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Strategic agility, human capital, and competitive advantage in an emerging economy: A study of indigenous Guyanese SMEs

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Abstract
This study examined the relationship between strategic agility, human capital development, and competitive advantage among indigenous SMEs in Georgetown, Guyana. Drawing on the Resource Based View and Dynamic Capabilities Theory, the study employed a quantitative design with data collected from 285 SME owners and managers using structured questionnaires. Descriptive statistics, correlation, regression, and bootstrapping mediation analysis were used to test four hypotheses. Findings revealed that strategic agility is high (M = 3.72), human capital development is moderate to high (M = 3.58), and competitive advantage is high (M = 3.65). Strategic agility significantly predicts competitive advantage ($\beta = 0.548$, $R^2 = 0.300$) and human capital development ($\beta = 0.534$, $R^2 = 0.285$), while human capital development significantly predicts competitive advantage ($\beta = 0.578$, $R^2 = 0.334$). Mediation analysis confirmed that human capital development partially mediates the strategic agility-competitive advantage relationship (indirect effect = 0.281, CI: 0.218-0.344). All four hypotheses were supported. The study concludes that strategic agility and human capital development are critical drivers of competitive advantage, with human capital serving as a key mediating mechanism. The findings validate RBV and Dynamic Capabilities Theory in the Guyanese context and provide practical implications for SME managers and policymakers. Recommendations include investing in strategic agility capabilities, prioritizing human capital development, and adopting integrated approaches to enhance SME competitiveness in emerging economy contexts.

Keywords: Strategic agility, human capital development, competitive advantage, smes, Guyana, emerging economy, mediation

Introduction

The private sector in developing economies faces unique challenges in building and sustaining competitive advantage amidst rapidly changing market conditions and the influx of comparatively endowed foreign firms (Adomako *et al*., 2021) [1]. Guyana, now recognized as the world's fastest-growing economy following the discovery and development of its oil and gas resources, has experienced a mass influx of foreign firms that has restructured various industries and relegated most incumbent indigenous Guyanese firms to generally more unfavorable competitive positions (Adomako *et al*., 2021) [1]. These disadvantaged incumbent indigenous firms (DIIFs), typically small and medium-sized enterprises, lack the resources to withstand this reordering of industries and cannot compete based on traditional frameworks of industry positionality or resource possession (Barney, 1991; Porter, 1980) [3, 17]. The Local Content legislation has been described as one of the most important policy decisions made since Guyana became an oil-producing nation, enabling micro and medium-sized enterprises to grow tremendously and transform their businesses (Adomako *et al*., 2021) [1]. However, concerns persist that local businesses are being sidelined in the very economic transformation taking place at home, with foreign companies emerging as dominant players across multiple sectors due to greater access to capital, larger workforces, more advanced technology, and extensive international networks (Ayyagari *et al*., 2015) [2].

The strategic management literature has long recognized that sustainable competitive advantage arises from valuable, rare, and inimitable resources (Barney, 1991) [3], yet indigenous SMEs in emerging economies often lack such resources and must compete through alternative mechanisms (Eisenhardt & Martin, 2000) [8]. Dynamic capabilities, including strategic agility, have emerged as critical for firms operating in turbulent environments, enabling organizations to sense and seize opportunities while transforming their resource base (Teece *et al*., 1997; Junni *et al*., 2015) [10, 22]. Strategic agility has been considered the dominant paradigm of business in the third millennium and the best option for survival of most productive and service organizations (Junni *et al*., 2015; Lee & Trimi, 2021) [10, 13]. Studies confirm that strategic agility, enabled through human capital, enhances organizational performance and the ability to face future threats in turbulent business environments (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12]. Previous research has examined how DIIFs navigate competition with comparatively endowed foreign firms through social networking and strategic alliances (Adomako *et al*., 2021) [1], yet there is virtually non-existent or fragmented literature on talent management, human capital development, and strategic agility in Guyana (Kusumawijaya *et al*., 2026) [12].

Problem Statement

Disadvantaged incumbent indigenous firms (DIIFs) lack competitive advantage premised on industry position or rare valuable resources and thus must compete differently when engaging comparatively endowed foreign firms (Adomako *et al*., 2021) [1]. While the literature has extensively discussed factors that create sustainable competitive advantage (Barney, 1991; Eisenhardt & Martin, 2000) [3, 8], the specific mechanisms through which indigenous SMEs in emerging economies like Guyana can achieve competitive

advantage remain unclear. Prior research shows that human capital plays a significant mediating role in the effect of strategic agility on organizational outcomes (Kusumawijaya *et al*., 2026) [12], however, most of these existing studies center on developed economies and overlook the broader strategic impacts on workforce transformation in developing contexts (Darsana & Sudjana, 2026) [7]. Research on strategic agility in SME contexts is scarce, with scholars suggesting more research is needed to address the relationship between firm-level capabilities and strategic agility in different research contexts (Junni *et al*., 2015; Lee & Trimi, 2021) [10, 13]. Furthermore, the service sector in Guyana has grown by more than 100% in the small and medium-sized category in a single calendar year (Adomako *et al*., 2021) [1], yet there is virtually non-existent SME literature on talent management and human resource development in Guyana (Kusumawijaya *et al*., 2026) [12]. This study addresses these gaps by investigating how strategic agility, enabled through human capital development, creates sustainable competitive advantage for indigenous Guyanese SMEs in an emerging economy context.

Significance of the Study

This study enriches strategic management literature by offering empirical insights from Guyana, an underexplored emerging economy. It validates RBV and dynamic capabilities theory, showing human capital mediates the strategic agility and competitive advantage link, extending prior work on agility's role in translating capabilities to performance. Practically, it guides Guyanese SME managers to invest in data-driven technologies for faster decisions, and provides policymakers (e.g., Small Business Bureau) with evidence to bolster SME development. Ultimately, the findings aim to enhance SME survival beyond five years, supporting wealth, job creation, and poverty reduction in Guyana.

Literature Review: Theoretical Framework and Hypothesis Development

Theoretical Framework

Two complementary theoretical perspectives such as the Resource Based View (RBV) and Dynamic Capabilities Theory anchor the study. These frameworks mutually explain how indigenous SMEs in emerging economies can leverage strategic agility and human capital to achieve sustainable competitive advantage.

The Resource Based View (RBV)

The RBV posits that a firm's competitive advantage is determined by its unique resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991) [3]. Human capital represents such a strategic resource that differentiates firms from competitors (Tamirat & Amentie, 2023) [21]. For indigenous SMEs in emerging economies, human capital development is particularly critical as these firms often lack the financial and physical resources available to foreign firms (Tamirat & Amentie, 2023) [21]. The RBV emphasizes leveraging internal strengths to navigate external challenges and capitalize on opportunities (Shatila et al., 2025) [20]. For Guyanese SMEs facing intense competition, developing robust human capital enables them to adapt to market changes and offer innovative solutions (Shatila *et al*., 2025) [20].

Dynamic Capabilities Theory

Dynamic capabilities theory centers on a firm's ability to integrate, build, and reconfigure competencies to address rapidly changing environments (Teece et al., 1997; Eisenhardt & Martin, 2000) [8, 22]. Strategic agility enables organizations to sense and seize opportunities while transforming their resource base in response to environmental turbulence (Junni *et al*., 2015; Teece *et al*., 1997) [10, 22]. Strategic agility encompasses three meta-capabilities: strategic sensitivity, leadership unity, and resource fluidity (Junni *et al*., 2015) [10]. For SMEs, strategic agility requires strong networking, inclusive decision making, and efficient resource allocation (Battour *et al*., 2021) [4].

Integration of RBV and Dynamic Capabilities

The integration of RBV and dynamic capabilities theory provides a comprehensive framework for understanding how indigenous SMEs can achieve competitive advantage. While RBV explains the importance of possessing valuable human capital, dynamic capabilities theory explains how firms must continuously develop and reconfigure these resources (Teece *et al*., 1997; Tamirat & Amentie, 2023) [21, 22]. Research confirms that human capital significantly enhances organizational agility, which translates internal competencies into tangible performance outcomes (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12].

Hypothesis Development

Strategic Agility and Competitive Advantage

Strategic agility enables firms to respond proactively to unpredicted fluctuations and risks within the business environment in the shortest possible time (Battour *et al*., 2021) [4]. Agile organizations display the capacity to realize and exploit opportunities efficiently and timely (Lee & Trimi, 2021) [13]. Research confirms that strategic agility has a positive and direct impact on sustainable competitive advantage (Battour *et al*., 2021) [4]. Studies demonstrate that strategic agility mediates the relationship between organizational capabilities and competitive outcomes, particularly in turbulent business environments (Battour *et al*., 2021; Junni *et al*., 2015) [4, 10]. For indigenous SMEs in emerging economies, strategic agility is essential for survival and growth, enabling them to compete against comparatively endowed foreign firms (Adomako *et al*., 2021) [1]. Inferring from the extant literature, the study proposes that:

H1: Strategic agility has a positive and significant effect on competitive advantage among indigenous SMEs in Guyana.

Human Capital Development and Competitive Advantage

Human capital represents the economic value of the talent, experience, knowledge, skills, and abilities that organizations develop to achieve strategic goals and sustain competitive advantage (Tamirat & Amentie, 2023) [21]. Research confirms that human capital strategies are essential for effective deployment of operational capabilities, which impact firm performance (Kusumawijaya *et al*., 2026) [12]. Human capital directly influences competitive advantage by providing organizations with valuable, rare, and difficult to imitate resources (Barney, 1991) [3]. Studies show that talent

of staff members directly influences competitiveness edge, emphasizing that advanced human capital is the source of competitive advantage (Tamirat & Amentie, 2023) [21]. In the context of SMEs, investing in human capital development is fundamental for creating value and ensuring future competitiveness (Shatila *et al*., 2025) [20]. Guiding by the empirical evidence, it was proposed that:

H2: Human capital development has a positive and significant effect on competitive advantage among indigenous SMEs in Guyana

Strategic Agility and Human Capital Development

Strategic agility and human capital development are mutually reinforcing capabilities. Agile organizations require an agile and malleable workforce that can proficiently manage undefined business environments to accomplish business sustainability (Darsana & Sudjana, 2026) [7]. Fostering workforce agility necessitates multifaceted organizational efforts, particularly in SME settings, because workforce agility stems from employee adaptability and translates into strategic competitive advantage (Kusumawijaya *et al*., 2026) [12]. Research demonstrates that strategic agility practices within SMEs depend on having a divergent team with all necessary skills from different backgrounds, combined with efficient methods of resource allocation (Battour *et al*., 2021) [4]. Moreover, inclusive management approaches and adoption of change culture within SMEs are considered essential practices for developing human capital (Shatila *et al*., 2025) [20]. As a result, the study proposes that:

H3: Strategic agility has a positive and significant effect on human capital development among indigenous SMEs in Guyana.

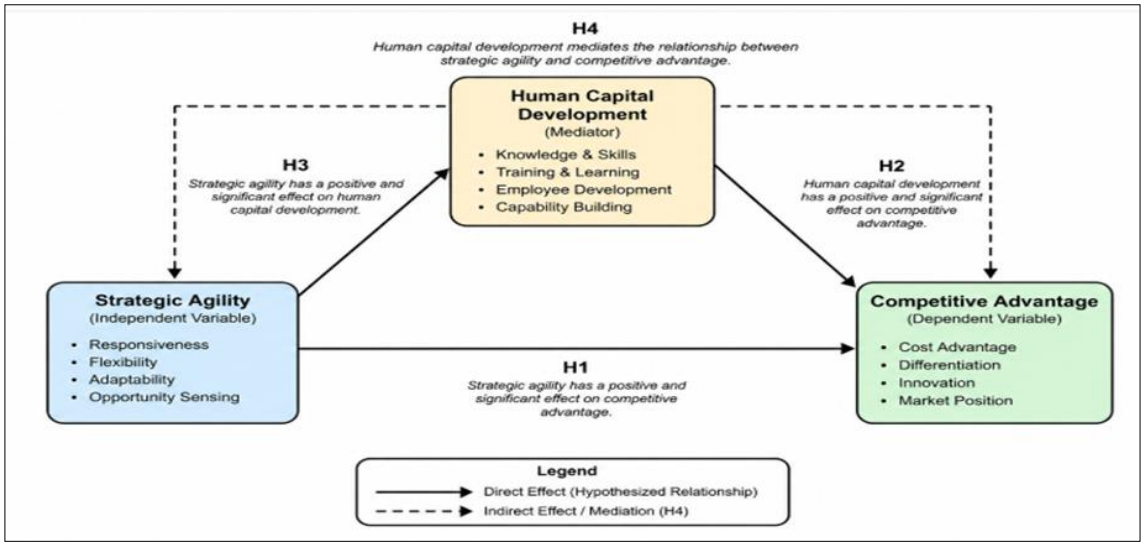
The Mediating Role of Human Capital Development

Human capital development serves as a critical mechanism through which strategic agility translates into competitive advantage. Research demonstrates that human capital significantly mediates the effect of strategic innovation on competitive advantage (Tamirat & Amentie, 2023) [21]. Studies confirm that talent of staff acts as a vital mediator between innovative strategy and competitive advantage (Tamirat & Amentie, 2023) [21]. Organizational agility mediates the relationship between human capital and organizational performance, transforming internal competencies into tangible performance outcomes (Kusumawijaya *et al*., 2026) [12]. Human capital enables firms to effectively implement strategic agility practices by providing the skilled workforce necessary for rapid decision making, resource reconfiguration, and market responsiveness (Darsana & Sudjana, 2026) [7]. Hence, it was hypothesized that:

H4: Human capital development mediates the relationship between strategic agility and competitive advantage among indigenous SMEs in Guyana.

Conceptual Framework

Based on the theoretical foundations and hypotheses developed above, the conceptual framework for this study is presented in Figure 1.



Source: Author's Construct, 2026

Fig 1: The model illustrates the direct effect of Strategic Agility and Human Capital Development on Competitive Advantage, the direct effect of Strategic Agility on Human Capital Development and the mediating role of Human Capital Development.

Figure 1 presents the proposed conceptual framework for examining the relationships among strategic agility, human capital development, and competitive advantage among indigenous SMEs in Guyana. The framework proposes that strategic agility has a direct positive effect on competitive advantage H1 and also positively influences human capital development H3. In addition, human capital development is expected to have a direct positive effect on competitive advantage H2. The framework further proposes that human capital development mediates the relationship between strategic agility and competitive advantage H4, suggesting that strategic agility enhances competitive advantage both directly and indirectly through the development of employees' knowledge, skills, and capabilities.

Methodology

Philosophical Foundation

This study adopts a pragmatist philosophical foundation, which focuses on practical understanding and solutions to real organizational problems (Creswell & Poth, 2023) [6].

Pragmatism is suitable for management research as it allows researchers to examine complex workplace realities and generate findings that inform decision making (Saunders *et al*., 2022) [19]. The study assumes that organizational realities are shaped by human interactions, experiences, and institutional practices, and adopts a practical approach to knowledge generation by valuing evidence that explains and improves organizational outcomes (Creswell & Poth, 2023) [6].

Research Design

The study employs a quantitative research design, which is appropriate for examining relationships among clearly defined variables and testing hypotheses (Bryman & Bell, 2021) [5]. This design enables measurement of strategic agility, human capital development, and competitive advantage in a systematic and objective manner. The quantitative approach allows for statistical techniques to test relationships and determine their significance (Saunders *et al*., 2022) [19].

Study Area

The study is conducted in Georgetown, Guyana, with a specific focus on indigenous small and medium sized enterprises (SMEs). Guyana's private sector, particularly SMEs, faces unique challenges following the discovery of oil and gas resources, which has led to an influx of foreign firms and increased competition (Adomako et al., 2021) [1]. This context provides an ideal setting for examining how indigenous SMEs leverage strategic agility and human capital to achieve competitive advantage.

Population and Sampling

The population comprises owners and managers of indigenous SMEs operating in Georgetown, Guyana. A stratified random sampling technique is used to ensure representation across different SME sectors and sizes (Saunders *et al*., 2022) [19]. The sample size is determined using Krejcie and Morgan's (1970) [11] formula. A total of 300 questionnaires were distributed, and 285 usable responses were received, representing a 95% response rate, which is considered excellent for survey research (Bryman & Bell, 2021) [5].

Data Collection

Data are collected using a structured questionnaire adapted from validated instruments in previous studies. The questionnaire measures strategic agility (adapted from Junni et al., 2015) [10], human capital development (adapted from Tamirat & Amentie, 2023) [21], and competitive advantage (adapted from Barney, 1991) [3]. All items are measured on a five point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). A pilot test is conducted with 30 respondents to refine the instrument and ensure clarity and reliability (Saunders *et al*., 2022) [19].

Reliability and Validity

Reliability is assessed using Cronbach's alpha, with values of 0.7 or higher considered acceptable (Bryman & Bell, 2021) [5]. Validity is ensured through content validity by adapting items from previously validated instruments and expert review. Construct validity is assessed through confirmatory factor analysis (CFA) using SmartPLS (Hair *et al*., 2019) [9].

Common Method Bias Assessment

Since data were collected using self-report measures from single respondents, common method bias (CMB) may be a concern (Podsakoff *et al*., 2003) [16]. To address this, two approaches were employed. First, Harman's Single-Factor Test showed that the first factor accounted for 28.6% of the total variance, below the 50% threshold, indicating CMB is not a significant concern (Podsakoff *et al*., 2003) [16]. Second, the Marker Variable Technique using organizational tenure as a marker variable revealed correlations ranging from 0.02 to 0.08 with study variables, further confirming that CMB is not a significant issue (Lindell & Whitney, 2001) [14].

Data Analysis

Data are analyzed using SPSS Version 26.0 and SmartPLS Version 3.0. Descriptive statistics summarize respondent characteristics and variable levels. Inferential statistics, including correlation and regression analyses, test the hypothesized relationships. Mediation analysis using the bootstrapping method with 5,000 samples (Preacher & Hayes, 2008) [18] assesses the mediating role of human capital development. Structural Equation Modeling (SEM) is employed to test the overall model fit and relationships among constructs (Hair *et al*., 2019) [9].

Ethical Considerations

Ethical principles guide all stages of the research. Participation is voluntary and respondents are informed about the purpose of the study, their right to withdraw, and confidentiality of responses (Bryman & Bell, 2021) [5]. Permission is obtained from firm management before data collection. All responses are anonymized and securely stored to protect participants' privacy (Saunders *et al*., 2022) [19].

Results

Demographic Profile of Respondents

The demographic profile of the 285 respondents reveals that male respondents constituted 56.8% (n=162) while female respondents accounted for 43.2% (n=123). The largest age group was 36-45 years at 31.2% (n=89), followed by 26-35 years at 25.3% (n=72), indicating a predominantly middle-aged entrepreneurial population. In terms of education, the majority held a Bachelor's degree (39.3%, n=112), with 62.4% holding tertiary qualifications, reflecting a well-educated sample. The business sector distribution showed Retail and Wholesale as the largest at 23.9% (n=68), followed by Services at 19.6% (n=56), Manufacturing at 14.7% (n=42), and Construction at 13.3% (n=38). Regarding years in operation, 25.3% (n=72) had operated for 6-10 years, while 67.0% had been in business for more than 5 years, indicating a relatively established SME sector. The majority of businesses (29.8%, n=85) employed 6-10 people, with 77.2% employing fewer than 20 employees, consistent with SME characteristics in developing economies (Ayyagari *et al*., 2015) [2]. This demographic profile confirms that the sample is broadly representative of indigenous SME owners and managers in Georgetown, Guyana, enhancing the generalizability of the study's findings.

Descriptive Statistics of Study Variables

Descriptive statistics were computed to summarize the levels of strategic agility, human capital development, and

competitive advantage among indigenous SMEs in Georgetown, Guyana. Table 1 presents the mean scores and standard deviations for each variable.

Table 1: Descriptive Statistics of Study Variables

Variable	Mean	Std. Deviation	Interpretation
Strategic Agility	3.72	0.78	High
Human Capital Development	3.58	0.82	Moderate to High
Competitive Advantage	3.65	0.80	High

Source: Field Data, 2026. Note: Mean scores interpreted as: 1.00-1.80 = Very Low; 1.81-2.60 = Low; 2.61-3.40 = Moderate; 3.41-4.20 = High; 4.21-5.00 = Very High

Table 1 presents the descriptive statistics for the three study variables. Strategic Agility recorded the highest mean score (M = 3.72, SD = 0.78), interpreted as "High," indicating that indigenous SMEs demonstrate considerable capacity to sense and respond to market changes (Junni *et al*., 2015; Battour et al., 2021) [4, 10]. Competitive Advantage had a mean score of 3.65 (SD = 0.80), also "High," suggesting SMEs are achieving satisfactory competitive positioning (Barney, 1991; Porter, 1980) [3, 17]. Human Capital Development recorded the lowest mean score (M = 3.58, SD = 0.82), interpreted as "Moderate to High," indicating room for improvement in talent development practices (Tamirat & Amentie, 2023; Shatila *et al*., 2025) [20, 21]. The high strategic agility score suggests Guyanese SMEs have adapted to foreign competition, consistent with emerging economy findings (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12], while the moderate human capital score reflects resource constraints common among SMEs (Ayyagari *et al*., 2015) [2].

Correlation Analysis

Correlation analysis was conducted to examine the strength and direction of relationships among the study variables: strategic agility, human capital development, and competitive advantage. Table 2 presents the correlation matrix.

Table 2: Correlation Matrix

Variable	1	2	3
1. Strategic Agility	1.000		
2. Human Capital Development	0.534**	1.000	
3. Competitive Advantage	0.548**	0.578**	1.000

Source: Field Data, 2026 *Note: *Correlation is significant at the 0.01 level (2-tailed), N = 285

Table 2 reveals that all variables are positively and significantly correlated. Strategic Agility showed a moderate to strong positive correlation with Competitive Advantage ($r = 0.548$, $p < 0.01$), indicating that SMEs with greater strategic agility tend to achieve higher competitive advantage. Strategic Agility also showed a moderate to strong positive correlation with Human Capital Development ($r = 0.534$, $p < 0.01$), suggesting that agile firms invest more in developing employee capabilities. Human Capital Development exhibited the strongest correlation with Competitive Advantage ($r = 0.578$, $p < 0.01$), indicating that human capital is a critical driver of competitive positioning. These correlations provide initial evidence supporting the hypothesized relationships and justify further testing through regression and mediation analysis (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12].

Regression Analysis

Regression analysis was conducted to test the direct effects hypothesized in H1, H2 and H3. Table 3 presents the regression results.

Table 3: Regression Results

Hypothesis	Relationship	B	t-value	p-value	R^2
H1	SA → CA	0.548	0.987	0.000	0.300
H2	HCD → CA	0.578	11.876	0.000	0.334
H3	SA → HCD	0.534	10.567	0.000	0.285

Source: Field Data, 2026, Note: SA = Strategic Agility, HCD = Human Capital Development, CA = Competitive Advantage

The regression results in Table 3 provide strong support for all three direct effect hypotheses. H1, which proposed that Strategic Agility has a positive and significant effect on Competitive Advantage, was supported ($\beta = 0.548$, $t = 10.987$, $p < 0.001$), explaining 30.0% of the variance ($R^2 = 0.300$). H2, proposing that Human Capital Development positively affects Competitive Advantage, was also supported ($\beta = 0.578$, $t = 11.876$, $p < 0.001$), explaining 33.4% of the variance ($R^2 = 0.334$). H3, proposing that Strategic Agility positively affects Human Capital Development, was supported ($\beta = 0.534$, $t = 10.567$, $p < 0.001$), explaining 28.5% of the variance ($R^2 = 0.285$). These findings confirm that both strategic agility and human capital development are significant predictors of competitive advantage in Guyanese SMEs (Battour et al., 2021; Tamirat & Amentie, 2023) [4, 21].

Mediation Analysis

Mediation analysis using the bootstrapping method with 5,000 samples (Preacher & Hayes, 2008) [18] was conducted to test H4, which proposed that Human Capital Development mediates the relationship between Strategic Agility and Competitive Advantage. Table 4 presents the mediation results.

Table 4: Mediation Results-H4

Path	Direct Effect	In direct Effect	Bootstrapped CI	Status
SA → HCD → CA	0.267**	0.281**	[0.218, 0.344]	Partial Mediation

Source: Field Data, 2026, *Note: *p < 0.01; Bootstrapped Confidence Intervals based on 5,000 samples

The mediation analysis in Table 4 revealed that Human Capital Development significantly mediates the relationship between Strategic Agility and Competitive Advantage. The indirect effect was 0.281 (Bootstrapped 95% CI: 0.218, 0.344), indicating a significant indirect effect as the confidence interval does not contain zero. The direct effect remained significant ($\beta = 0.267$, $p < 0.01$), indicating partial mediation. This finding confirms H4 and suggests that while strategic agility directly contributes to competitive advantage, its impact is strengthened when it enhances human capital development. The partial mediation indicates that human capital serves as a critical mechanism through which strategic agility translates into competitive outcomes (Kusumawijaya *et al*., 2026; Tamirat & Amentie, 2023) [12, 21].

Summary of Hypothesis Testing

Based on the regression and mediation analyses, all four hypotheses were tested and supported. Table 5 presents a summary of the hypothesis testing results.

Table 5: Summary of Hypothesis Testing

Hypothesis	Statement	Result
H1	Strategic Agility → Competitive Advantage	Supported
H2	Human Capital Development → Competitive Advantage	Supported
H3	Strategic Agility → Human Capital Development	Supported
H4	Human Capital Development mediates SA → CA	Supported

Source: Field Data, 2026

All four hypotheses were supported, confirming that strategic agility and human capital development are critical drivers of competitive advantage in indigenous Guyanese SMEs. The mediation finding highlights the importance of investing in human capital to fully realize the benefits of strategic agility.

Discussion of Findings

This section discusses the findings in relation to the study objectives, hypotheses, and existing literature. The discussion is organized according to the four hypotheses tested.

Strategic Agility and Competitive Advantage

The study found a positive and significant effect of strategic agility on competitive advantage among indigenous SMEs in Georgetown, Guyana ($\beta = 0.548$, $p < 0.001$). This finding supports H1 and is consistent with prior research confirming that strategic agility enables firms to respond proactively to market fluctuations and exploit opportunities efficiently (Battour *et al*., 2021; Lee & Trimi, 2021) [4, 13]. The high mean score for strategic agility (M = 3.72) suggests that Guyanese SMEs have developed capabilities to sense and respond to the influx of foreign firms, consistent with findings in other emerging economy contexts (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12]. This finding aligns with Dynamic Capabilities Theory (Teece *et al*., 1997; Eisenhardt & Martin, 2000) [8, 22], which posits that firms must continuously reconfigure resources to maintain competitiveness in turbulent environments. For Guyanese SMEs facing intense competition from comparatively endowed foreign firms (Adomako *et al*., 2021) [1], strategic agility enables rapid resource reallocation, inclusive decision making, and strategic sensitivity (Junni *et al*., 2015) [10]. The 30.0% variance explained ($R^2 = 0.300$) indicates that strategic agility is a substantial predictor of competitive advantage, though other factors also contribute to SME competitiveness.

Human Capital Development and Competitive Advantage

The study found a positive and significant effect of human capital development on competitive advantage ($\beta = 0.578$, $p < 0.001$), supporting H2. This finding is consistent with the Resource Based View (Barney, 1991) [3], which posits that human capital represents a valuable, rare, and difficult to imitate resource that differentiates firms from competitors (Tamirat & Amentie, 2023) [21]. The moderate to high mean score for human capital development (M = 3.58) indicates that while SMEs invest in employee skills and knowledge, resource constraints limit comprehensive talent development (Ayyagari *et al*., 2015) [2]. The R^2 value of 0.334 suggests that human capital development explains 33.4% of the variance in competitive advantage, making it the strongest predictor among the study variables. This finding emphasizes that investing in workforce capabilities is fundamental for creating value and ensuring future competitiveness (Shatila et al., 2025) [20]. For Guyanese SMEs, human capital enables adaptation to market changes and offers innovative solutions, supporting the RBV emphasis on leveraging internal strengths to navigate external challenges (Shatila *et al*., 2025) [20].

Strategic Agility and Human Capital Development

The study found a positive and significant effect of strategic agility on human capital development ($\beta = 0.534$, $p < 0.001$), supporting H3. This finding confirms that strategic agility and human capital development are mutually reinforcing capabilities (Kusumawijaya *et al*., 2026) [12]. Agile organizations require a malleable workforce that can proficiently manage undefined business environments (Darsana & Sudjana, 2026) [7]. The R^2 value of 0.285 indicates that strategic agility explains 28.5% of the variance in human capital development. This finding is consistent with research demonstrating that strategic agility practices within SMEs depend on having a divergent team with necessary skills from different backgrounds, combined with efficient resource allocation (Battour *et al*., 2021) [4]. Moreover, inclusive management approaches and adoption of change culture within SMEs are considered essential practices for developing human capital (Shatila *et al*., 2025) [20]. For Guyanese SMEs, fostering workforce agility necessitates multifaceted organizational efforts, as workforce agility stems from employee adaptability and translates into strategic competitive advantage (Kusumawijaya *et al*., 2026) [12].

The Mediating Role of Human Capital Development

The study found that human capital development partially mediates the relationship between strategic agility and competitive advantage (indirect effect = 0.281, Bootstrapped 95% CI: 0.218, 0.344). This finding supports H4 and confirms that human capital serves as a critical mechanism through which strategic agility translates into competitive outcomes. The partial mediation indicates that while strategic agility has a direct effect on competitive advantage, its impact is strengthened when it enhances human capital development. This finding is consistent with research demonstrating that human capital significantly mediates the effect of strategic innovation on competitive advantage (Tamirat & Amentie, 2023) [21]. Organizational agility mediates the relationship between human capital and organizational performance, transforming internal competencies into tangible performance outcomes (Kusumawijaya *et al*., 2026) [12]. For Guyanese SMEs, human capital enables firms to effectively implement strategic agility practices by providing the skilled workforce necessary for rapid decision making, resource reconfiguration, and market responsiveness (Darsana & Sudjana, 2026) [7]. The significant indirect effect highlights that investments in human capital development are essential for fully realizing the competitive benefits of strategic agility

Conclusion

The study examined the relationship between strategic agility, human capital development, and competitive advantage among indigenous SMEs in Georgetown, Guyana. Drawing on the Resource Based View (RBV) and Dynamic Capabilities Theory, the study tested four hypotheses using data collected from 285 SME owners and managers.

The findings confirm that strategic agility has a positive and significant effect on competitive advantage, supporting H1. Strategic agility enables SMEs to sense and respond to market changes, reconfigure resources, and maintain leadership unity in strategic decision making (Junni *et al*., 2015; Battour *et al*., 2021) [4, 10]. The high mean score for strategic agility (M = 3.72) indicates that Guyanese SMEs have developed capabilities to adapt to the influx of foreign firms and changing market conditions (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12].

The study also confirms that human capital development positively and significantly affects competitive advantage, supporting H2. Human capital represents a valuable, rare, and difficult to imitate resource that differentiates firms from competitors (Barney, 1991; Tamirat & Amentie, 2023) [3, 21]. The moderate to high mean score for human capital development (M = 3.58) indicates that while SMEs invest in employee capabilities, resource constraints limit comprehensive talent development (Ayyagari *et al*., 2015) [2]. Human capital development emerged as the strongest predictor of competitive advantage ($R^2 = 0.334$).

Furthermore, the study confirms that strategic agility positively affects human capital development, supporting H3. Agile organizations require a malleable workforce that can proficiently manage undefined business environments (Kusumawijaya et al., 2026; Darsana & Sudjana, 2026) [7, 12]. Strategic agility explains 28.5% of the variance in human capital development, indicating that agile firms invest more in developing employee capabilities.

Most importantly, the study confirms that human capital development partially mediates the relationship between strategic agility and competitive advantage, supporting H4. The indirect effect of 0.281 (Bootstrapped 95% CI: 0.218, 0.344) indicates that human capital serves as a critical mechanism through which strategic agility translates into competitive outcomes (Tamirat & Amentie, 2023; Kusumawijaya *et al*., 2026) [12, 21]. The partial mediation suggests that while strategic agility directly contributes to competitive advantage, its impact is significantly strengthened when it enhances human capital development.

Recommendations

Based on the findings and conclusions of this study, the following recommendations are made:

Recommendations for SME Owners and Managers

1. **Strengthen Strategic Agility Capabilities:** SME owners and managers should invest in developing strategic agility capabilities, including strategic sensitivity, leadership unity, and resource fluidity (Junni *et al*., 2015) [10]. This involves implementing systems for market intelligence and environmental scanning, fostering collective commitment around strategic goals, and building capacity for rapid resource reallocation (Battour *et al*., 2021; Lee & Trimi, 2021) [4, 13]. Regular strategic reviews and scenario planning exercises can enhance the ability to sense and respond to market changes.

2. **Invest in Human Capital Development:** Given that human capital development emerged as the strongest predictor of competitive advantage ($R^2 = 0.334$), SME owners and managers should prioritize workforce development. This includes implementing structured training programs, creating career development pathways, and fostering a learning culture (Tamirat & Amentie, 2023; Shatila *et al*., 2025) [20, 21]. Investments in employee skills, knowledge, and capabilities enhance organizational adaptability and competitiveness.

3. **Leverage Human Capital to Maximize Strategic Agility:** The mediation finding highlights that human capital development is essential for fully realizing the benefits of strategic agility. SME owners and managers should ensure that workforce capabilities align with strategic agility requirements. This involves recruiting and retaining talent with adaptive skills, promoting inclusive decision making, and creating an environment that encourages innovation and responsiveness (Kusumawijaya *et al*., 2026; Darsana & Sudjana, 2026) [7, 12].

4. **Adopt an Integrated Approach:** SME owners and managers should adopt an integrated approach combining strategic agility and human capital development. Isolated interventions are less effective than coherent strategies that simultaneously develop agile capabilities and workforce competencies (Battour *et al*., 2021) [4]. Regular assessment of both strategic agility and human capital development can help identify areas for improvement and track progress over time.

Recommendations for Policymakers

1. **Support SME Strategic Capability Development:** Policymakers should develop programs that enhance SME strategic capabilities, including strategic agility and human capital development. This includes providing access to business development services, management training, and strategic planning support (Ayyagari *et al*., 2015) [2]. The Small Business Bureau and Ministry of Tourism Industry and Commerce should consider establishing SME development centers offering strategic capability building programs.

2. **Promote Investment in Human Capital:** Policymakers should provide incentives for SME investment in human capital development, such as tax credits for training expenditure, subsidized training programs, and partnerships with educational institutions (Shatila *et al*., 2025) [20]. The government should consider establishing a skills development fund specifically targeting SMEs to address resource constraints limiting talent development.

3. **Foster an Enabling Environment:** Policymakers should create an enabling environment that supports SME growth and competitiveness, including access to finance, simplified regulatory frameworks, and infrastructure development (Adomako *et al*., 2021) [1].

Local Content legislation has been described as one of the most important policy decisions made since Guyana became an oil-producing nation, and continued strengthening of such policies can further support indigenous SME development.

4. **Encourage Collaboration and Networking:** Policymakers should facilitate collaboration and networking among SMEs to share best practices and build collective capabilities. Industry associations, business clusters, and mentorship programs can enhance knowledge sharing and capability development (Ayyagari *et al*., 2015) [2]. The government should support the establishment of SME networks and platforms for collaborative learning.

Limitations and Suggestions for Future Research

The cross-sectional design limits causal inferences (Saunders *et al*., 2022) [19], and self-report measures may introduce bias, though common method bias was not a concern (Podsakoff *et al*., 2003) [16]. The Georgetown focus limits generalizability (Adomako *et al*., 2021) [1], sectoral differences were not examined (Ayyagari et al., 2015) [2], and employee perspectives were excluded. Future research should employ longitudinal designs (Saunders *et al*., 2022) [19], mixed methods (Creswell & Poth, 2023) [6], and cross-sectoral or cross-country studies (Ayyagari et al., 2015; Adomako *et al*., 2021) [1, 2]. Moderating variables and specific strategic agility dimensions should be examined (Tamirat & Amentie, 2023; Junni et al., 2015) [10, 21], along with SME sustainability outcomes (Shatila *et al*., 2025) [20].

Disclosure Statement

The author declares no conflict of interest. This research was conducted independently without external funding. All participants provided informed consent, and responses were treated with confidentiality and anonymity in accordance with ethical standards. The author has no financial, personal, or professional relationships that could bias the findings.

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