

From Ownership to Agility: How Psychological Ownership Drives Organizational Performance in a Labor-Intensive Tobacco Manufacturer

Yudhi Anggoro*, Khalilah Daud Isaac Makhmut, Sarlotha Selan

Universitas (UK) CIPTA WACANA Malang, Indonesia

*Corresponding author. Email: ihduy2000@gmail.com

ABSTRACT

This study examines the effect of psychological ownership on organizational performance with organizational agility as a mediating variable at PT CGC, a labor-intensive tobacco manufacturer in Malang Regency. The study is grounded in Dynamic Capability Theory, which explains how organizations improve performance by sensing changes, seizing opportunities, and reconfiguring resources adaptively. A quantitative approach was used, involving 60 milling apprentice employees selected from a population of 150 using simple random sampling. Data were collected through questionnaires and analyzed using SmartPLS 3.2.9. The results show that psychological ownership has a positive and significant effect on organizational performance and organizational agility. Organizational agility also has a positive and significant effect on organizational performance and mediates the relationship between psychological ownership and organizational performance. These findings indicate that employees' sense of ownership can strengthen organizational responsiveness, flexibility, and adaptability, which ultimately improves organizational performance. This study contributes to organizational behavior literature by highlighting organizational agility as a key mechanism linking psychological ownership to organizational performance in a labor-intensive manufacturing context.

Keywords: *Psychological Ownership, Organizational Agility, Organizational Performance*

1. INTRODUCTION

The manufacturing industry faces increasing competitive pressure to maintain quality, efficiency, adaptability, and workforce stability simultaneously. Organizational agility contributes to performance improvement because agile organizations can move quickly, flexibly, and responsively in dynamic business environments (Nguyen et al., 2025). In this context, employee behavior becomes strategic, as organizational performance depends not only on machines, capital, and production systems, but also on employees' engagement, responsibility, and commitment to sustaining work processes (Alviani et al., 2024). Psychological ownership is therefore relevant because employees' sense of belonging influences their attitudes, behaviors, and contributions to organizational success (H. Kim et al., 2024).

The cigarette industry in Malang Regency highlights the importance of labor-based organizational performance, as the hand-rolled kretek cigarette sector remains labor-intensive and absorbs many rolling workers (Badan Pusat Statistik Kabupaten Malang, 2026; TIMES Indonesia, 2025). PT CGC, located in Kendalpayak, Pakisaji, Malang Regency, was selected because it operates in a labor-intensive cigarette industry that relies on employee involvement, production accuracy, quality consistency, and target achievement. The company produces hand-rolled and machine-made kretek cigarettes marketed inside and outside Java, making organizational performance closely linked to production continuity, product quality, and workforce management (Malang Times, 2024). This context is relevant because PT CGC applies daily production targets for milling interns. At the same time, workers show varying abilities to meet company standards, making organizational behavior an important issue for further study.

Dynamic Capability Theory underpins this study because it explains how organizations sustain and improve performance by sensing environmental changes, seizing opportunities, and reconfiguring resources and work processes adaptively (Teece, 2007; Teece et al., 1997). In labor-intensive manufacturing, organizational performance depends not only on labor and production resources but also on the ability to maintain efficiency, quality, and responsiveness to changing production needs. In this context, organizational agility reflects a dynamic capability through speed, flexibility, and readiness to face operational and competitive changes (Nguyen et al., 2025; Vaszun & Sziráki, 2023).

Psychological ownership refers to employees' sense of belonging, responsibility, concern for targets, pride, and willingness to maintain work outcomes, which can encourage quality improvement, problem-solving, and support for organizational change (M. Kim & Beehr, 2023; Pierce et al., 2001). (Therefore, this study positions organizational agility as a mediating mechanism through which psychological ownership is transformed into more adaptive and effective organizational performance, including financial and non-financial achievements such as productivity, efficiency, effectiveness, profitability, and sustainability (Awais et al., 2023; Hao et al., 2024).

Previous research still places a lot of performance at the individual level, such as task performance, innovative work behavior, and organizational citizenship behavior, so the discussion of organizational performance as a collective result still needs further development (Dahlawi et al., 2025; T.-Y. Kim et al., 2026; Li & Rasiah, 2025). Research on organizational agility also shows that organizational agility contributes to performance, but still leaves room for development related to theoretical background, research design, and research context in certain sectors (Nguyen et al., 2025). This gap is becoming increasingly relevant because the context of labor-intensive cigarette companies requires integration between employee ownership, work process agility, and organizational achievements, not just individual performance improvement or technology adoption.

The novelty of this study lies in positioning psychological ownership as an organizational behavior approach that explains employees' sense of belonging, accountability, identity, and psychological responsibility beyond material or transactional factors (Rapti et al., 2024). This focus is relevant because recent studies still tend to examine psychological ownership at the level of work attitudes, engagement, and individual task performance, leaving its collective impact on organizational performance underexplored (Dahlawi et al., 2025). This study also offers novelty by placing organizational agility as a mediating variable that explains how employees' sense of ownership can shape organizational responsiveness and lead to better performance. The context of PT CGC adds practical relevance because labor-intensive cigarette manufacturers require responsible employees, adaptive work processes, and consistent achievement of quality and production targets. Thus, the relationship between psychological ownership, organizational agility, and organizational performance remains important to examine in labor-intensive manufacturing settings (Pierce et al., 2026).

This research intends to build a new understanding of how employee ownership of an organization can contribute to organizational performance in labor-intensive manufacturing companies. This research is also directed to analyze the influence of psychological ownership on organizational performance at PT CGC, analyze the influence of psychological ownership on organizational agility, analyze the influence of organizational agility on organizational performance, and analyze the role of organizational agility in mediating the influence of psychological ownership on organizational performance.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Dynamic Capability Theory explains an organization's ability to sense changes, seize opportunities, and reconfigure resources to maintain performance in a changing environment. This theory is relevant because dynamic capabilities support operational capabilities and organizational agility, enabling labor-intensive firms to adapt work processes and remain competitive (Al Jabri et al., 2024; Yi et al., 2023). Psychological ownership refers to employees' sense of ownership toward the organization, work, or work outcomes, which creates responsibility, care, and commitment to organizational success. This concept helps explain how employees' sense of ownership shapes work behavior, job crafting, and knowledge management in organizations (Liu et al., 2025; Zhang et al., 2025). Organizational agility is the organization's ability to respond quickly, adjust work processes, and coordinate resources effectively in the face of environmental pressures. It is important for maintaining competitiveness and improving firm performance, especially when supported by suitable organizational capabilities (Atienza-Barba et al., 2024; Bekos et al., 2025). Organizational performance refers to an organization's ability to achieve goals through effectiveness, efficiency, productivity, quality, stability, and competitiveness. In manufacturing, organizational performance is closely linked to quality culture and quality management because both support internal efficiency and long-term sustainability (Chourasia & Bahuguna, 2025; Navarro & Naranjo, 2025).

3. RESEARCH HYPOTHESIS

Psychological ownership can improve organizational performance because employees with a strong sense of ownership tend to be more responsible, care about work quality, and contribute to organizational success. Previous studies show that psychological ownership supports intrapreneurial behavior, task performance, job performance, and positive work behavior (Dahlawi et al., 2025; Liu et al., 2025; Nguyen et al., 2025).

H1: Psychological ownership has a positive effect on organizational performance.

Psychological ownership can also encourage organizational agility because employees who feel ownership are more willing to adapt, share knowledge, and participate in improving work processes. Prior studies show that psychological ownership influences knowledge behavior and job crafting, while organizational agility develops when organizations build operational capabilities that respond to change (Liu et al., 2025; Yi et al., 2023; Zhang et al., 2025)

H2: Psychological ownership has a positive effect on organizational agility.

Organizational agility can improve organizational performance because agile organizations are better able to adjust strategies, improve processes, respond to market pressures, and maintain operational effectiveness. Previous research shows that organizational agility and strategic agility contribute to firm performance and competitiveness in dynamic environments (Alkandi & Helmi, 2024; Atienza-Barba et al., 2024; Bekos et al., 2025).

H3: Organizational agility has a positive effect on organizational performance.

Organizational agility can mediate the relationship between psychological ownership and organizational performance because employees' sense of ownership needs to be transformed into fast, flexible, and adaptive organizational processes. Prior studies show that psychological ownership affects performance through behavioral mechanisms, while dynamic capabilities and organizational agility bridge internal resources with organizational outcomes (Al Jabri et al., 2024; Bekos et al., 2025; Dahlawi et al., 2025)

H4: Organizational agility mediates the influence of psychological ownership on organizational performance.

4. RESEARCH METHODS

This study uses three main variables, namely psychological ownership, organizational agility, and organizational performance. The selection of these three variables is based on the need to explain how the sense of belonging of employees towards the organization can encourage the formation of organizational agility and have an impact on improving organizational performance, especially in labor-intensive manufacturing companies such as PT CGC, Malang Regency, East Java. The operational definition of variables is used to explain the conceptual constraints and indicators used in measuring each research variable. This study uses three variables, namely psychological ownership, organizational agility, and organizational performance. All variables were measured using a Likert scale of 1–5, with a choice of answers: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

Table 1. Variable Operational Definition

Variable	Operational Definition	Indicators	Sumber
Psychological Ownership	Psychological ownership is a psychological condition in which employees feel that the organization is part of them, so that a sense of belonging, responsibility, care, pride, and desire to maintain the success of the organization arises.	1. Sense of belonging to the organization 2. Personal responsibility 3. Concern for the organization's goals 4. Pride in being part of the organization 5. Willingness to maintain the success of the organization	(H. Kim et al., 2024; Pierce et al., 2001)
Organizational Agility	Organizational agility is the ability of an organization to move quickly, flexibly, and responsively in adjusting work processes, coordinating resources, and responding to changes in the environment, production needs, and operational pressures.	1. Organizational response speed 2. Flexibility of work processes 3. Resource coordination 4. Organizational adaptability 5. Readiness for change	(Nguyen et al., 2025; Vaszkun & Sziráki, 2023)
Organizational Performance	Organizational performance is the organization's ability to achieve goals through the achievement of targets, quality of work results, operational efficiency,	1. Achievement of organizational goals 2. Quality of work 3. Operational efficiency 4. Stability of the work process	(Chourasia & Bahuguna, 2025; Nguyen et al., 2025)

Variable	Operational Definition	Indicators	Sumber
	stability of work processes, and organizational competitiveness.	5. The Competitiveness of the Organization	

Source: Researcher-Processed Data, 2026

The population in this study is all milling apprentices at PT CGC, as many as 150 people. The population was chosen because the milling intern is a work group that is directly related to the production process and the achievement of the company's work targets. The sample in this study is some of the interns of the milling section of PT CGC, which totals 60 respondents. The number of samples was determined using the Slovin formula with an error rate of 10%, as the population number was known for certain. The sampling technique used is probability sampling with a simple random sampling method. This technique is used because each member of the population has an equal chance of becoming a respondent, so the sample obtained is expected to be able to represent the population objectively.

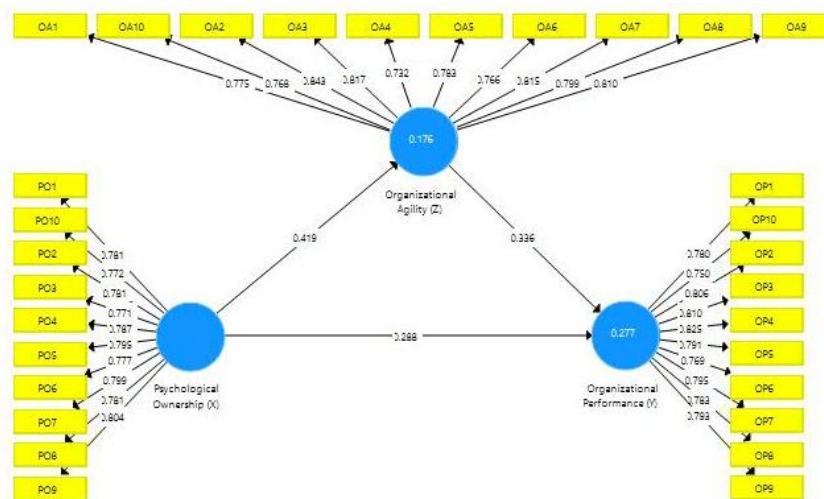


Figure 1. Loading Factor Results

Table 2. Construct Validity and Reliability

Latent construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Psychological Ownership (X)	0,932	0,941	0,616
Organizational Agility (Z)	0,934	0,944	0,627
Organizational Performance (Y)	0,934	0,943	0,625

Source: SmartPLS Data Processing Results v. 3.2.9.

The results of the loading factor in Figure 1 show the overall loading factor value > 0.7 and the AVE value in Table 1. Each construct has a value of > 0.50 , so that it can be concluded that the instrument can be said to be valid. The results of Cronbach's alpha and composite reliability show that a value of > 0.70 can be interpreted as indicating that the entire construct has high reliability.

The R-Square result showed a value of 0.277, indicating that the model explained 27.7% of the variation in endogenous constructs, while the rest was explained by factors other than the model. Referring to the guidelines of Hair et al. (2022), the value of $f^2 = 0.02$ is categorized as a small effect, 0.15 as a medium effect, and 0.35 as a large effect. Based on these criteria, the results of the calculation of f^2 on each structural path are presented in Table 3 below:

Table 3. Effect Size (f^2)

Path	f^2	Classification
Psychological Ownership (X) $\rightarrow$ Organizational Agility (Z)	0,213	Medium
Organizational Agility (Z) $\rightarrow$ Organizational Performance (Y)	0,129	Small
Psychological Ownership (X) $\rightarrow$ Organizational Performance (Y)	0,095	Small

Source: SmartPLS Data Processing Results v. 3.2.9.

Table 4. Hypothesis Test Results

Variable Relationships	Original Sample (O)	T-Statistics	P Values	Description
Psychological Ownership (X) -> Organizational Performance (Y)	0,288	2,827	0,005	H1 Accepted
Psychological Ownership (X) -> Organizational Agility (Z)	0,419	3,151	0,002	H2 Accepted
Organizational Agility (Z) -> Organizational Performance (Y)	0,336	3,665	0,000	H3 Accepted
Psychological Ownership (X) -> Organizational Agility (Z) -> Organizational Performance (Y)	0,141	2,075	0,039	H4 Accepted

Source: SmartPLS Data Processing Results v. 3.2.9.

Based on the results of the hypothesis test in Table 3. All direct and indirect influence pathways showed positive and significant results (P-value < 0.05), so that all H1–H4 hypotheses were accepted.

5. DISCUSSION

The results of this study show that psychological ownership plays an important role in improving organizational performance. Employees who have a sense of belonging to the organization tend to show higher responsibility, concern for targets, and willingness to maintain the quality of work results. These conditions support the achievement of organizational performance because employee work behavior is not only directed at completing individual tasks, but also at the success of the organization as a whole. These findings are in line with (H. Kim et al., 2024), which explains that psychological ownership is an important concept in organizational behavior because it is related to employee attachment, responsibility, and contribution to the organization. In addition, these findings also support (Dahlawi et al., 2025), which shows that a sense of belonging among employees can drive work performance through more proactive and responsible behavior.

The results also indicate that psychological ownership positively affects organizational agility. Employees who feel like they own the organization tend to be more concerned about change, more open to work process adjustments, and more willing to be involved in solving operational problems. This sense of belonging is the basis for behavior that helps organizations move faster and more flexibly in the face of changes in targets and work pressures. These findings are in line with (Liu et al., 2025), which explains that psychological ownership can encourage employees to make active work adjustments through job crafting. These findings also support (Zhang et al., 2025), which shows that a sense of belonging to knowledge can influence employee behavior in sharing knowledge, thus supporting the organization's ability to adapt.

Organizational agility was found to have a positive and significant effect on organizational performance. This means that agile organizations are better able to adjust work processes, coordinate resources, respond to environmental pressures, and maintain operational effectiveness. For a labor-intensive tobacco manufacturer, agility is essential to ensure production continuity, quality consistency, and target achievement. This result is in line with (Bekos et al., 2025), who found that organizational agility contributes to firm performance. These findings also support (Atienza-Barba et al., 2024), which emphasizes that organizations need to build agility to be able to maintain competitiveness in a rapidly changing business environment.

The mediation result confirms that organizational agility mediates the relationship between psychological ownership and organizational performance. This finding suggests that employees' sense of ownership does not only improve performance directly but also works through the organization's ability to become more adaptive, flexible, and responsive. When employees care about organizational success, they are more willing to support change and improve work processes, which strengthens organizational agility and ultimately improves performance. This finding supports Dynamic Capability Theory, which states that organizations can improve performance by reconfiguring resources and processes adaptively, and is consistent with (Al Jabri et al., 2024; Bekos et al., 2025), who highlighted the role of dynamic capabilities and agility in enhancing firm performance.

6. CONCLUSION

This study concludes that psychological ownership plays a role in improving organizational performance through the formation of organizational agility. Employee ownership encourages responsibility, concern for targets, pride in the organization, and readiness to support change. Organizational agility is a mediation mechanism that helps organizations adjust work processes, respond quickly to changes, and manage resources more effectively. Thus, improving organizational performance can be done through strengthening the sense of belonging and organizational agility sustainably.

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