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Article

Human agility management in Thai SMEs: A catalyst for enhancing employee value proposition

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Abstract: This study investigates the application of Operational Agility Management in Thai SMEs, examining its impact on Employee Dynamic Capability and the resulting Employee Value Proposition. Using a quantitative approach with a questionnaire survey targeted at Thai SME executives, the research analyzes the relationships between "Value of Work", "Goal Orientation", and "Network Communication" as independent variables, "Employee Dynamic Capability" as a mediating variable, and "Employee Value Proposition" as the dependent variable. The findings reveal that Thai Small and Medium-sized Enterprises (SMEs) struggle particularly with "Network Communication" in enhancing their "Employee Value Proposition", primarily due to their predominant hierarchical command structure. This challenge highlights the need for Thai SMEs to reassess their organizational structures and communication practices to improve employee dynamic capabilities and overall employee value proposition. The study provides novel insights into the application of Operational Agility Management in Thai SMEs, bridging the gap between high-performance management theories and the practical realities faced by SMEs in unpredictable business environments, thus offering a unique perspective on cultivating employee dynamic capabilities in this setting.

Keywords: human agility management; goal oriented; employee efficacy; value of work

1. Introduction

In the rapidly evolving global business landscape, organizations face unprecedented challenges stemming from environmental shifts, epidemics, wars, and economic downturns. These pressing issues underscore the critical need for organizational agility in navigating an ever-changing environment (Josserand et al., 2006). While large corporations, armed with substantial capital resources, may possess a strategic advantage in managing change, Small and Medium-sized Enterprises (SMEs) often find themselves at a crossroads due to their limited resources and restricted agility.

The concept of "high-performance management," prevalent in the 1990s, emphasized enhancing employee relations through active involvement and participation, with the overarching goal of boosting organizational performance (Gollan, 2005). However, this approach primarily focused on internal operational enhancements. In contrast, "agility management" extends beyond internal mechanisms, emphasizing rapid adaptability to external factors, from market trends to global crises. This distinction is crucial for sustained success in today's unpredictable business climate, as agility management equips organizations to swiftly pivot in response to unforeseen challenges.

In Thailand, SMEs play a pivotal role in the economy. As of 2020, there were approximately 3 million SMEs, compared to only 2000 large businesses. These SMEs employ over 38 million people, with 70% of their production catering to the domestic market and 30% contributing to exports. The majority of these enterprises are labor-intensive, with about 2.6 million SMEs in the trade and services sector, and 0.5 million in manufacturing and agriculture (Charoenrat and Harvie, 2021).

Despite the significant economic contribution of Thai SMEs, research on agility management within these organizations remains limited. Most available studies focus on larger companies undergoing organizational shifts within the realm of Agility Management (Denning, 2012). This research gap is particularly concerning given the complexity of implementing agility management, which requires mutual understanding and collaboration between executive leadership and employees. Organizational adaptability is crucial across various domains, including organizational culture, personnel, product or service offerings, foundational resources, production methodologies, and technological integration (Business Insights, 2020).

The impact of agility management on employee perceptions is a critical area of study, given the foundational role of human resources in organizational change. For effective transformation, employees must embrace an agile mindset, viewing change as an opportunity and leveraging existing skills and external knowledge for innovation. Such adaptability is essential in addressing evolving consumer habits and enhancing organizational performance (Sherehiy et al., 2007).

This study uniquely intertwines the concept of Employee Value Proposition (EVP) with the evolution of flexible human capital. Unlike prior research, which primarily assessed human capital through metrics like “Job performance” or “Organizational commitment”, this approach offers a holistic view, emphasizing EVP factors that resonate with contemporary, dynamic management contexts. The research focuses on “Agile Employee Management” to identify organizational management gaps as perceived by employees in three key areas: Value of Work, Goal Orientation, and Network Communication. These areas influence the ultimate outcome: valuable human capital, evaluated through Employee Value Proposition factors (Mavengere, 2013; Weber and Tarba, 2014).

The study employs quantitative analysis using structural equations based on literature, drawing data from employee perceptions of management. Three pivotal factors emerge: self-efficacy, flexibility, and employee value. The findings aim to enhance agile management in SME networks, optimizing resource allocation. Importantly, this research offers a tailored framework for agility management suited to Thai business culture, distinct from Western contexts.

In the subsequent sections, this paper will present a comprehensive literature review, followed by the research methodology, findings, discussion, and conclusions. The study’s outcomes are expected to provide valuable insights for Thai SMEs in implementing and optimizing agility management practices, ultimately contributing to their resilience and competitiveness in the face of global challenges.

2. Literature review

2.1. Human resource development and operational agility management

The Resource-Based View (RBV), as expounded by Barney (1991) and Moeller (2009), presents a detailed framework for grasping the strategic value of resources in an organization. Under this lens, organizational resources are categorized into tangible and intangible assets. Tangible assets are physical and quantifiable, such as machinery, infrastructure, and financial resources. On the other hand, intangible assets, though not physically manifest, encompass vital elements like brand reputation, intellectual rights, organizational ethos, and human talent. Their intangibility doesn't diminish their impact; in fact, these assets can decisively shape an organization's competitive position. Investments in tangible assets often lead to marked transformations, while those in intangible or "soft" assets bring about nuanced shifts, accompanied by intricate evaluation challenges.

Numerous studies, including those by Kuipers et al. (2014) and Vakola and Nikolaou (2005), highlight the complexities of nurturing human capital, an intangible asset. The evolution of this soft asset is incremental, and its outcomes can be elusive to quantitative assessment. Additionally, with employees engrossed in their routine tasks, there's often a hesitance to adapt to evolving requirements. This underscores that human capital development isn't solely the domain of HR but necessitates top-tier leadership involvement. Executives should be instrumental in fostering knowledge, skill enhancement, and cultivating a culture of proactive engagement and collaborative flexibility (Ghitulescu, 2013). Such initiatives fortify human and intellectual capital, paving the way for organizational innovation.

Human resource management's role in fostering skills, knowledge, and adaptability in the face of business shifts has long been emphasized. Šochová and Kunce (2014) discuss agility management in product delivery, emphasizing proactive team coordination and swift responses to customer needs. Meanwhile, Gieles and van der Meer (2017) spotlight the HR function in agile organizations, advocating for resource allocation that boosts professional drive among employees. They further argue that in today's rapidly changing world, HR must transition from its conventional mindset to a more agile-centric one, facilitating organizational adaptability and aiding in structural modifications to accommodate change.

In the realm of human resource management, a significant emphasis is placed on organizational and operational agility, reflecting the ability to adapt swiftly. Based on the findings of Mavengere (2013) and Weber and Tarba (2014), three key independent factors have been identified: Value of Work, Goal Orientation, and Network Communication. These factors underscore the essence of agility management within HR practices.

2.2. Value of work (VOW)

The "Value of Work" factor emphasizes the alignment between employees and organizational strategy, focusing on shared goals, vision, and enhancing overall work efficiency. This can involve leveraging modern technology to meet evolving customer demands and stay competitive. The process encourages utilizing knowledge and skills to deliver results that resonate with market requirements, thereby instilling a sense of value in employees. This cultivated value is discernible when juxtaposed with business benchmarks and societal acceptance. However, from an employee's perspective, the

perceived work value can be influenced by demographic factors, social standing, and profession (Tyagi and Schwartz, 2009). This factor champions a shift in mindset, transitioning from conventional thought patterns to embracing an "Agile mindset".

A pivotal element influencing work value is the alignment of individual choices with personal values. When individuals select roles that resonate with their core values, the outcomes tend to be more meaningful. Engaging in a profession with passion and understanding transcends the superficial allure of monetary rewards. It's about finding roles that align with one's personality, meet individual needs, and are compatible with one's circumstances, considering factors like work environment, communication preferences, and demographic characteristics (Super and Sverko, 1995). As posited by Hofstede (1984), the perceived value of work is closely tied to an individual's satisfaction within their immediate environment.

2.3. Goal orientation objective (GOO)

Goals represent valuable aspirations for both individuals and business units, driving them to take necessary actions to achieve their targets. Realizing these aspirations signifies the successful attainment of set objectives, such as a company aiming to achieve a certain financial benchmark within a planned timeframe. Business objectives can span overarching organizational aims and more specific departmental targets, encompassing areas like marketing, management, production, and finance (Lunenburg, 2011). Establishing clear, achievable goals is a standard business practice, with outcomes measurable both qualitatively and quantitatively. Goal setting enhances motivation and boosts performance across all business scales, from small enterprises to large corporations, and even at the individual level (Laoyan, 2022). Being goal-oriented emphasizes the ability of workers to employ divergent thinking, breaking free from the restrictions of conventional processes. This approach acknowledges that while established methods might successfully execute plans, they don't always ensure the achievement of desired outcomes. This dimension is instrumental in driving an organization's innovative capacities, signaling the need for a more profound and ingrained agile mindset.

Goal-oriented management is anchored in Goal Setting Theory, emphasizing that well-defined, measurable goals boost motivation (Locke, and Latham, 2002). Clear and challenging objectives not only spur employees to invest effort and refine their skills but also foster feelings of achievement, productivity, and job satisfaction. Locke and Latham highlights five principles for effective goal setting: clarity, ensuring goals are specific and time-bound; challenge, to maintain engagement; commitment, to instill dedication; feedback, to monitor and adjust performance; and task complexity, breaking down overarching objectives into smaller, manageable tasks. Achieving these smaller milestones cumulatively leads to the accomplishment of larger goals (Lunenburg, 2011).

2.4. Network communication (NEC)

Originating from the concept of linked computers, Network Communication offers unparalleled flexibility in work and communication, providing a tangible competitive edge. This platform ensures uninterrupted interactions, leveraging devices

such as computers or smartphones, bridging gaps between internal and external organizational entities. Adopting this communication paradigm enhances collaborative agility, free from temporal or geographical constraints. From disseminating product blueprints and strategic plans to sharing procedural insights, the use of contemporary tools amplifies efficiency, minimizes expenses, and heightens adaptability (Blumler and Katz, 1974; Olkkonen et al., 2000). This is prominently illustrated in contemporary practices like remote working or online education, especially prevalent during unprecedented events like the COVID-19 outbreak and natural calamities. Additionally, it facilitates swift interactions with external entities, including customers. Even organizations grounded in traditional hierarchies can harness network communication to refine their hierarchical channels, fostering a more agile communication environment that integrates all organizational tiers. This approach emphasizes a goal-driven strategy, adeptly interlinking various departments and personnel. By utilizing the right technological solutions (Burt, 2000), it dissolves communicative inequalities and ensures timely awareness in emergent situations (Miner et al., 1990; Powell et al., 2005). However, it's worth noting that despite these advantages, some organizations still prefer hierarchical communication, a classical approach rooted in organizational hierarchies (Widhiastuti, 2012).

2.5. Employee dynamic capability (ECP)

The "dynamic potential" of employees refers to their knowledge, talents, and enthusiasm, which manifest as work behaviors on both individual and collaborative dimensions, especially in the face of continuous environmental shifts, internally and externally. Such dynamic potential is essential capital for ensuring workplace flexibility and bolstering organizational robustness (Wang and Ahmed, 2007). This potential is instrumental in fostering innovation across organizational sectors (Salunke et al., 2011). Drawing from the resource-based theory, it's highlighted that for businesses to thrive competitively, effective management of resources, particularly human capital, is paramount (Barney, 2001; Eisenhardt and Martin, 2000; Janssen et al., 2012).

In the research, the term "Employee Dynamic Capability" is bifurcated into two subordinate dimensions: "Employee Efficacy (EMF)" and "Employee Agility (EMA)." Employee efficacy pertains to an employee's self-assessment of their knowledge and skills, influenced by past experiences, feedback from superiors, peers, customers, and acknowledgment from both real and virtual communities. This concept is underpinned by the Dynamic Capability Theory, introduced by David Teece, Gary Pisano, and Amy Shuen in 1997 (Bradley, 2002). Within organizational contexts, dynamic capability denotes an institution's adaptability, both internally and externally, leveraging its resources to swiftly adjust to environmental shifts and achieve its objectives. It emphasizes agility and the amalgamation of diverse abilities to manage both tangible and intangible resources in a constantly evolving competitive landscape. This theory aligns with the perspective of the five forces model (Porter, 2008).

Employee Agility is defined as an employee's proficiency in agile practices, encompassing rapid adaptability in addressing customer demands or adapting to production shifts. At an operational level, it encapsulates efficient communication

between customers and the organization for product and service design, and cost reduction (Sambamurthy et al., 2007). In customer service management, this agility can streamline service processes and even preemptively discern customer requirements (Zitkiene and Deksnys, 2018). Studies on organizational agility, conducted by Nafei (2016) and Lu and Ramamurthy (2011), indicate that organization-wide agility promotes creativity. This agility acts as a catalyst, accelerating organizational performance, notably within human resources. Such agility, inherently, demands experience, knowledge, and proficiency for informed decision-making at both strategic and operational tiers.

2.6. Employee value proposition (EVP)

An "Employee Value Proposition" (EVP) represents the commitment an employer offers in exchange for an employee's skills, capabilities, and dedication. This commitment encompasses the collective benefits and rewards that an employee garners within their organization. As Verlinden (2021) highlights, it's the summation of all perks and acknowledgments from the company, while Michael Page (2020) describes it as the distinctive package of benefits reciprocated for the unique talents an individual brings to the table. In the realm of business organizations, especially roles tied to design, production, or direct customer interactions, human capital is instrumental in crafting a distinctive brand identity. Such an identity often projects that the company's talent pool boasts greater expertise than its rivals. This emphasis on employee value motivates organizations to craft specific policies, strategic blueprints, and benefits to nurture profound organizational loyalty (Pandita, 2011). As a result, there's a growing inclination to delve into 'Employee Value' as a holistic concept, moving beyond the narrow lens of job performance or individual efficiency.

2.7. Relationships among three antecedent factors and their consequences for hypothesis development

2.7.1. The literature supports a line of influence from VOW to ECP

Upholding positive work values significantly steers an individual's motivation to augment their personal expertise and adaptability, epitomizing the Agile philosophy. As the pace of technological innovation accelerates, it becomes essential for every facet of an organization to adapt—this adaptation transcends mere tools and equipment, influencing broader operational strategies. Such dynamism is paramount for maintaining an organization's competitive edge and long-term viability. This adaptability is encapsulated by the contemporary belief that "Change is inevitable and constant" (Brown and Treviño, 2009; Fagerholm and Pagels, 2014). Based on the review of the content and the role of VOW in relation to ECP, the following hypothesis is proposed:

H1: VOW positively impacts ECP.

2.7.2. The literature supports a line of influence from GOO to ECP

Laoyan's (2022) findings indicate that regardless of the business's scale, goal-centricity acts as a potent catalyst for employee efficiency, enabling them to hone their knowledge and skills for effective job completion. This aligns with Tyagi and Sawhney's (2010) insights into the decision-making processes aligned with goal-

oriented behaviors. Their studies highlighted the significance of prioritization in task management and multitasking as pivotal skills for goal achievement. This suggests that employee's adept in multitasking demonstrate flexibility and efficiency. From this goal-driven lens, there's a requisite for leadership strategies that bolster teamwork, inspire leadership qualities, and kindle motivation, ensuring adaptability to workplace changes (Dahmaradeh and Banihashemi, 2010; Kuipers et al., 2014). Moreover, the study of individual goal orientation, coupled with performance evaluations, steers the enhancement of skills and expertise, ensuring alignment with technological advancements.

Based on the significant influence and substantial impact of GOO on ECP, the following hypothesis is proposed:

H2: GOO positively impacts ECP

2.7.3. The literature supports a line of influence from NEC to ECP

Supported by literature, Blumler and Katz (1974) emphasized the role of intra-organizational communication in enhancing understanding and fostering positive relationships among employees. This not only ensures effective information dissemination but also boosts collaboration and efficiency. Furthermore, when recipients value a message, it enhances the sender's perceived efficacy, promoting continued communication. In challenging times, like pandemics, adaptive communication is vital to maintain productivity (Burt, 2000). Additionally, Easton (1996) and Olkkonen et al. (2000) highlighted the prevalence of informal network communication across departments, especially in collectivist cultures, facilitating flexibility and knowledge-sharing.

Based on the significant influence and substantial impact of NEC on ECP, the following hypothesis is proposed:

H3: NEC positively impacts ECP.

2.7.4. The literature supports a line of influence from ECP to EVP

Bocanegra et al. (2016) in their study, "Investigation of Social Cognitive Career Theory for Minority Recruitment in School Psychology", found that students' self-perceptions of their abilities significantly influence their academic success, thereby attributing value to knowledge-based roles. Extending this, Riopel (2019) asserts that an individual's perception of their capabilities can profoundly impact their quality of life across personal, familial, organizational, and societal spheres. In the work context, this perception directly correlates to one's standard of living. Furthermore, from a psychological standpoint, self-efficacy perceptions shape societal value and overall well-being. Importantly, positive self-perception is pivotal for adapting to rapid changes, such as during the COVID-19 pandemic, enabling businesses to persevere through technology adoption and skill development (Burt, 2000; Miner et al. 1990; Powell, 2005). This adaptability is also crucial for business resilience, ensuring a smooth recovery post-crisis (Breu et al., 2002).

Based on the significant influence and substantial impact of ECP on EVP, the following hypothesis is proposed:

H4: ECP positively impacts EVP.

3. Methods

This study targeted the business sector of Small and Medium-sized Enterprises (SMEs) in Thailand, which encompasses roughly 3 million units (OECD, 2023). From this population, a sample of 300 SMEs was selected for the research. Executives from these enterprises responded to a questionnaire employing a Likert scale ranging from 1 to 5. Each construct in the questionnaire consisted of four items. The data was subsequently analyzed using Confirmatory Factor Analysis and Covariance-based Structural Equation Modeling (SEM).

3.1. Sample size and sampling design

The study employed a sample of 300 SMEs to validate the model. Sample size determination was rooted in the model, adhering to the benchmark standards for structural equation testing as outlined by Westland (2010). The sample size calculation follows $n \geq 5\ 0(J/k)^2 - 450\ (J/k) + 1100 \geq 100$. Given the study's 6 constructs and 30 observed variables, the j/k ratio is calculated to be 5, derived from the equation 30/6. Consequently, the study aims to procure data from a minimum of 100 units. The sampling units were stratified based on three primary sectors: manufacturing, services, and trade. Proportional allocation was employed to determine the size of each subsample, ensuring representation commensurate with the sector's prevalence in the population. Subsequently, simple random sampling was conducted within each stratum using the comprehensive Thai SMEs database, 2023 (Asian Development Bank, 2023) as the sampling frame. Out of the 300 businesses surveyed, 60% are in Bangkok and its metropolitan area. The remaining businesses are distributed across major cities such as Chiang Mai, Phuket, Khon Kaen, Chonburi, and Rayong.

3.2. Measurement construction

The questionnaire was developed through a comprehensive review and synthesis of relevant literature in the fields of agility management, employee dynamic capability, and value proposition in SMEs. Specifically, we adapted validated scales from seminal works such as:

- Kuipers et al. (2014), Sherehiy et al. (2007), and Gieles and van der Meer (2017) on Value of Work.
- Lunenburg (2011), Laoyan (2022), and Locke and Latham (2002) on Goal Orientation.
- Blumler and Katz (1974) and Olkkonen et al. (2000) on Network Communication.
- Salunke et al. (2011) and Zitkiene and Deksnys (2018) on Employee Dynamic Capability.
- Verlinden (2021) and Michael Page (2020) on Employee Value Proposition.

The initial item pool was then refined and contextualized for the Thai SME environment. Subsequently, a pilot test was conducted with a sample of 30 SME executives to assess the questionnaire's reliability. The results yielded Cronbach's Alpha values exceeding 0.7 for all constructs, aligning with the threshold for acceptable internal consistency as proposed by Hair et al. (1998). The final, validated questions are presented in **Table 1**.

Table 1. Factors and measurement variables.

Factor	Measurement variable
VOW (Value of Work)	1. Compensation encompassing salary and other benefits.
	2. Work alignment with organizational standards, customer preferences, and peer acceptance.
	3. Work value derived from the acquisition of skills, knowledge, and experience.
	4. Job responsibilities underpinned by dedication, effort, and discipline.
GOO (Goal Oriented)	1. Work objectives are quantifiable in terms of both quality and quantity.
	2. Employees actively collaborate with colleagues to achieve their shared objectives
	3. Employees can effectively structure tasks and adapt to various work methods.
	4. Work goals are clearly defined and achievable.
NEC (Network Communication)	1. Communication with stakeholders is clear and consistently understood.
	2. Messages received via technology from relevant parties are clear and align with needs.
	3. Cross-functional communication is effectively implemented.
	4. Actively sourcing knowledge from colleagues through social media platforms.
EMA (Employee Agility)	1. Proficient in adapting to evolving tasks.
	2. Swift in embracing new technology.
	3. Demonstrates flexibility and timely problem-solving in work.
	4. Continually advances knowledge to stay abreast of modern trends.
EMF (Employee Efficacy)	1. Consistently able to meet set objectives.
	2. When confronted with challenging tasks, confident in achieving success.
	3. Past accomplishments include successfully navigating complex tasks.
	4. Successfully navigated numerous challenges.
EVP (Employee Value Proposition)	1. Earnings from employment contribute to the betterment of the economy and society.
	2. The knowledge and expertise of employees open up greater career prospects.
	3. Employees' knowledge enhances both the brand and the employer's reputation.
	4. Employees' contributions directly impact the company's revenue.

Note: ECP (Employee Dynamic Capability) is represented by second-order factors: EMA and EMF.

4. Results and discussion

Based on the data collected from the sample units, the descriptive statistics regarding the executives and business characteristics are presented in **Table 2**.

Table 2. Demographic and business characteristics of executive as respondent units.

Variable	Attribute	Frequency	%
Gender	Female	109	36.33
	Male	191	63.67
Age	Less than 35 years	57	19.00
	35–50 years	74	24.67
	51–55 years	97	32.33
	More than 56 years	72	24.00
Education	Under bachelor's degree	127	42.33
	Bachelor's degree	132	44.00
	higher than bachelor's degree	41	13.67

Table 2. (*Continued*).

Variable	Attribute	Frequency	%
Business Sector	Production	158	52.67
	Service	82	27.33
	Trader	60	20.00
Business Tenure	1–5 years	51	17.00
	6–10 years	79	26.33
	More than10 years	170	56.67
Employees in company (person)	20 -30	62	20.66
	31–50	57	19.00
	51–200	89	29.67
	More than 200	92	30.67

4.1. Descriptive statistics

The data was collected from a representative sample of executives evaluating their company specifics (**Table 2**). Of these respondents, 63.67% are male, with the majority (32.33%) falling within the 51–55 age bracket. Educational backgrounds predominantly consist of bachelor's degrees. In terms of business sectors, about 53% operate in production. Regarding company longevity, 57% have been established for more than 10 years, while 17% are relatively new, having been in operation for 1–5 years. As for company size, approximately 31% of the surveyed companies employ more than 200 people. This finding suggests that the Thai SMEs in the sample are predominantly labor-intensive.

Table 3. Overall descriptive statistics of antecedent and consequence factors.

Factors	Second order	Mean	Standard deviation	C.V.
VOW	-	4.02	0.65	0.162
GOO	-	4.36	0.67	0.154
NEC	-	4.12	0.98	0.238
ECP	EMA	4.06	0.75	0.185
	EMF	4.32	0.73	0.169
EVP	-	4.52	0.77	0.170

Note: CV is coefficient of variation = STD/Mean.

The results presented in **Table 3** reveal that the CV values for all factors are below 0.3, suggesting stable data without excessive fluctuations. All factors register values below 0.2, apart from the NEC factor, which has a CV value of 0.238. This suggests a lack of consistency among the evaluators. Every item's average score exceeded 4.0, with EVP recording the highest at 4.52.

4.2. Confirmatory analysis

The results from the CFA analysis indicate that the variable groupings within each factor were justified, as evidenced by the KMO value and the test's significance. This alignment is consistent with Hair et al.'s (1998, p. 112) findings, given that the Factor

Loading value consistently exceeded 0.7. Further examination showed that every factor's Average Variance Extracted (AVE) value was above 0.75, and Composite Reliability consistently exceeded 0.8. Moreover, each variable's Loading Factor was significant. The model fit indices for CFA also confirmed a good fit based on established standards: Chi-Square/df = 2.13, RMR = 0.05, IFI = 0.942, CFI = 0.939, and RMSEA = 0.061 (Bentler,1999; Hu and Bentler,1999).

4.3. SEM analysis

Figure 1 illustrates the results of the model fit analysis performed using the Covariance-based Structural Equation Modeling (SEM) method.

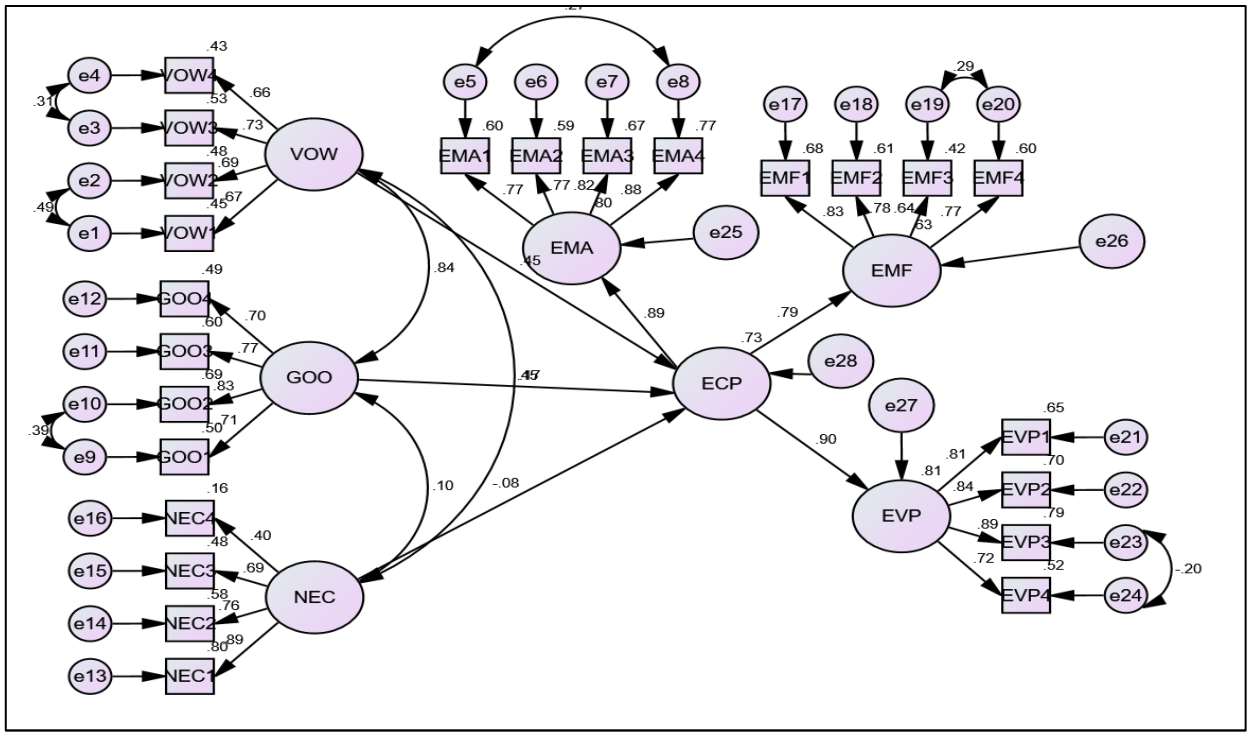

Figure 1. The SEM analysis results, which display standardized coefficients, are presented in the context of model fit adjustments.

After adjusting for model suitability, the analysis yielded the following fit indices: Chi-Square/df = 2.00, RMR = 0.04, IFI = 0.941, CFI = 0.939, and RMSEA = 0.060. These indices meet the standard criteria and indicate a good model fit as suggested by McDonald and Ho (2002) and Hu and Bentler (1999).

Furthermore, the SEM analysis indicates that, when serving as second-order components of ECP, EMA and EMF displayed factor loadings of 0.792 and 0.893, respectively. This implies that EMA (Employee Agility) carries greater importance than EMF (Employee Efficacy).

The findings from the hypothesis testing presented in **Table 4** reveal that all proposed hypotheses were accepted, except for the hypothesis positing a positive influence of NEC on ECP, which did not align with the predefined expectations.

Table 4. Results of hypothesis testing.

Relation	Unstandardized Coefficient	Standardized Coefficient	S.E.	C.R.	*p*-value	Concussion
VOW→ ECP	0.537**	0.455**	0.173	3.106	0.002	Support
GOO → ECP	0.380***	0.447***	0.118	3.220	0.001	Support
NEC → ECP	−0.037	−0.084	0.021	−1.769	0.077	Not Support
ECP → EVP	1.039***	0.902***	0.088	11.777	0.000	Support

Note: *p < 0.05; **p < 0.01; ***p < 0.001.

To assess the impact of the three HR management factors—VOW, GOO, and NEC—from an agility management perspective on the EVP outcome, with ECP acting as an intervening variable, the authors computed the total effect for comparison. Moreover, Network Communication (NEC) not only lacks a positive influence on Employee Self-Efficacy (EMF) but also demonstrates a negative influence, with a standardized coefficient of −0.062. Although this result is not statistically significant, it suggests that when personnel engage in excessive network communication, it may create more disadvantages than advantages in terms of self-efficacy perception. Excessive communication can lead to problems such as Information Overload or Information Conflict, potentially hindering the recipient's decision-making ability in their work. This finding aligns with the results of studies conducted by Tallon et al. (2019), Chen and Wei (2019), Guo et al. (2020), Cheng et al. (2020) and Zhang et al. (2022).

Table 5. Direct, indirect, and total effect.

Factor		VOW	GOO	NEC	ECP
ECP	DE	0.455	0.447	−0.084	-
R^2 = 0.732	IE	-	-	-	-
	TE	0.455	0.477	-0.084	-
EVP	DE	-	-	-	0.902
R^2 = 0.814	IE	0.410	0.403	−0.076	-
	TE	0.410	0.403	−0.076	0.902

Note: DE: Direct effect; IE: Indirect effect; TE: Total effect.

Based on the data presented in **Table 5**, the correlation coefficients between the ECP and EVP factors are 0.732 and 0.814, respectively, placing them in the high range. According to Stanton (2001), correlation coefficients can be interpreted as follows: 0–0.19 is very weak, 0.2–0.39 is weak, 0.40–0.59 is moderate, 0.6–0.79 is strong, and 0.8–1 is very strong. When examining the influence of VOW, GOO, and NEC, both VOW and GOO demonstrated comparable total effects on EVP, whereas NEC showed a negative overall impact.

5. Conclusions and discussion

The study examined operational agility management within the domain of human resource management to foster agile employees. A sample of 300 executives from Thai SMEs, segmented into production, service, and trading sectors, participated. Notably, 57% of these businesses were established for over 10 years. The evaluation focused

on three core aspects of labor flexibility: Value of Work, Goal Orientation, and Network Communication. The data revealed that the Network Communication dimension had a pronounced variance, with the highest Coefficient of Variation at 0.238. This indicates marked differences across companies. For instance, service-oriented businesses, which prioritize rapid customer response, tend to have well-defined and implemented Network Communication policies. In contrast, manufacturing entities lean towards a hierarchical structure to ensure tighter control, aligning with the findings of Blumler and Katz (1974) and Olkkonen et al. (2000).

Regarding hypothesis testing, it was revealed that the "Value of Work" and "Goal Oriented" factors significantly and positively impacted the "Employee Dynamic Capability" factor. These findings align with the research of Brown and Treviño (2009) and Fagerholm and Pagels (2014). Accepting change as a cyclical phenomenon not only sustains employment but also adds value to work. Consequently, individuals must continuously adapt to embrace these shifts. The lack of a significant positive impact of 'Network Communication' on 'Employee Dynamic Capability' may be attributed to the high Coefficient of Variation observed, reflecting heterogeneous business characteristics in our sample. This finding diverges from previous research by Easton (1996) and Olkkonen et al. (2000), who emphasized the prevalence and benefits of informal network communication across departments, particularly in collectivist cultures, for facilitating organizational flexibility and knowledge-sharing. The discrepancy underscores the complex nature of network communication in diverse business environments, suggesting its effectiveness may be contingent on factors such as organizational structure, industry sector, or specific cultural contexts. As Tsai et al. (2009) argue, the impact of network communication on organizational outcomes can be moderated by the nature of interdepartmental relationships and the organization's absorptive capacity. This unexpected result highlights the need for a more nuanced understanding of how network communication influences employee dynamic capabilities across different business contexts, pointing to potential areas for future research such as exploring moderating factors like organizational size, industry type, or specific mechanisms of knowledge transfer within network communications. For instance, service-oriented businesses prioritize multi-channel customer service. Burt (2000) highlighted the benefits of harnessing network knowledge for cost-effective production. However, the surveyed SMEs often engage in contract production or outsourcing. Thus, production workers can source knowledge from a variety of channels, seldom applying it to new product creation or development. Additionally, adherence to hierarchical communication, as dictated by organizational structure, may not favor the utilization of Network Communication to enhance "Employee Dynamic Capability," as observed in Widhiastuti's (1997) study. This suggests that businesses should tangibly promote this factor, emphasizing the application of acquired knowledge for refining production processes.

Furthermore, the conclusive hypothesis testing reveals that "Employee Dynamic Capability" positively impacts the "Employee Value Proposition." This finding aligns with Riopel's (2019) study in a similar domain. It also corroborates the research conducted by Burt (2000), Miner et al. (1990), and Powell (2005), especially in the context of a pandemic crisis.

The analysis results demonstrate the profound Total Effect of causative factors

on dependent elements, specifically "Employee Dynamic Capability" and "Employee Value Proposition." With a robust multiple correlation coefficient (R^2) of 0.732 and 0.814, these results underscore the efficacy of the factors within the synthesized model. Furthermore, the compelling influence of "Employee Dynamic Capability" on "Employee Value Proposition" is evident with a substantial total effect value of 0.902, reinforcing the insights from Pandita (2011) and Verlinden (2021). Additionally, the dual facets of "Employee Dynamic Capability," namely "Employee Agility" and "Employee Efficacy," have been validated with compelling factor loadings of 0.792 and 0.893 respectively, echoing the findings of Bradley (2002), Sambamurthy et al. (2007), and Porter (2008).

6. Managerial, theoretical implications, and limitation

6.1. Managerial implications

For SME entrepreneurs, it is imperative to recognize the role of operational agility in human resource management. As business landscapes continually shift, fostering a culture of adaptability and resilience within the workforce is paramount. Entrepreneurs should prioritize "Value of Work" and "Goal Orientation" as they directly enhance "Employee Dynamic Capability." Despite its lack of significant positive influence in our study, the importance of 'Network Communication' should not be underestimated. Its effectiveness varies across sectors, suggesting a need for contextual implementation. A nuanced approach, integrating the stability and clarity of hierarchical structures with the flexibility and innovation potential of open, dynamic communication networks, can yield superior business outcomes. This balanced strategy can facilitate the development of an efficient knowledge center, providing crucial support for employee decision-making and problem-solving processes. Such an approach aligns with the concept of 'ambidextrous organizations' (Cheng et al., 2020; O'Reilly and Tushman, 2013), which emphasizes the importance of balancing efficiency and innovation for long-term success. Furthermore, as Leonardi and Vaast (2017) argue, effective network communication can enhance organizational meta-knowledge, improving overall coordination and resource utilization. Furthermore, given the dynamic nature of SMEs, entrepreneurs should ensure that acquired knowledge is not just stored but actively applied, particularly in refining production processes. This active knowledge application can act as a catalyst in transforming challenges, like those seen during a pandemic crisis, into opportunities for growth and innovation. Examples of businesses that have successfully implemented Agility Management include IT companies in Thailand that develop platforms. They have achieved great success with projects such as Prompt Pay and Krungthai NEXT (also known as Pao Tang).

6.2. Theoretical implications

From a theoretical standpoint, the interplay between the resource-based theory and the goal-setting theory offers a profound understanding of "Employee Agility Management." The resource-based theory posits that firms can gain a sustainable competitive advantage by leveraging their unique internal resources. In the context of

employee agility, these resources are not just tangible assets but, more crucially, intangible assets like employee skills, adaptability, and resilience. These intangible resources become pivotal in navigating the complex and rapidly evolving business environment. On the other hand, the goal-setting theory emphasizes the motivation and direction that clear and challenging goals can provide to employees. When applied to agility management, goal setting can act as a driving force, guiding employees to be more adaptive, innovative, and efficient. Thus, setting clear agility-oriented goals can harness the full potential of employees, making them valuable resources. Together, these theories suggest that for organizations to truly thrive in today's volatile landscape, they must combine the strength of their internal resources with effective goal setting, ensuring that agility is not just an attribute but a strategic priority.

6.3. Limitations

This study was conducted under the following limitations: The businesses studied were small and medium-sized enterprises, focusing on operational practices related to human resource development in three areas: emphasizing work value, goal orientation, and network communication. In reality, there are many other factors that enhance employee competency, agility, and value, such as organizational culture and risk acceptance. These factors may also affect the Employee Value Proposition.

7. Future research directions

The "Network Communication" factor's lack of significance may be attributed to the diversity of the sample, which spans both the service and manufacturing sectors; these sectors often differ substantially in their strategic management approaches. This research hypothesizes that SMEs in the service sector might be heavily reliant on multi-channel interactions, both at the front-end and in back-end management, to gain a competitive edge. As such, it might be valuable to investigate business type as a moderating variable in the model. Additionally, given the notable influence of the "Employee Dynamic Capability" in bridging antecedent and outcome factors, it would be worthwhile to explore its potential role as a mediating factor in future studies.

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Supplementary data: All data was garnered with informed consent from the respondents, affirming the protection of their rights. Supplementary data supporting our findings is available upon request directed to the corresponding author. However, please be aware that public disclosure of the full dataset is restricted.

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