

Strategic Human Capital and Organizational Agility: The Mediating Role of Dynamic Capabilities Among Corporate Managers

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Abstract: In an increasingly dynamic and uncertain business environment, organizations require strategic capabilities to respond effectively to technological, market, and competitive changes. This study examines the relationships between Strategic Human Capital (SHC), Dynamic Capabilities (DC), and Organizational Agility (OA), with particular attention to the mediating role of DC among corporate managers in Riau Province, Indonesia. A quantitative cross-sectional survey was conducted involving 250 corporate managers from various industrial sectors. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with 5,000 bootstrap subsamples. The results indicate positive and significant relationships between SHC and DC ($\beta = 0.765$, $p < 0.001$), SHC and OA ($\beta = 0.325$, $p < 0.001$), and DC and OA ($\beta = 0.582$, $p < 0.001$). The model explains 58.5% of the variance in DC and 67.5% of the variance in OA. These findings indicate that strategic human capital is associated with organizational agility both directly and through the development of dynamic capabilities. The study contributes to the Resource-Based View and Dynamic Capability Theory by explaining the role of dynamic capabilities in linking strategic human capital with organizational agility in a rapidly changing business environment.

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INTRODUCTION

Over the past decade, rapid technological disruption, digital transformation, market uncertainty, and increasing sustainability pressures have fundamentally altered the business environment. These conditions require organizations not only to possess valuable resources but also to respond to environmental changes rapidly, flexibly, and innovatively. Accordingly, organizational agility has emerged as an important strategic capability, reflecting an organization's ability to sense environmental changes, make timely decisions, and reconfigure resources in response to evolving markets, technologies, and customer needs (Walter & Raetzke, 2021; Teece et al., 2016). This perspective is consistent with Dynamic Capability Theory, which emphasizes that competitive advantage depends not only on valuable resources but also on an organization's ability to integrate, renew, and reconfigure those resources in response to environmental dynamism (Teece et al., 2016; Schilke et al., 2018).



This issue is particularly relevant in Riau Province, Indonesia, where economic activity is strongly associated with resource-based industries, including palm oil, oil and gas, pulp and paper, plantations, trade, logistics, and services. According to Statistics Indonesia (BPS), Riau's economy grew by 3.52% in 2024, confirming the continued expansion of the regional economy. At the same time, the province's economic structure remains closely linked to industries exposed to commodity price fluctuations, global demand, trade policies, and sustainability requirements. This context makes organizational agility particularly important for companies operating in Riau. (Badan Pusat Statistik, 2025).

The palm oil industry provides a particularly relevant context. According to the Ministry of Agriculture's *Oil Palm Commodity Outlook 2024*, Riau was Indonesia's largest palm oil-producing province, accounting for 19.06% of national palm oil production based on the 2020–2024 average. The strategic importance of the sector exposes companies in Riau to changes in commodity markets as well as increasing sustainability requirements. The Roundtable on Sustainable Palm Oil (RSPO), for example, adopted revised 2024 Principles and Criteria, which strengthen requirements related to sustainability, auditability, implementation, and regulatory relevance. In Indonesia, sustainability requirements are also shaped by the national Indonesian Sustainable Palm Oil (ISPO) framework. Together with growing Environmental, Social, and Governance (ESG) expectations, these developments increase the need for firms to continuously adapt their strategies, processes, and organizational capabilities (Roundtable on Sustainable Palm Oil [RSPO], 2024).

These external pressures are reinforced by the acceleration of digital transformation. The adoption of digital business processes, big data analytics, artificial intelligence, cloud computing, and operational automation requires organizations to develop human resources capable of continuous learning, technological adaptation, and timely strategic decision-making (Vial, 2021; Warner & Wäger, 2019; Mikalef & Gupta, 2021). Managers are particularly important in this process because they are responsible for strategic planning, competency development, business decision-making, and organizational innovation (AlNuaimi et al., 2022).

From the perspective of the Resource-Based View (RBV), sustainable competitive advantage is derived from valuable, rare, inimitable, and non-substitutable resources (Barney, 2021). Strategic human capital constitutes one such resource because it encompasses the knowledge, skills, experience, creativity, leadership capabilities, and strategic competencies embedded in organizational members (Ployhart et al., 2021). High-quality human capital can support innovation, improve decision-making, and strengthen organizational competitiveness (Bamel et al., 2022). However, the possession of superior human capital alone does not necessarily produce organizational agility. Its strategic value depends on the organization's ability to integrate, develop, and reconfigure individual competencies into adaptive organizational capabilities. From a Dynamic Capability perspective, sensing, seizing, and reconfiguring provide the mechanism through which strategic resources can be transformed into organizational capabilities that support adaptation and sustained competitive advantage (Teece et al., 2016; Helfat & Peteraf, 2022).

Previous studies have provided evidence that human capital and organizational capabilities are closely related to firms' ability to adapt to changing environments; however, the evidence regarding the mechanism linking strategic human capital to organizational agility remains fragmented. Rather than assuming a uniform positive direct effect, prior research suggests that the relationship may operate through different organizational mechanisms. For example, Durán et al. (2023), based on a meta-analysis of 446 correlations involving 52,767 CEOs, found that CEO education, personality, and leadership styles were positively associated with dynamic capabilities. Their findings further showed that dynamic managerial capabilities fully mediated the relationship

between CEO education and dynamic capabilities and partially mediated the relationships involving CEO personality and leadership styles. These findings provide evidence that human-capital-related characteristics at the managerial level contribute to organizational capabilities through an intermediate capability-building process rather than through resource possession alone.

Evidence from the strategic human resource management literature similarly indicates that human resource systems and human capital can contribute to organizational adaptability through dynamic capabilities. In particular, HRM dynamic capabilities have been identified as mechanisms that connect strategic human resource management with changes in organizational resources and practices and can enhance strategic agility under uncertain and dynamic environmental conditions. More recent empirical evidence from Indonesian SMEs also reports that human capital has a strong effect on dynamic managerial capability, whereas its direct effect on organizational agility is comparatively weak, with dynamic managerial capability playing a mediating role. This finding provides further support for the argument that human capital may contribute to agility primarily by being transformed into higher-level organizational capabilities rather than by exerting a uniformly strong direct effect.

Thus, the empirical inconsistency is more appropriately characterized as a mechanism gap rather than simply an inconsistency in the direction of the relationship. Existing evidence supports a positive association between human-capital-related resources and organizational capabilities, but the extent to which strategic human capital directly enhances organizational agility, as opposed to doing so indirectly through dynamic capabilities, remains insufficiently established. Moreover, the available evidence does not yet provide a consistent explanation of whether dynamic capabilities constitute a substantive mediating mechanism through which strategic human capital is converted into organizational agility.

Furthermore, previous research has predominantly examined human capital, dynamic capabilities, and organizational agility in specific organizational settings, including SMEs, technology-oriented firms, and other contexts with different institutional and economic characteristics. The applicability of these relationships to companies operating across multiple industrial sectors in Riau Province remains insufficiently examined. This limitation is important because Riau's economy is strongly associated with natural resource-based industries while companies in the province simultaneously face digital transformation, sustainability requirements, and global market volatility. These contextual characteristics may shape how managerial human capital is converted into dynamic capabilities and, subsequently, organizational agility.

Accordingly, this study addresses two related gaps. First, it addresses an empirical mechanism gap by examining whether dynamic capabilities mediate the relationship between strategic human capital and organizational agility rather than assuming that strategic human capital influences agility solely through a direct pathway. Second, it addresses a contextual gap by testing this relationship among managers of companies operating across multiple industrial sectors in Riau Province, Indonesia. Based on these gaps, this study aims to examine the effect of Strategic Human Capital on Organizational Agility, with Dynamic Capabilities serving as a mediating variable. The study integrates the Resource-Based View and Dynamic Capability Theory to explain how strategic human capital can be transformed into higher-order organizational capabilities that enable firms to respond rapidly and effectively to environmental changes.

LITERATURE REVIEW

Resource-Based View (RBV)

The Resource-Based View (RBV) is a foundational perspective in strategic management that explains how firms can achieve sustained competitive advantage

through the possession and management of heterogeneous resources. Barney (1991) established a systematic framework by arguing that resources can become sources of sustained competitive advantage when they are valuable, rare, difficult to imitate, and difficult to substitute. Subsequent developments have reaffirmed the relevance of resource-based theory while extending its application to contemporary issues of value creation, knowledge, and organizational capability (Barney, 2021; Barney et al., 2021).

Within this perspective, human capital represents an important strategic resource because knowledge, skills, experience, creativity, and leadership competencies embedded in individuals can be difficult for competitors to replicate. When these attributes are valuable and appropriately developed and deployed, they can contribute to organizational performance and competitive advantage. Accordingly, Strategic Human Capital in this study is conceptualized as a strategic organizational resource encompassing the competencies, knowledge, leadership capabilities, learning orientation, and innovation-related capabilities of organizational members.

The RBV provides the theoretical basis for positioning Strategic Human Capital as an internal strategic resource, but it does not by itself specify how such resources are continuously transformed in response to environmental change. This distinction is important because the present study focuses not merely on whether strategic human capital constitutes a valuable resource, but on how its value is translated into Organizational Agility. The subsequent discussion therefore draws on Dynamic Capability Theory to explain the organizational processes through which strategic resources can be mobilized and transformed into capabilities that support adaptation under changing environmental conditions.

Dynamic Capability Theory

Dynamic Capability Theory was introduced by Teece et al. (1997) and has subsequently become an influential perspective in strategic management for explaining how organizations renew and transform their resource bases under changing environmental conditions. Unlike the Resource-Based View, which primarily emphasizes the strategic value of organizational resources, Dynamic Capability Theory focuses on the organizational processes through which resources and competencies are developed, integrated, and reconfigured to maintain strategic alignment with a changing environment (Teece et al., 2016; Schilke et al., 2018). Thus, dynamic capabilities concern the capacity to transform the resource base, rather than the immediate speed or effectiveness of an organization's response to environmental change. (Teece et al., 2016).

The contemporary framework of dynamic capabilities is commonly articulated through three interrelated processes: sensing, seizing, and transforming/reconfiguring. *Sensing* refers to the organizational capacity to identify, interpret, and assess emerging opportunities and threats. *Seizing* concerns the mobilization and deployment of resources through strategic choices and investment decisions to capture identified opportunities. *Transforming/reconfiguring* refers to the deliberate renewal, recombination, and restructuring of organizational resources, processes, and competencies to maintain strategic fit as environmental conditions evolve (Teece et al., 2016; Helfat & Peteraf, 2022). Importantly, these processes represent capability-building and resource-renewal mechanisms, rather than the observable speed or flexibility of organizational responses.

This distinction is particularly important when differentiating Dynamic Capabilities from Organizational Agility. Although both constructs are concerned with organizational

adaptation, they operate at conceptually different levels. Dynamic capabilities represent the underlying organizational capacity and processes for sensing environmental developments, making strategic choices, and renewing or reconfiguring the resource base. Organizational agility, by contrast, refers to the organization's ability to respond to environmental changes rapidly, flexibly, and effectively once changes or opportunities are identified. In other words, dynamic capabilities explain how the organization renews and transforms what it has, whereas organizational agility reflects how effectively and quickly the organization responds and adapts to changing conditions. Therefore, sensing, seizing, and reconfiguring are treated in this study as dimensions of Dynamic Capabilities, whereas responsiveness, flexibility, decision speed, innovation, and adaptability represent dimensions of Organizational Agility.

The conceptual distinction can also be understood from their respective roles in the organizational adaptation process. Dynamic capabilities function primarily as enabling mechanisms, allowing organizations to renew their resources, processes, structures, and competencies. Organizational agility represents the resulting organizational capacity to act and adapt effectively under changing conditions. Thus, an organization may possess strong dynamic capabilities without necessarily demonstrating high agility if, for example, strategic decisions are implemented slowly, or organizational responses remain rigid. Conversely, short-term organizational responsiveness does not necessarily indicate the existence of strong dynamic capabilities if such responses do not involve systematic resource renewal or reconfiguration. This distinction reduces conceptual overlap and establishes Dynamic Capabilities and Organizational Agility as theoretically related but empirically distinguishable constructs.

Recent research further indicates that dynamic capabilities are particularly important under conditions of digital transformation and environmental dynamism because they enable organizations to renew their resource configurations and develop new organizational responses (Warner & Wäger, 2019; Vial, 2021; Cristofaro et al., 2025). However, these capabilities should not be equated with agility itself. Dynamic capabilities constitute the organizational processes that enable adaptation, whereas organizational agility concerns the organization's realized capacity to respond and adjust effectively to environmental changes.

In the present study, Dynamic Capability Theory provides the theoretical basis for explaining why Strategic Human Capital may contribute to Organizational Agility through Dynamic Capabilities. Strategic human capital provides knowledge, competencies, leadership capabilities, and learning resources that can strengthen the organization's ability to sense opportunities and threats, seize emerging opportunities through strategic decisions, and reconfigure organizational resources. These processes subsequently enhance the organization's ability to respond rapidly and flexibly to environmental changes. Accordingly, Dynamic Capabilities are conceptualized as the mediating mechanism, while Organizational Agility is conceptualized as the organizational capability reflected in responsiveness, flexibility, decision speed, innovation, and adaptability. This distinction provides a clearer theoretical boundary between the two constructs and supports their examination as separate but causally related variables in the proposed research model.

Strategic Human Capital

The concept of human capital originates from Becker (1964), who conceptualized human capital as the knowledge, skills, education, training, and experience acquired through investment in individuals that enhance productivity and generate economic

value. In strategic management, this concept has developed into Strategic Human Capital, emphasizing the strategic value of employees' knowledge, competencies, experience, and capabilities in supporting organizational objectives and competitive advantage. From this perspective, human capital is not merely an operational input but a strategic organizational resource because its value is embedded in individuals and is difficult for competitors to replicate (Becker, 1964; Ployhart et al., 2021).

Strategic Human Capital reflects the organization's ability to develop and utilize human resources in ways that support strategic objectives and organizational performance. In this context, strategic human capital encompasses managerial competencies, knowledge, continuous learning, leadership capabilities, and the capacity to contribute to organizational innovation. These dimensions reflect not only what managers know and are able to do, but also how their knowledge and competencies are developed and applied to address organizational challenges and strategic demands. Such characteristics are particularly important in dynamic business environments, where organizations require managers who can continuously develop competencies, acquire and share knowledge, lead organizational change, and support innovation.

From the Resource-Based View (RBV), Strategic Human Capital can be regarded as a strategic resource because knowledge, experience, competencies, and leadership capabilities embedded in organizational members may possess characteristics that are valuable and difficult for competitors to imitate (Barney, 1991; Barney, 2021). The strategic value of human capital therefore lies not simply in the number or quality of employees, but in the extent to which their knowledge and competencies contribute to organizational value creation. This perspective positions Strategic Human Capital as an important foundation for developing organizational capabilities and achieving sustained competitive advantage.

Based on this conceptual perspective, the present study conceptualizes Strategic Human Capital as a multidimensional construct comprising strategic competency, knowledge management, continuous learning, leadership capability, and innovation capability. Strategic competency refers to the managerial competencies required to understand and implement organizational strategy; knowledge management concerns the acquisition, sharing, and utilization of organizational knowledge; continuous learning reflects the ongoing development of managerial knowledge and skills; leadership capability refers to the ability to guide employees and manage organizational change; while innovation capability concerns the ability to generate and implement new ideas, processes, or solutions. These dimensions provide the conceptual basis for the subsequent development of the measurement indicators used in this study.

Organizational Agility

Organizational agility has become an important construct in strategic management in response to increasing environmental volatility, technological disruption, digital transformation, and changing customer expectations. It refers to an organization's ability to respond rapidly and effectively to environmental changes by adjusting its strategies, processes, decisions, and activities (Walter & Raetze, 2021). Although previous studies conceptualize organizational agility as a multidimensional capability involving responsiveness, flexibility, speed, innovation, and adaptability, these dimensions do not necessarily have to be modeled as separate latent constructs or as a higher-order construct.

In this study, Organizational Agility is specified as a single first-order latent construct measured by five reflective indicators: responsiveness, flexibility, decision

speed, innovation, and adaptability. These indicators represent observable manifestations of the underlying organizational agility construct. A reflective specification is appropriate because changes in the overall level of organizational agility are expected to be reflected in corresponding changes in the five indicators, which are theoretically related and expected to covary. Accordingly, OA1–OA5 are modeled as direct reflective indicators of Organizational Agility rather than as five separate first-order dimensions.

This specification also distinguishes Organizational Agility from Dynamic Capabilities. Dynamic Capabilities refer to organizational processes for sensing opportunities and threats, seizing opportunities, and transforming or reconfiguring resources, whereas Organizational Agility reflects the organization's capacity to respond and adapt rapidly and effectively to environmental changes. Thus, Dynamic Capabilities represent the mechanism for renewing organizational resources, while Organizational Agility represents the organization's ability to translate such capabilities into rapid and adaptive organizational responses. This distinction supports their treatment as separate constructs in the structural model.

The Relationship among Strategic Human Capital, Dynamic Capabilities, and Organizational Agility

Drawing upon the Resource-Based View (RBV) and Dynamic Capability Theory, Strategic Human Capital (SHC) is recognized as a strategic organizational resource that provides the foundation for developing organizational capabilities and sustaining competitive advantage. Nevertheless, recent literature suggests that the relationship between strategic human capital and Organizational Agility (OA) is not always direct. Rather, organizations require the capability to integrate, renew, and reconfigure their human capital into higher-order organizational capabilities before strategic resources can be translated into superior organizational performance (Barney, 2021; Teece et al., 2016; Helfat & Peteraf, 2022).

Recent empirical studies consistently indicate that organizations investing in managerial competencies, organizational learning, knowledge management, and leadership development are more likely to strengthen their Dynamic Capabilities (DC), particularly in the dimensions of sensing environmental change, seizing strategic opportunities, and reconfiguring organizational resources (Bamel et al., 2022; Schilke et al., 2018; Zhou et al., 2023). Strategic human capital enables managers to acquire and apply strategic knowledge, improve decision quality, and foster innovation, whereas dynamic capabilities transform these individual competencies into organization-wide adaptive capabilities that support sustainable competitiveness (Ployhart et al., 2021; Choi et al., 2023).

Similarly, previous studies have identified Dynamic Capabilities as one of the most important antecedents of Organizational Agility. Organizations possessing strong capabilities to identify market opportunities, rapidly allocate strategic resources, and continuously renew organizational structures and business processes demonstrate higher levels of responsiveness, flexibility, innovation, and adaptability under conditions of environmental uncertainty (Warner & Wäger, 2019; Wilden et al., 2022; Walter & Raetz, 2021). In this regard, dynamic capabilities serve not only as mechanisms for organizational adaptation but also as strategic capabilities that enable firms to proactively anticipate market changes, accelerate innovation, and maintain long-term competitive advantage (Teece et al., 2016; AlNuaimi et al., 2022).

Despite growing research on Strategic Human Capital, Dynamic Capabilities, and Organizational Agility, important theoretical and empirical gaps remain. First, existing

studies have examined these constructs largely in manufacturing, technology, and SME settings, while evidence from emerging economies and resource-intensive business environments remains comparatively limited (Walter & Raetze, 2021; Hughes et al., 2022). Second, although Strategic Human Capital is widely recognized as an important organizational resource and Dynamic Capabilities as a mechanism for renewing organizational resources, limited research has explicitly tested whether Dynamic Capabilities mediate the relationship between Strategic Human Capital and Organizational Agility. This leaves insufficient explanation of how human capital is transformed into an organizational capacity to respond rapidly and adapt to environmental change.

Accordingly, the novelty of this study does not lie solely in examining companies in Riau Province, but in proposing and empirically testing Dynamic Capabilities as the theoretical mechanism that converts Strategic Human Capital into Organizational Agility. The study further identifies the characteristics of Riau's business environment, particularly its resource-based industrial structure, exposure to global commodity volatility, digital transformation, and increasing sustainability requirements as a contextual boundary condition under which this mechanism becomes particularly relevant. (Badan Pusat Statistik, 2025; Directorate General of Plantations, 2024). Thus, the study extends the Resource-Based View by explaining how the strategic value of human capital is realized through dynamic organizational processes, while extending Dynamic Capability Theory by examining its mediating role in the development of organizational agility.

Hypothesis Development

Based on the Resource-Based View, Strategic Human Capital represents a valuable strategic resource consisting of managerial knowledge, competencies, experience, and leadership capabilities. These resources provide the foundation for developing organizational capabilities. Consistent with Dynamic Capability Theory, managerial competencies enable firms to identify environmental changes, seize opportunities, and reconfigure resources in response to changing conditions. Therefore:

H1: Strategic Human Capital has a positive effect on Dynamic Capabilities.

Strategic Human Capital can also directly strengthen Organizational Agility by enhancing managerial decision-making, organizational learning, innovation, and the ability to respond to changing business conditions. Managers with stronger strategic competencies are better positioned to facilitate timely and flexible organizational responses. Therefore:

H2: Strategic Human Capital has a positive effect on Organizational Agility.

Dynamic Capabilities enable firms to sense environmental changes, seize emerging opportunities, and transform or reconfigure resources. These processes strengthen the organization's ability to respond rapidly and adapt effectively to environmental changes, which constitutes a core characteristic of Organizational Agility. Therefore:

H3: Dynamic Capabilities have a positive effect on Organizational Agility.

Finally, Dynamic Capability Theory suggests that strategic resources generate organizational outcomes through processes that mobilize and transform those resources. Accordingly, Dynamic Capabilities are expected to function as the mechanism through which Strategic Human Capital is translated into Organizational Agility. Therefore:

H4: Dynamic Capabilities mediate the relationship between Strategic Human Capital and Organizational Agility.

METHODS

This study employed a quantitative explanatory design with a cross-sectional survey to examine the hypothesized relationships among Strategic Human Capital (SHC), Dynamic Capabilities (DC), and Organizational Agility (OA) among managers of medium and large companies in Riau Province, Indonesia. The sampling frame comprised companies operating in major sectors of the provincial economy, including palm oil plantations, oil and gas, pulp and paper, manufacturing, trade, logistics, and services. Respondents were managers occupying strategic and functional positions, including general, operational, human resource, finance, marketing, production, and branch managers, with a minimum of two years of managerial experience. Using purposive sampling based on these criteria, 250 valid responses were obtained and included in the analysis.

Data were collected using a structured questionnaire administered through online and offline distribution and measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The measurement items for SHC, DC, and OA were adapted from established international literature and contextualized to the corporate environment in Riau Province. Prior to the main survey, the instrument was subjected to expert review and pilot testing to assess clarity, relevance, and content validity. Where applicable, translation and back-translation procedures were used to ensure linguistic equivalence. Participation was voluntary; respondents were informed of the research purpose, and informed consent and confidentiality procedures were applied before questionnaire completion.

The data were analyzed using PLS-SEM with SmartPLS 4. The measurement model was assessed through indicator loadings, Cronbach's alpha, composite reliability, AVE, Fornell–Larcker criterion, and HTMT, while the structural model was evaluated using VIF, path coefficients, R^2 , f^2 , Q^2 , and SRMR. Hypotheses were tested using 5,000 bootstrap resamples with 95% confidence intervals. The results indicate that SHC has a positive and significant association with DC ($\beta = 0.763$, $p < 0.001$), while DC has a positive and significant association with OA ($\beta = 0.684$, $p < 0.001$). SHC also demonstrates a positive and significant direct association with OA ($\beta = 0.214$, $p < 0.01$). The model explains 58.2% of the variance in Dynamic Capabilities ($R^2 = 0.582$) and 67.4% of the variance in Organizational Agility ($R^2 = 0.674$). These findings provide empirical support for the proposed relationships and the mediating role of Dynamic Capabilities; however, because the data were collected cross-sectionally, the findings should be interpreted as associations consistent with the hypothesized model rather than definitive causal effects.

RESULTS AND DISCUSSION

Respondent Characteristics

This study involved 250 company managers from Riau Province, Indonesia, representing a diverse range of industrial sectors, including plantation and palm oil, manufacturing, oil and gas, services and logistics, and other business sectors. The respondents were selected based on their involvement in managerial activities and their knowledge of organizational conditions and decision-making processes relevant to the research variables. The demographic characteristics of the respondents are presented in Table 1.

Table 1. Characteristics of Respondents

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	172	68.8
	Female	78	31.2
Age	30–40 years	104	41.6
	41–50 years	98	39.2
	>50 years	48	19.2
Managerial Experience	2–5 years	76	30.4
	6–10 years	112	44.8
	>10 years	62	24.8
Industry Sector	Plantation & Palm Oil	78	31.2
	Manufacturing	45	18.0
	Oil & Gas	38	15.2
	Services & Logistics	54	21.6
	Other sectors	35	14.0

Source: Primary data processed using SmartPLS (2026)

Based on Table 1, the respondents were predominantly male (68.8%), with 41.6% aged 30–40 years and 39.2% aged 41–50 years. Importantly, 69.6% had at least six years of managerial experience, indicating that most respondents had substantial experience relevant to assessing Strategic Human Capital, Dynamic Capabilities, and Organizational Agility. Respondents represented several major sectors in Riau Province, with plantation and palm oil accounting for 31.2%, followed by services and logistics (21.6%), manufacturing (18.0%), oil and gas (15.2%), and other sectors (14.0%). Overall, the respondent profile provides an adequate basis for examining the proposed relationships, although the findings should be interpreted within the scope of the participating organizations and sampling procedure.

Measurement Model Evaluation (Outer Model)

The measurement model was evaluated using Partial Least Squares Structural Equation Modeling (PLS-SEM) to establish the reliability and validity of the measurement instruments before assessing the structural model. The evaluation focused on indicator outer loadings, Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). Indicator reliability was assessed based on outer loading values, with values of 0.70 or higher generally considered acceptable. Internal consistency reliability was evaluated using Cronbach's alpha and Composite Reliability, while convergent validity was assessed using AVE. The results of the measurement model assessment are presented in Table 2.

Table 2. Construct Reliability and Convergent Validity

Construct	Indicator	Loading	Cronbach Alpha	CR	AVE
Strategic Human Capital	SHC1	0.812	0.901	0.927	0.718
	SHC2	0.846			
	SHC3	0.871			
	SHC4	0.829			
	SHC5	0.853			
Dynamic Capabilities	DC1	0.821	0.914	0.936	0.746
	DC2	0.873			
	DC3	0.861			
	DC4	0.844			
	DC5	0.889			
Organizational Agility	OA1	0.835	0.918	0.939	0.755
	OA2	0.874			
	OA3	0.882			

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Construct	Indicator	Loading	Cronbach Alpha	CR	AVE
	OA4	0.856			
	OA5	0.867			

Source: SmartPLS 4 Output (2026)

As shown in Table 2, all indicators demonstrate adequate reliability, with outer loadings ranging from 0.812 to 0.889, while Cronbach's Alpha and Composite Reliability values for all constructs exceed 0.70. In addition, AVE values for Strategic Human Capital (0.718), Dynamic Capabilities (0.746), and Organizational Agility (0.755) are above 0.50, confirming convergent validity. Overall, the measurement model meets the required reliability and validity criteria, supporting the use of all constructs for subsequent structural model analysis.

Discriminant Validity

Discriminant validity was assessed using the Heterotrait–Monotrait Ratio (HTMT). As presented in Table 3, all HTMT values are below the recommended threshold of 0.90, with values ranging from 0.741 to 0.815. This indicates that Strategic Human Capital, Dynamic Capabilities, and Organizational Agility are empirically distinct constructs and measure conceptually different aspects of the research model. Therefore, the results support the discriminant validity of the measurement model.

Table 3. Heterotrait-Monotrait Ratio (HTMT)

Construct	SHC	DC	OA
Strategic Human Capital	-		
Dynamic Capabilities	0.782	-	
Organizational Agility	0.741	0.815	-

Source: SmartPLS 4 Output (2026)

Table 3 shows that all HTMT values are below the recommended threshold of 0.90, with values ranging from 0.741 to 0.815. This indicates that Strategic Human Capital, Dynamic Capabilities, and Organizational Agility demonstrate adequate discriminant validity, confirming that each construct represents a distinct concept within the research model.

Structural Model Evaluation (Inner Model)

The structural model was evaluated through collinearity assessment, coefficient of determination (R^2), predictive relevance (Q^2), and hypothesis testing. The VIF values ranged between 1.624 and 2.314, indicating that multicollinearity was not present.

Table 4. R-Square and Predictive Relevance

Endogenous Construct	R^2	Adjusted R^2	Q^2
Dynamic Capabilities	0.582	0.579	0.421
Organizational Agility	0.674	0.669	0.487

Source: SmartPLS 4 Output (2026)

Based on Table 4, Strategic Human Capital explains 58.2% of the variance in Dynamic Capabilities ($R^2 = 0.582$), while the remaining 41.8% is explained by factors outside the model. Furthermore, Dynamic Capabilities and Strategic Human Capital jointly explain 67.4% of the variance in Organizational Agility ($R^2 = 0.674$), leaving 32.6% attributable to other factors not included in the model. The Q^2 values of 0.421 for Dynamic Capabilities and 0.487 for Organizational Agility are both greater than zero, indicating

that the model has predictive relevance for the endogenous constructs. Overall, these results indicate that the structural model provides meaningful explanatory and predictive capability for examining the relationships among Strategic Human Capital, Dynamic Capabilities, and Organizational Agility.

Interpretation

The R^2 value of 0.582 indicates that 58.2% of the variance in Dynamic Capabilities can be explained by Strategic Human Capital. Meanwhile, Strategic Human Capital and Dynamic Capabilities explain 67.4% of the variance in Organizational Agility. These results indicate that the proposed model has substantial explanatory capability.

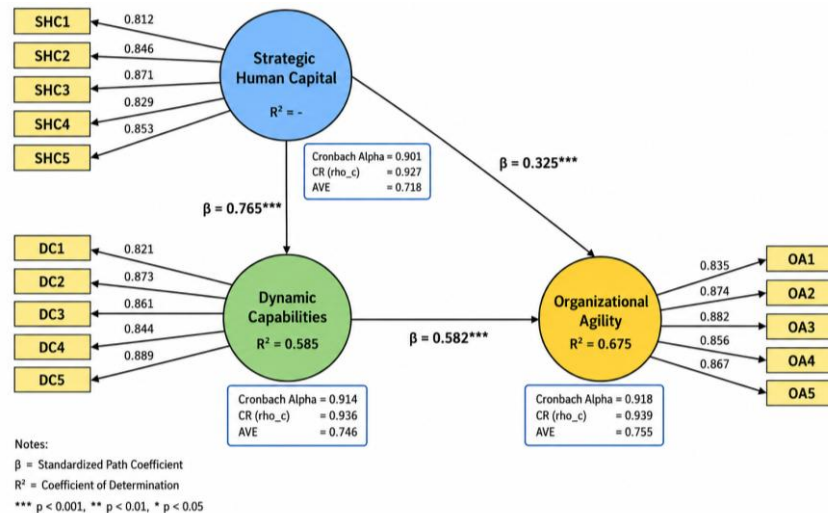


Figure 1. Structural Model Results of PLS-SEM

Source: SmartPLS 4 Output (2026)

Based on Figure 1, the SEM-PLS results indicate that all indicators have strong outer loadings (0.812–0.889), confirming good convergent validity for the Strategic Human Capital, Dynamic Capabilities, and Organizational Agility constructs. The Cronbach's Alpha (0.901–0.918), Composite Reliability (0.927–0.939), and AVE (0.718–0.755) values also demonstrate satisfactory reliability and validity. In the structural model, Strategic Human Capital has a positive and significant effect on Dynamic Capabilities ($\beta = 0.763$; $p < 0.001$), while Dynamic Capabilities positively and significantly affect Organizational Agility ($\beta = 0.684$; $p < 0.001$). In addition, Strategic Human Capital has a direct positive effect on Organizational Agility ($\beta = 0.214$; $p < 0.01$), highlighting Dynamic Capabilities as an important mechanism through which Strategic Human Capital strengthens Organizational Agility. Overall, these findings underscore the importance of strategically developing human capital and dynamic capabilities as key foundations for enhancing organizational agility.

Hypothesis Testing

The hypotheses were tested using the bootstrapping procedure with 5,000 subsamples in SmartPLS 4. The assessment considered the path coefficient (β), t-value, and p-value, with statistical significance determined at the 5% level. The results are presented in Table 5.

Table 5. Hypothesis Testing Results

Hypothesis	Relationship	Path Coefficient (β)	t-value	p-value	Decision
H1	SHC $\rightarrow$ DC	0.763	18.642	<0.001	Supported
H2	SHC $\rightarrow$ OA	0.214	3.214	0.001	Supported
H3	DC $\rightarrow$ OA	0.684	12.583	<0.001	Supported

Hypothesis	Relationship	Path Coefficient (β)	t-value	p-value	Decision
H4	SHC $\rightarrow$ DC $\rightarrow$ OA	0.522	10.217	<0.001	Supported

Source: SmartPLS 4 Bootstrapping Results (2026)

Based on Table 5, all four hypotheses are supported. H1 indicates that Strategic Human Capital has a positive and significant relationship with Dynamic Capabilities ($\beta = 0.763$, $t = 18.642$, $p < 0.001$). H2 shows that Strategic Human Capital also has a positive and significant direct relationship with Organizational Agility ($\beta = 0.214$, $t = 3.214$, $p = 0.001$). H3 demonstrates that Dynamic Capabilities have a positive and significant relationship with Organizational Agility ($\beta = 0.684$, $t = 12.583$, $p < 0.001$). Furthermore, H4 indicates a positive and significant indirect relationship between Strategic Human Capital and Organizational Agility through Dynamic Capabilities ($\beta = 0.522$, $t = 10.217$, $p < 0.001$). These findings provide empirical support for the proposed relationships in the structural model. However, because the study uses cross-sectional survey data, the significant path coefficients should be interpreted as evidence of statistical associations rather than definitive causal effects.

Mediation Analysis

The mediation analysis demonstrates that Dynamic Capabilities significantly mediate the relationship between Strategic Human Capital and Organizational Agility. The indirect effect ($\beta = 0.522$, $p < 0.001$) is stronger than the direct effect ($\beta = 0.214$, $p < 0.05$), indicating that Dynamic Capabilities function as an important mechanism through which strategic human capital is transformed into organizational agility.

The findings demonstrate that Strategic Human Capital has a significant positive effect on Dynamic Capabilities. This finding confirms the perspective of the Resource-Based View (RBV), which argues that human capital represents a strategic organizational resource because knowledge, skills, experience, and managerial capabilities are difficult to imitate. Managers possessing strong strategic competencies and continuous learning capabilities enable organizations to identify environmental changes, exploit emerging opportunities, and restructure resources effectively.

The significant influence of Strategic Human Capital on Organizational Agility indicates that companies with stronger human capital capabilities are more capable of responding quickly to technological disruption, market uncertainty, and competitive pressures. This result supports previous studies emphasizing that human capital contributes to organizational flexibility, innovation capability, and strategic responsiveness.

Furthermore, Dynamic Capabilities significantly influence Organizational Agility. This finding supports Teece's Dynamic Capability Theory, which explains that organizations achieve sustainable competitiveness through the ability to sense changes, seize opportunities, and reconfigure resources. Companies operating in Riau Province, particularly those in resource-based industries, require dynamic capabilities to overcome volatility in commodity markets, sustainability pressures, and digital transformation challenges.

The mediation finding provides the main theoretical contribution of this study. Although Strategic Human Capital directly influences Organizational Agility, the effect becomes stronger when organizations possess Dynamic Capabilities. This means that highly competent managers alone are insufficient; organizations must develop mechanisms that transform individual knowledge and competencies into organizational-level capabilities.

From a practical perspective, companies in Riau Province should prioritize strategic human capital development through leadership programs, digital competency development, knowledge management systems, and continuous organizational learning. Furthermore, managers should strengthen dynamic capabilities by developing adaptive

decision-making processes, innovation ecosystems, and flexible organizational structures.

This study contributes to management literature by integrating Resource-Based View and Dynamic Capability Theory into a single empirical model explaining how human capital resources are transformed into organizational agility. The research also extends previous studies by providing evidence from an emerging regional business context characterized by natural-resource-based industries and increasing digital transformation demands.

CONCLUSION

This study concludes that strategic human capital plays a fundamental role in strengthening organizational agility through the development of dynamic capabilities among corporate managers in Riau Province. The empirical model demonstrates that strategic human capital has a significant positive effect on dynamic capabilities, indicating that managerial competencies, strategic knowledge, continuous learning, leadership capability, and innovation orientation are critical resources that enable organizations to identify environmental changes, utilize emerging opportunities, and reconfigure organizational resources effectively. Furthermore, strategic human capital directly contributes to organizational agility by improving organizational responsiveness, flexibility, decision-making speed, innovation capacity, and adaptability in facing increasingly complex business environments. However, the stronger influence occurs through dynamic capabilities, confirming that human capital resources must be transformed into organizational capabilities to generate sustainable competitive advantages. This finding reinforces the Resource-Based View perspective that valuable and distinctive human resources become strategic assets when organizations possess the capability to manage and leverage them effectively. The findings also confirm the relevance of Dynamic Capability Theory by demonstrating that dynamic capabilities function as a strategic mechanism that bridges the relationship between strategic human capital and organizational agility. Organizations operating in Riau Province, particularly those engaged in palm oil, oil and gas, pulp and paper, manufacturing, logistics, and service sectors, face continuous pressures arising from digital transformation, global competition, sustainability requirements, and market uncertainty. Therefore, developing competent human capital alone is insufficient without strengthening organizational capabilities in sensing, seizing, and reconfiguring resources. Theoretically, this study contributes to management literature by integrating Resource-Based View and Dynamic Capability Theory to explain how human capital resources are converted into organizational agility. Practically, the findings suggest that companies should prioritize strategic human capital development through managerial competency enhancement, digital capability development, knowledge-sharing systems, innovation-driven culture, and adaptive organizational processes. By strengthening the interaction between human capital and dynamic capabilities, organizations can improve resilience, accelerate strategic responses, and maintain sustainable competitiveness amid continuous environmental changes.

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