-0005-2305-7944
Email:marief@binus.edu

Asnan Furinto

Management Department, BINUS Business School Doctor of Research in Management, Bina Nusantara University, Jakarta, Indonesia 11480
ORCID: https://orcid.org/0000-0002-2950-9666
Email: afurinto@binus.edu

Vianny Utami Tjhin

Management Department, BINUS Business School Doctor of Research in Management, Bina Nusantara University, Jakarta, Indonesia 11480
ORCID: https://orcid.org/0000-0002-7320-9927
Email: vtjhin@binus.edu

—Abstract—

The present study investigates the impact of organisational agility, innovation capability, and the transformation of distribution strategy on business performance

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within Indonesia's Consumer Packaged Goods (CPG) sector. The companies included in this research operate within the context of omnichannel retailing. Employing the Structural Equation Modelling (SEM) technique (Kasemsap), the study gathered data from 175 respondents, comprising sales and marketing managers. The research further explores the mediating function of operational flexibility and examines the moderating effect of market dynamism on the relationships between the specified independent and dependent variables. Findings derived from the SEM analysis indicate that distribution strategy transformation, innovation capability, and market dynamism significantly influence business performance in the targeted industry. In contrast, the results do not support a statistically significant effect of organisational agility on business performance. Furthermore, the study confirms the notable moderating influence of market dynamism on the linkage between operational flexibility and performance outcomes. Additionally, operational flexibility is found to serve as a significant mediator between distribution strategy and business performance. Based on these findings, the study offers several practical discussions and policy-oriented recommendations.

Keywords: Organizational Agility, Innovation Capability, Distribution Strategy Transformation, Operational Flexibility, Market Dynamism, Business Performance.

INTRODUCTION

In the current global context, the rapid pace of digital transformation has significantly reshaped the operations of CPG companies worldwide (Shakil, 2023). A key development within this evolution is the rise of omnichannel retailing, which integrates both digital and physical shopping experiences, thereby presenting a mix of opportunities and challenges for firms striving to maintain a competitive advantage(Asmare & Zewdie, 2022; Gerea et al., 2021). In response, organisations are increasingly required to adapt to swiftly changing market dynamics, shifting consumer expectations, and ongoing technological advancements in order to remain viable. Although prior research has predominantly centred on the performance of businesses operating within either traditional retail settings or e-commerce domains, there remains a substantial gap in the literature concerning the success strategies of CPG firms functioning in omnichannel environments, particularly in the Indonesian context. Indonesia's retail sector has undergone a notable transformation in recent years, fuelled by broader internet accessibility, the proliferation of mobile commerce, and evolving consumer habits. Given that Indonesia constitutes one of Southeast Asia's largest economies and a vital market for CPG enterprises, understanding this transition is of particular relevance.

Nevertheless, the transition to an omnichannel framework entails distinct challenges, including the seamless integration of supply chains, the deployment of emerging

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technologies, and the enhancement of customer experience. Despite their significance, these elements have not been sufficiently examined in empirical studies assessing their influence on organisational performance. This study seeks to address this research void by assessing the effects of organisational agility, innovation capability, and the reconfiguration of distribution strategies on business success within Indonesia's omnichannel retail sector. Motivated by the growing necessity for CPG firms to refine their strategic competencies in navigating increasingly competitive markets, this research underscores the importance of adaptability, innovation promotion, and robust distribution infrastructures as drivers of sustainable success (de Oliveira Teixeira & Werther Jr, 2013; Jaboob et al., 2024). While existing literature has highlighted the relevance of agility and innovation to business outcomes, the interplay between these dimensions and changes in distribution strategy within an omnichannel framework has yet to be comprehensively investigated from both theoretical and empirical perspectives. Additionally, the roles of operational flexibility as a mediating variable and market dynamism as a moderating factor within these relationships have remained largely unexplored. This study therefore extends the existing body of knowledge by offering the following contributions:

1. Theoretical Contribution: To the best of the researchers' knowledge, this study enhances the scholarly discourse within strategic management and omnichannel retailing by integrating organisational agility, innovation capability, and distribution strategy transformation into a unified conceptual model, thereby contributing meaningfully to theory development.
2. Empirical Contribution: Based on a survey of 175 sales and marketing managers in Indonesia, this research provides empirical insights into the relationships among the studied variables and their effects on business performance in the omnichannel context.
3. Managerial Contribution: The findings yield practical implications by presenting actionable strategies for firms aiming to enhance their strategic agility, strengthen operational flexibility, and achieve long-term performance in a dynamic retail environment.

In alignment with these contributions, the objectives of the study are as follows:

a. To assess the influence of organisational agility on business performance in omnichannel retailing.
b. To determine the effect of innovation capability on performance outcomes.
c. To evaluate the role of distribution strategy transformation in driving business results.
d. To investigate whether operational flexibility mediates the relationships between agility, innovation, and distribution strategy transformation and business performance.

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e. To explore the moderating impact of market dynamism on the association between operational flexibility and business performance.

THEORITICAL REVIEW

Organizational Agility

Organisational agility refers to a firm's ability to adapt swiftly and effectively to external disruptions, representing a critical component of strategic management, particularly within volatile and uncertain market environments (Kumkale, 2022). The Dynamic Capabilities Framework provides a theoretical foundation for understanding the role of agility in enhancing corporate performance, highlighting the need to develop, integrate, and reconfigure both internal and external resources to navigate dynamic contexts (Roberts & Grover, 2012). This capability enables firms to anticipate market changes, reduce response time, and capitalise on emerging opportunities (Jaafar et al., 2025). In the context of the CPG industry, where consumer preferences evolve rapidly, the presence or absence of agility may determine a firm's ability to succeed or fail. Organisational agility encompasses a range of interrelated attributes that collectively enhance a firm's responsiveness, innovative capacity, and ability to sustain competitive advantage in turbulent settings.

Strategic agility, as a subset of organisational agility, reflects the organisation's capacity to revise strategies and make rapid decisions in response to shifting market conditions (Weber & Tarba, 2014). It involves systems and practices that foster responsiveness and flexibility, thereby enabling firms to detect and exploit breakthrough opportunities. In contrast, operational agility centres on the efficiency of internal processes, ensuring that workflows remain adaptable and that resources can be reassigned promptly to address changing demands. Another essential dimension is cultural agility, which underscores the cultivation of an organisational culture that promotes adaptability, continuous learning, and innovation (Goncalves et al., 2020). It entails empowering employees to participate in strategic decision-making. Leadership agility, on the other hand, focuses on the ability of leaders to inspire, guide, and manage organisational change. This form of leadership seeks to ensure team cohesion and resilience during transformation processes (Joiner, 2019). Collectively, these facets form a comprehensive framework for assessing and strengthening agility within organisations.

The measurement of organisational agility can be facilitated through several key indicators. A fundamental metric is responsiveness, which denotes the speed at which an organisation can respond to market shifts and evolving customer preferences (Nafei, 2016). High responsiveness enables firms to adapt quickly and leverage new opportunities. Another significant indicator is innovation capability, reflecting the firm's ability to generate and implement novel solutions or products that address changing consumer needs. Process flexibility is also vital, as it involves the firm's

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capacity to reconfigure its internal operations to maintain alignment with market demands. Employee empowerment contributes meaningfully to agility by affording individuals the authority to make decisions and act proactively. Furthermore, a strong learning orientation ensures continuous organisational development through knowledge-sharing and skill enhancement initiatives. Together, these indicators offer valuable insight into an organisation's ability to perform and compete effectively in today's dynamic business environment.

Innovation Capability

Innovation capability plays a pivotal role in shaping an organisation's performance trajectory, particularly within highly competitive sectors such as CPG. Drawing upon the Resource-Based View (RBV) framework (Barney, 1991), innovation capability can be defined as a firm's capacity to develop novel products, services, or processes that generate added value and afford a competitive advantage. In industries characterised by intense rivalry, this capability becomes crucial for differentiation and market leadership. Firms with robust innovation capabilities are typically more adept at harnessing emerging technologies and adapting to consumer behaviour trends than those with limited technological integration, ultimately leading to enhanced business performance. In the area of distribution, innovation capability facilitates the development of strategies that align more closely with customer expectations and preferences (Mao et al., 2020).

Furthermore, innovation capability constitutes a central determinant of organisational competitiveness by enabling the generation of value through original ideas and improved offerings. This capability comprises several interrelated dimensions that illustrate a firm's capacity for innovation. Product innovation capability refers to the development of new products designed to address evolving consumer demands. Process innovation capability, on the other hand, is concerned with the enhancement of internal operational procedures to improve efficiency and productivity. Market innovation encompasses a firm's responsiveness to emerging market trends and changing consumer behaviours. Lastly, technological capability underpins the effective use of advanced technologies and knowledge management systems, which are critical for sustaining innovation and maintaining a strategic edge over competitors (Iddris, 2016; Vicente et al., 2015).

Distribution Strategy Transformation

In the current omnichannel retail context, the transformation of distribution strategies has become increasingly critical, as consumers now anticipate consistent and seamless experiences across both online and offline platforms. This transformation entails the integration of multiple distribution channels to establish a cohesive and unified network. Companies that effectively revise and align their distribution strategies are more likely to enhance customer satisfaction and operational efficiency (Maina, 2017). However,

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achieving such adaptability necessitates a degree of operational flexibility, where firms are capable of modifying their production and distribution capacities in response to fluctuations in consumer demand. Therefore, synchronising distribution practices with technological innovations and shifting consumer behaviours is essential for sustaining efficiency and delivering a satisfactory customer experience (Nweje & Taiwo, 2025). An integral aspect of a contemporary distribution strategy is channel integration, which involves harmonising physical and digital retail interfaces to maintain a consistent consumer journey (Johnson, 1999). This alignment ensures uniformity across various points of customer interaction, thereby enhancing overall service quality (Darvidou, 2024).

Business Performance

Business performance reflects how effectively an organisation fulfils its strategic objectives, evaluated through a combination of financial and non-financial indicators (Bogićević et al., 2016). Financial metrics, including revenue generation, profit margins, and net income, offer a measurable and quantitative view of a firm's economic outcomes (Thacker et al., 2020). In contrast, non-financial indicators—such as levels of customer satisfaction, product quality, and innovation—capture qualitative aspects of performance that, although not directly monetary, are crucial for long-term sustainability. When considered collectively, these measures provide a comprehensive perspective on organisational growth and achievement within a defined timeframe. A review of previous literature indicates that multiple variables influence business performance outcomes (Nimlaor et al., 2014). For instance, enhanced operational efficiency can improve productivity while simultaneously reducing operational costs. In parallel, continuous innovation enables firms to respond to changing consumer needs, thereby strengthening their competitive position. To sustain a competitive advantage, firms must routinely monitor and refine their performance indicators to ensure strategic flexibility and responsiveness to market changes. Table 1 outlines the primary dimensions and key indicators associated with business performance.

Table 1: Business Performance Indicator

Dimensions	Indicator
Financial Performance	Revenue Growth Profitability (Net Profit Margin) Return on Investment (ROI)
Operational Efficiency	Cost Management Efficiency Productivity Improvement
Market Performance	Market Share Expansion Customer Acquisition and Retention Rates
Innovation and Adaptability	Rate of New Product Introduction Organizational Flexibility and Responsiveness

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Operational Flexibility

According to existing literature, operational flexibility refers to an organisation's capacity to swiftly and effectively modify its operations in response to dynamic market or environmental conditions (Yu et al., 2015). This adaptability is critical for sustaining competitiveness and addressing the evolving needs of consumers. Operational flexibility encompasses several essential elements, including the modification of production systems, strategic reallocation of resources, and the restructuring of organisational frameworks to align with external demands. Scholarly studies indicate that this concept extends across multiple academic disciplines, reflecting its broad applicability and significance (Yu et al., 2015). The integration of advanced technological capabilities has further enabled firms to optimise operations and enhance responsiveness. Moreover, cultivating a culture centred on continuous improvement and empowering employees to act decisively contributes significantly to organisational agility. In this context, strategic flexibility emerges as a crucial organisational asset, supporting the maintenance of stable performance under changing conditions (Grewal & Tansuhaj, 2001). Table 2 outlines the principal dimensions and corresponding indicators associated with operational flexibility.

Table 2: Operational Flexibility Indicator

Dimensions	Indicator
Production Flexibility	Ability to Adjust Production Processes Capacity for Quick Reconfiguration
Resource Allocation	Dynamic Resource Management Efficient Use of Resources
Process Innovation	Implementation of Lean Practices Adoption of Agile Methodologies
Workforce Adaptability	Employee Training and Development Empowerment and Autonomy Adaptation needs

Market Dynamism

A dynamic market is typically characterised by a high rate of firm entry and exit, reflecting the volatility and competitiveness of the environment (Rumelt, 1984). Additionally, frequent changes in pricing, which influence supply and demand patterns, can substantially impact a firm's profitability and, in extreme cases, its survival. Scholars such as Wang and Ahmed (2007) distinguish between static and dynamic market environments. Static markets tend to revolve around price-based competition, whereas dynamic markets are more strongly influenced by technological innovation and the introduction of novel products. In such dynamic contexts, firms compete not only on cost but also through continuous innovation and differentiation of offerings. An important aspect of strategic competitiveness lies in preventing the accumulation or

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misuse of excessive market power, which could distort market fairness and harm both consumer interests and rival firms' performance (Motta, 2004). Competitive policies, as described by Motta (2004), are thus designed to monitor and mitigate high levels of market concentration that may threaten overall market health and consumer well-being. In response to intense market rivalry, innovation serves as a key mechanism for corporate resilience. Companies seeking growth and long-term viability must develop and deliver distinctive products or services that capture consumer interest. The extent to which competitors are attentive to market developments often dictates the urgency for innovation (Ireland & Webb, 2007). Furthermore, Tidd et al. (2005) assert that innovation is fundamental for sustaining a competitive edge, as it enables firms to distinguish themselves and secure their market position.

RESEARCH FRAMEWORK

The conceptual framework of this study is grounded in the theoretical underpinnings of the Dynamic Capabilities Framework Teece (2023) and the RBV (Barney, 1991). These foundational theories offer robust justification for emphasising the significance of agility, innovation, and strategic transformation in securing a competitive advantage. Both frameworks provide a systematic lens through which to analyse how firms deploy their internal resources and capabilities to respond effectively to dynamic market environments, particularly within the omnichannel retail context, with the aim of enhancing business performance. Specifically, the study focuses on organisational agility, innovation capability, and distribution strategy transformation as the primary explanatory variables influencing the performance of CPG companies in Indonesia. Furthermore, the framework integrates the mediating role of operational flexibility and the moderating influence of market dynamism in shaping the interactions between the identified independent and dependent variables. Figure 1 illustrates the proposed research framework, outlining the direct and indirect relationships among these constructs.

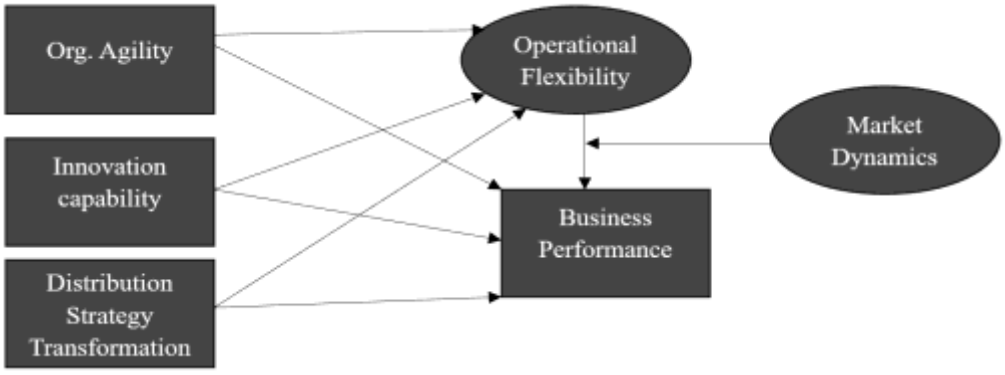

Figure 1: Research Model
Source: Author Research (2024)

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Drawing upon the existing literature, the proposed research model incorporates seven hypotheses that will be empirically tested as outlined below:

H1: *There is a significant impact of organizational agility on business performance.*
H2: *There is a significant impact of innovation capability on business performance*.
H3: *There is a significant impact of distribution strategy transformation on business performance.*
H4: *Operational flexibility mediates the relationship between organizational agility and business performance.*
H5: *Operational flexibility mediates the relationship between innovation capability and business performance.*
H6: *Operational flexibility mediates the relationship between distribution strategy transformation and business performance.*
H7: *Market dynamism moderates the relationship between operational flexibility and business performance*.

RESEARCH METHODS

This study adopted a quantitative research approach to evaluate the proposed hypotheses by collecting numerical data through a structured survey questionnaire. A total of 175 sales and marketing managers from various regions across Indonesia participated in the survey, which was conducted over a six-month period during the first half of 2024. The collected data were subsequently analysed using Structural Equation Modelling (Kasemsap, 2016) through the application of Smart PLS software.

Outer Model Analysis

To verify the precision and consistency of the measurement instruments employed in the study, a series of validity and reliability assessments were conducted. These evaluations are outlined as follows:

a) **Convergent Validity:** This refers to the degree to which individual item scores are correlated with the underlying construct, typically assessed through standardised factor loadings.
b) **Discriminant Validity:** This is determined by examining the reflective measurement model, particularly the cross-loadings between constructs. Discriminant validity ensures that the constructs within the model are sufficiently distinct from one another.
c) **Composite Reliability:** This measure evaluates the internal consistency of a construct, based on latent variable loadings. A value exceeding 0.70 is indicative of acceptable reliability.
d) **Cronbach's Alpha:** Used to complement composite reliability, this metric determines the reliability of each construct. A Cronbach's alpha coefficient above

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0.70 signifies that the construct demonstrates strong internal consistency. Table 3 presents the results of the instrument testing and the statistical tests applied.

Table 3: Instrument Testing

Instrument Test	Test Used
Validity Test	Convergent Validity
	AVE
Reliability Test	Cronbach Alpha
	Composite Reliability

R Square Test

The R-square value of the dependent construct is utilised to assess the extent to which the independent variables influence the latent dependent variable, thereby indicating the strength of the predictive relationship.

Inner Model Analysis

Inner Model Analysis (Structural Model Analysis) assesses causal relationships among variables using Smart PLS. Hypotheses are tested based on t-statistics and p-values, with significance at the 5% level ($t > 1.96$). Beta coefficients indicate relationship direction, and hypotheses are accepted if p-values are statistically significant.

RESEARCH RESULTS

The findings of this study were derived through SEM using SmartPLS 4.0, following the approach outlined by Kasemsap. The analysis was carried out in two primary stages: the evaluation of the measurement model and the assessment of the structural model. The interpretation of results is supported by relevant tables and figures to provide a comprehensive understanding of the outcomes.

Outer Model

This study assessed the outer model using four key indicators: Convergent Validity, Discriminant Validity, Composite Reliability, and Cronbach's Alpha, ensuring the reliability and robustness of the model's constructs. The Figure 2 illustrates the theoretical framework of the present research in a more structured manner. As depicted in Figure 2, the outer loading results for the reflective indicators demonstrate that most measurement items satisfy the required threshold, with outer loading values surpassing 0.70. These indicators are therefore considered appropriate for use in measuring the associated constructs. Nevertheless, a small number of indicators displayed loading values below 0.50 and were consequently removed from the model. Specifically, the items inc3 and inc4 were excluded due to their insufficient contribution. Following this

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refinement, an updated model is presented in Figure 3.

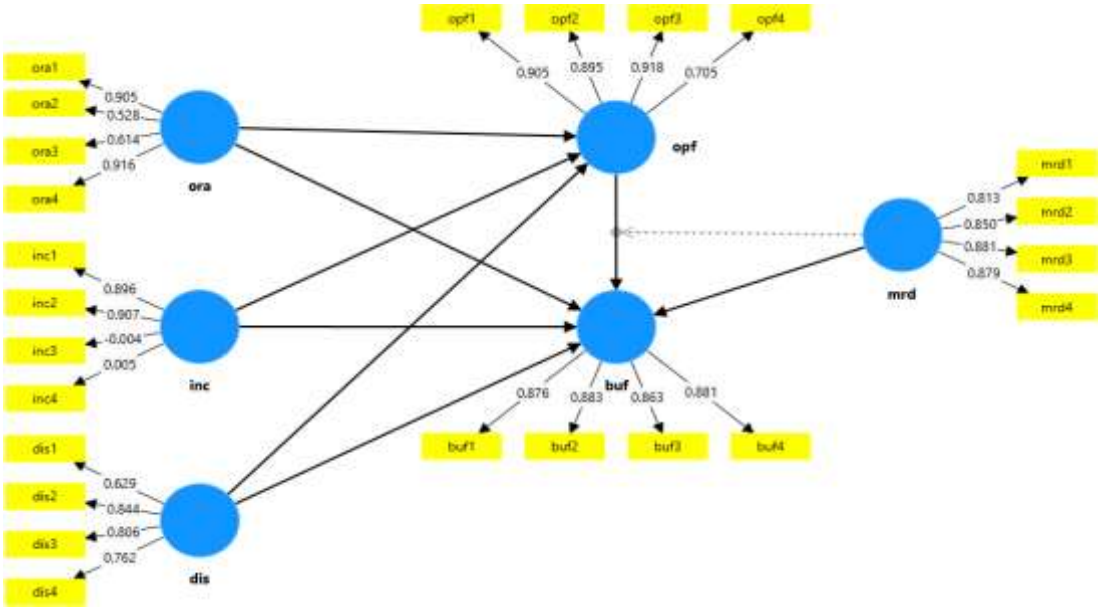

Figure 2: Outer Model
Source: Processed Primary Data (2024)
Note: BUF: Business Performance, DIS: Distribution Strategy, INC: Innovation Capability, MRD: Market Dynamics, OPF: Operational Performance, ORA: Organizational Agility.

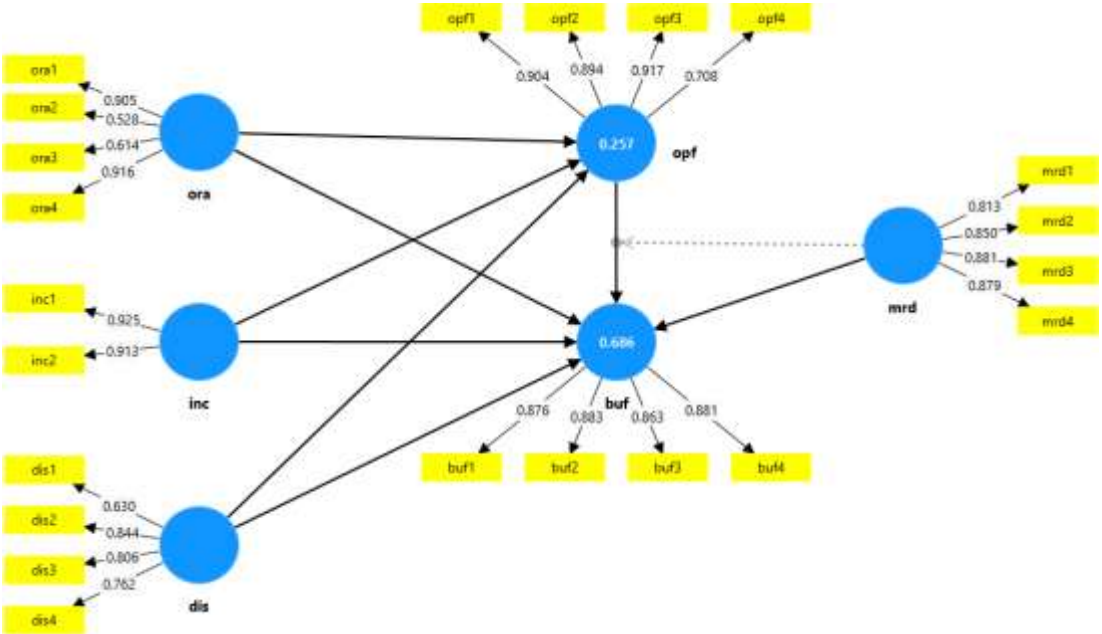

Figure 3: Outer Model with Loadings (Updated)
Source: Smart PLS

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Table 4 confirms the reliability and convergent validity of the constructs. All reliability indicators—Cronbach's alpha, composite reliability (rho_a), and rho_c—exceeded the 0.70 threshold, indicating strong internal consistency. AVE values were above 0.50 for all constructs, supporting convergent validity. Figure 4 displays the Cronbach's alpha values.

Table 4: Reliability and Validity Output

	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (Raoof et al.)
BUF	0.899	0.899	0.929	0.767
DIS	0.771	0.762	0.848	0.585
INC	0.816	0.819	0.916	0.845
MRD	0.879	0.888	0.916	0.733
OPF	0.879	0.876	0.918	0.740
ORA	0.733	0.798	0.839	0.578

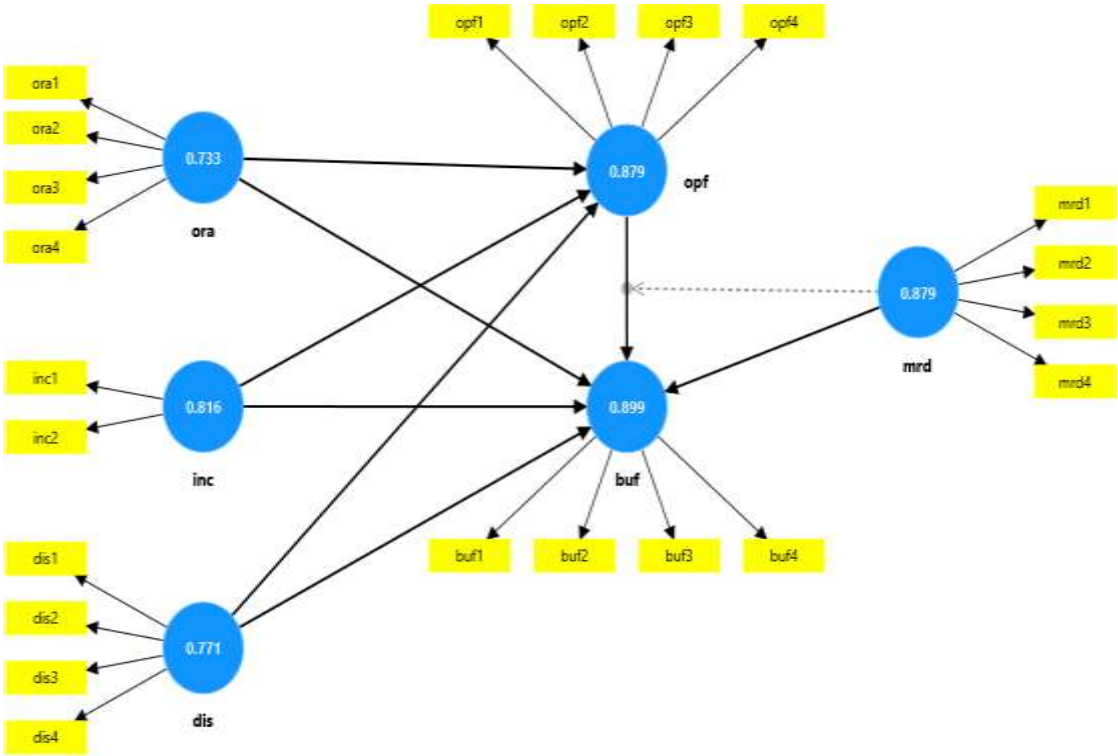

Figure 4: Outer Model with Cronbach Alpha Values
Source: Smart PLS

Discriminant validity was assessed using the HTMT ratio (Table 5), with all values below 0.90, confirming that the constructs are sufficiently distinct.

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Table 5: Discriminant Validity: HTMT Ratio

Variables	BUF	DIS	INC	MRD	OPF	ORA
BUF						
DIS	0.362					
INC	0.230	0.159				
MRD	0.819	0.246	0.117			
OPF	0.808	0.530	0.363	0.628		
ORA	0.327	0.105	0.022	0.251	0.432	

Structural Model Output

The outcomes presented in Table 6 illustrate the direct relationships among the examined variables. Specifically, the individual influence of each independent variable on organisational performance is detailed as follows:

DIS → BUF: The initial path outlines the influence of DIS on BUF, showing a direct effect coefficient of 0.706. This indicates a strong and positive association, suggesting that advancements in distribution strategies substantially enhance business performance within Indonesia's Consumer Packaged Goods sector. The relationship is highly significant statistically, as reflected by a t-statistic of 4.484 and a p-value of 0.000, thus confirming its acceptance at the 1% level of significance.

INC → BUF: The second explanatory variable, INC, demonstrates a positive impact on BUF, with a coefficient value of 0.262. This implies that improvements in innovation capability are positively associated with enhanced business performance. The statistical results, comprising a t-statistic of 5.435 and a p-value of 0.000, affirm the significance of this relationship and support the acceptance of the corresponding alternative hypothesis.

ORA → BUF: The influence of ORA on BUF is minimal, with a coefficient of just 0.034. In contrast to the other relationships, the t-statistic is 0.405, accompanied by a relatively high p-value of 0.685. These figures indicate that the relationship lacks statistical significance, even at the 5% level, suggesting that organisational agility does not significantly affect business performance in the examined context.

MRD → BUF: MRD demonstrates a notable positive effect on BUF, with a path coefficient of 0.504. This signifies that dynamic market conditions, characterised by frequent changes and uncertainties, contribute significantly to improved business performance. The strength and significance of this relationship are confirmed by a high t-statistic of 7.872 and a p-value of 0.000.

MRD × OPF → BUF: The moderating effect of MRD on the OPF–BUF relationship is positive, with a coefficient of 0.163. This indicates that greater market dynamism

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strengthens the positive influence of operational flexibility on business performance. The effect is statistically significant (t = 5.157, p = 0.000), confirming the moderating role as shown in Table 6.

Table 6: Direct and Moderating Results

Direction	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
DIS -> BUF	0.706	4.484	0.000
INC -> BUF	0.262	5.435	0.000
MRD -> BUF	0.504	7.872	0.000
ORA -> BUF	0.034	0.405	0.685
MRD X OPF -> BUF	0.163	5.157	0.000

Mediation Analysis

For mediation analysis, three paths were tested with Operational Flexibility as a mediator. The outcomes are summarised in Table 7.

ORA → OPF → BUF: The indirect relationship between ORA and BUF, mediated by OPF, is weak and statistically insignificant, with a coefficient of -0.009. The t-statistic is merely 0.151 and the p-value is 0.88, both of which fall short of acceptable significance thresholds. This implies that ORA does not exert a meaningful indirect influence on BUF through OPF, indicating no significant mediating effect within this pathway.

DIS → OPF → BUF: The indirect effect of DIS on BUF through OPF is 0.332, with a t-statistic of 3.52 and a p-value of 0.000. These results indicate a statistically significant mediation at the 1% level, confirming OPF's key role in strengthening the impact of DIS on business performance.

INC → OPF → BUF: The mediation effect of OPF between INC and BUF shows a coefficient of -0.123, with a t-statistic of 1.406 and a p-value of 0.16. As these values are not statistically significant, INC does not exert a significant indirect effect on BUF through OPF.

Table 7: Mediation Analysis

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
ORA -> OPF -> BUF	-0.009	0.151	0.880
DIS -> OPF -> BUF	0.332	3.52	0.000
INC -> OPF -> BUF	-0.123	1.406	0.160

DISCUSSION

The findings of this study highlight the pivotal roles of organisational agility and

innovation capability in improving business performance within the context of omnichannel retailing. The significant positive effects associated with these constructs provide a robust basis for formulating strategic initiatives and operational plans aimed at navigating increasingly dynamic market conditions. Agility enables firms to adapt swiftly to evolving customer preferences, while innovation supports the introduction of novel offerings and strengthens competitive positioning. The results also indicate that transforming distribution strategies, in isolation, does not suffice to enhance business outcomes. Instead, a synergistic approach is required, wherein distribution strategies are aligned with operational flexibility to achieve substantive improvements in performance. The absence of a significant mediating effect for operational flexibility in some pathways further suggests that firms cannot depend solely on strategic reconfigurations; internal processes must also exhibit adaptability and responsiveness.

These findings are further corroborated by the mediation analysis, which demonstrates that operational flexibility is instrumental in translating strategic capabilities, such as agility and innovation, into measurable performance gains. Flexible operations serve as a critical enabler, allowing organisations to operationalise their strategic intent effectively. Additionally, the study reveals that market dynamism moderates the link between operational flexibility and business performance, underscoring the influential role of external environmental conditions in shaping the impact of internal capabilities. This suggests that firms operating in volatile markets can derive enhanced value from ensuring their operational systems are adaptable.

Collectively, this research offers a valuable contribution by integrating organisational agility, innovation capability, and distribution strategy transformation within a cohesive framework that emphasises the mediating function of operational flexibility. From a practical standpoint, it advises managers to prioritise investments in agility and innovation while concurrently cultivating flexible operational infrastructures. Future studies could extend this work by investigating the interplay between technological developments, digital transformation efforts, and these strategic constructs, thereby offering deeper insights into how emerging technologies influence firm performance in the omnichannel retail landscape.

CONCLUSION

This research makes significant theoretical contributions by extending the Dynamic Capabilities Framework to incorporate operational flexibility as a mediating construct, thereby challenging the notion that distribution strategy transformation universally enhances performance. It also sheds light on the nuanced role of market dynamism as a moderating factor in the relationship between operational flexibility and business performance, indicating that firms operating in highly dynamic environments may need to embed adaptability directly within their strategic approaches. These insights

contribute to the broader discourse on dynamic capabilities and strategic management by delineating the specific conditions under which agility, innovation, and distribution-related strategies foster organisational success. Additionally, the context-specific evidence drawn from the Indonesian CPG sector provides meaningful implications for understanding how emerging markets influence the applicability and effectiveness of these constructs.

Nevertheless, the study identifies areas warranting further investigation. Future research could explore the contextual variables that shape the success of distribution strategy transformation, including industry characteristics, technological maturity, and shifting consumer behaviours. Longitudinal studies may offer deeper understanding of how the interrelations among agility, innovation, and performance evolve over time. Moreover, expanding the scope to other sectors and geographical regions would help assess the generalisability of the findings. Employing qualitative approaches, such as case studies or interviews, may also provide richer insights into the mechanisms underpinning the observed effects, particularly where results were statistically non-significant. Further incorporation of variables such as organisational culture, leadership orientation, and technology adoption may reveal additional pathways to bolster adaptability and competitive advantage in turbulent market settings.

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