

MEDIATING ROLE OF STRATEGIC AGILITY ON THE RELATIONSHIP OF HRM STRATEGIES AND SUSTAINABLE COMPETITIVE ADVANTAGE OF MANUFACTURING COMPANIES IN SELECTED MUNICIPALITIES OF BATANGAS PROVINCE

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ABSTRACT

Purpose- Strategic agility helps food manufacturers detect market, regulatory, and competitive changes, decide quickly, and reconfigure resources. In the Philippines, it is vital due to demand volatility, supply chain risks, and shifting consumer preferences. Firms with strong HRM strategies and high agility can convert national advantages into sustainable competitive advantage. However, studies on internal capabilities driving this advantage remain scarce, especially on how HRM strategies affect competitiveness through strategic agility in food manufacturing. This study fills that gap by examining strategic agility's mediating role between HRM strategies and sustainable competitive advantage among Batangas food manufacturers.

Methodology- A quantitative explanatory design with mediation analysis was used to examine strategic agility's indirect effect between HRM strategies and sustainable competitive advantage. A survey assessed strategic agility's mediating role, with data analyzed using Jamovi. Respondents included 189 owners, HR managers, or supervisors from 371 registered food manufacturing firms in Calaca, Tanauan, Batangas City, Lipa, and Sto. Tomas, based on Business Permit and Licensing Office records. The design tested how HRM strategies influence competitiveness directly and indirectly through strategic agility among Batangas food manufacturers.

Findings- Most firms were micro- and small-scale sole proprietorships with centralized decisions and limited formal HR systems, constraining HRM practices and strategic agility. Sustainable competitive advantage was high in efficiency and quality, but customer responsiveness relied on relationships, not data, while innovation was weakest due to low tech and R&D investment. HRM strategies were slightly high to effective, with training and development strongest; recruitment, appraisal, compensation, career planning, and work-life quality were limited by finances and structure. Strategic agility was moderate: strong market awareness but weak decision-making and execution. Competitiveness differed by form, size, and age, favoring larger, older firms. HRM influenced competitiveness directly and indirectly through strategic agility, which partially mediated the link. An enhanced HR program was proposed to formalize policies, strengthen training, build agile leadership, and foster partnerships.

Conclusion- The study concludes that Batangas food manufacturers are mostly micro- and small-scale firms with centralized, informal structures that shape HR practices and limit strategic agility. Their advantage comes from efficiency and quality, but low innovation threatens long-term competitiveness due to limited tech investment. HR strategies are vital, yet informal recruitment, inconsistent appraisal, poor compensation, and limited career growth reduce effectiveness. Firms show moderate strategic agility via market awareness but struggle with fast decisions and execution because of resource limits and centralization. HR strategies strengthen competitiveness directly and through strategic agility, which partially mediates the HRM-competitiveness link. Organizational maturity improves HR formality and advantage. Sustainable competitiveness requires integrating formal HR practices and strategic agility to build resilience and growth.

Keywords: Strategic agility, human resource strategies, sustainable competitive advantage, appraisal, reconfigure resources

JEL Codes: M19, M12, L25

1. INTRODUCTION

The food manufacturing industry is a cornerstone of the Philippine economy, playing a vital role in employment generation, food security, industrial growth, and export development. As the largest subsector within Philippine manufacturing, food manufacturing firms serve both domestic and international markets while operating in an increasingly competitive and dynamic business environment. Rising consumer expectations for quality and safety, stricter regulatory requirements, global competition, and frequent supply chain disruptions have intensified the need for firms to develop and sustain competitive advantage beyond short-term performance.

The Philippines possesses several inherent competitive advantages that support the growth of its food manufacturing sector. These include abundant and diverse agricultural resources, a relatively young and cost-competitive labor force, strong domestic demand driven by population growth, and a strategic geographic location that facilitates access to Asian and global markets. The country's expanding industrial zones, improving logistics infrastructure, and proximity to major seaports further enhance the operational efficiency and market reach of food manufacturing firms. Collectively, these factors provide Philippine food manufacturers with favorable conditions to compete in both local and export markets.

However, the presence of structural and location-based advantages does not automatically guarantee sustainable competitive advantage at the firm level. Many food manufacturing companies, particularly micro and small enterprises, continue to face persistent challenges such as fluctuating raw material prices, compliance with food safety standards, limited technological adoption, skills shortages, and intense price competition. These challenges expose firms to operational inefficiencies and limit their ability to consistently deliver superior value to customers. As a result, competitive advantage based solely on cost, location, or resource availability tends to be temporary and easily imitated by competitors.

To achieve sustainable competitive advantage, food manufacturing firms must rely on internal capabilities that are difficult to replicate and adaptable to environmental change. Human resources represent a critical source of such advantage, as employee skills, knowledge, and commitment directly influence product quality, operational efficiency, innovation, and customer responsiveness. Effective Human Resource Management (HRM) strategies enable firms to build these capabilities by developing a competent and motivated workforce. Nevertheless, in a rapidly changing business environment, HRM strategies must be supported by organizational agility to translate human capital into sustained competitive outcomes.

Strategic agility enables food manufacturing firms to sense shifts in market demand, regulatory requirements, and competitive pressures, make timely strategic decisions, and act by reconfiguring resources and processes. In the Philippine food manufacturing context, agility is particularly important given the sector's exposure to demand volatility, supply chain risks, and evolving consumer preferences. Firms that combine strong HRM strategies with high levels of strategic agility are better positioned to capitalize on the Philippines' inherent competitive advantages and transform them into long-term, sustainable competitive advantage.

Despite the strategic importance of the food manufacturing industry in the Philippines, empirical studies examining how internal capabilities support sustainable competitive advantage remain limited. Specifically, there is a lack of evidence explaining how HRM strategies contribute to competitive advantage through the mediating role of strategic agility in food manufacturing firms. Addressing this gap, the present study examines the mediating role of strategic agility in the relationship between HRM strategies and sustainable competitive advantage among food manufacturing companies in selected municipalities of Batangas Province.

2. LITERATURE REVIEW

Sustainable competitive advantage (SCA) has long been a central concept in strategic management. Earlier perspectives viewed SCA as a result of cost leadership, differentiation, or market positioning. However, contemporary literature emphasizes that SCA is dynamic and multifaceted, requiring organizations to continuously adapt to changing environments. Teece (2018) argued that firms achieve sustained advantage through dynamic capabilities, particularly the ability to sense opportunities, seize them effectively, and reconfigure resources in response to environmental changes. This view underscores that adaptability and learning are more critical than static resource possession. Empirical research on sustainable competitive advantage (SCA) consistently emphasizes that long-term competitiveness is achieved through the effective combination of innovation, organizational capabilities, and strategic resource utilization. Rather than relying on isolated operational strengths, contemporary studies argue that SCA emerges from a firm's ability to continuously renew its resources in response to environmental changes. It is well known that superior efficiency is one of the crucial sources of sustainable competitive advantage because it enables manufacturing companies to run their operations efficiently, to cut down on costs and to react adequately to the fluctuating market environment. Companies that are successful in attaining lean operations and proactive operational control are likely to perform optimally, particularly in very competitive markets (Handoyo, 2023).

Human resource management (HRM) has evolved into a strategic function that directly contributes to organizational competitiveness. Contemporary literature emphasizes that HRM strategies shape employee behavior, skills, and motivation, which in turn influence organizational performance and adaptability. Malik et al. (2020) described HRM strategies as systematic practices designed to align human capital with organizational goals. Empirical research consistently shows that HRM strategies positively influence organizational performance. Malik et al. (2020) found that aligned HR systems enhance employee engagement, innovation, and productivity by ensuring that individual competencies and motivations support organizational objectives. Their findings suggest that when HR practices are strategically integrated, employees are more likely to exhibit discretionary behaviors that contribute to organizational success. Several studies further demonstrate that recruitment and selection practices play a critical role in shaping workforce quality and long-term performance. Nikolaou (2021) emphasized that technology-enabled recruitment improves job-person fit and broadens access to high-potential candidates. Similarly, Villeda and McCamey (2019) reported that structured recruitment and referral systems increase employee retention and cultural alignment, which are essential for sustaining performance in competitive environments. Recruitment and selection are foundational HRM functions that directly influence organizational effectiveness and long-term performance. Kanchipuram et al. (2022) emphasize that well-designed recruitment strategies enable organizations to identify and attract candidates whose competencies align with strategic objectives, thereby maximizing organizational benefits. Similarly, Azmy et al. (2018) highlight that effective recruitment begins with systematic manpower planning, including job design, job descriptions, and job specifications, which ensure clarity of roles and alignment with human resource requirements. From a global perspective, Banks et al. (2018) explain that organizations adapt recruitment practices across different cultural contexts to balance standardization and localization, demonstrating the importance of flexibility in HR systems. Sareen (2018) further underscores that integrating recruitment and selection with broader strategic HR practices—such as training, performance appraisal, and compensation—significantly enhances employee satisfaction and organizational performance. In addition, Arya and Shah (2019) demonstrate that targeted HRM strategies, including improved qualifications, incentives, and leadership development, effectively address

workforce gaps and strengthen institutional outcomes. Collectively, these studies indicate that strategic and well-structured HRM practices contribute to organizational adaptability and the achievement of sustainable competitive advantage.

Strategic agility has emerged as a critical capability for organizations operating in volatile and uncertain environments. It refers to the ability of firms to sense environmental changes, make timely decisions, and act swiftly and effectively. Doz and Kosonen (2010) conceptualized strategic agility as a mechanism for strategic renewal, enabling organizations to adapt continuously. Felipe et al. (2016) provided foundational empirical evidence that strategic agility enhances firm performance by enabling organizations to transform environmental uncertainty into competitive advantage. Their findings suggest that agile firms are better positioned to realign resources, redesign processes, and pursue emerging opportunities ahead of competitors. This supports the view that agility serves as a bridge between strategic intent and operational execution.

3. DATA AND METHODOLOGY

The researcher used quantitative explanatory design with mediation analysis to examine strategic agility's indirect effect on HRM strategies and sustainable competitive advantage among Batangas food manufacturers. A survey was conducted to test the mediating role of strategic agility on the relationship between human resources strategies and sustainable competitive advantage. Data analysis and statistical tests were performed using Jamovi. The respondents were 189 owners, human resource managers, or supervisors of food manufacturing businesses in selected cities, specifically Calaca, Tanauan, Batangas City, Lipa, and Sto. Tomas. This sample was drawn from a total population of 371 registered food manufacturing businesses, based on the list provided by the Business Permit and Licensing Offices of these cities.

4. FINDINGS

Based on the data gathered from the respondents, the researcher presents the following findings:

Table 3. Profile of the Respondents			Table 17. Significant difference in the assessment of sustainable competitive advantage when grouped according to profile								Table 18. Effects of Human Resource Strategy on Sustainable Competitive Advantage							
Form of Business	Frequency	Percentage	Variable	Mean	Standard Deviation	p-value	Decision on H ₀	Interpretation	Factor	Mean	Standard Deviation	p-value	Decision on H ₀	Interpretation	Factor	Mean	Standard Deviation	
Sole Proprietorship	140	74.07	Form of Business	3.33	0.958	< .05	Reject	Significant	Efficiency	4.4	0.8	0.000	Reject	Significant	Training and Development	4.4	0.8	
Partnership	16	8.47		5.95	1.21	< .05	Reject	Significant	Quality	4.4	0.8	0.000	Reject	Significant	Recruitment	4.4	0.8	
Corporation	33	17.46		6.23	1.21	< .05	Reject	Significant	Innovation	4.4	0.8	0.000	Reject	Significant	Compensation	4.4	0.8	
Total	189	100	Variable	Mean	Standard Deviation	p-value	Decision on H ₀	Interpretation	Formal HR systems	4.4	0.8	0.000	Reject	Significant	Relationship-based	4.4	0.8	
Number of Employees	Frequency	Percentage	Number of Employees	5.95	1.21	< .05	Reject	Significant	Efficiency	4.4	0.8	0.000	Reject	Significant	Training and Development	4.4	0.8	
1-9 (micro)	142	75.13		10-49	6.18	1.21	< .05	Reject	Significant	Quality	4.4	0.8	0.000	Reject	Significant	Recruitment	4.4	0.8
10-49 (small)	47	24.87		10-49	6.18	1.21	< .05	Reject	Significant	Innovation	4.4	0.8	0.000	Reject	Significant	Compensation	4.4	0.8
Total	189	100	Variable	Mean	Standard Deviation	p-value	Decision on H ₀	Interpretation	Formal HR systems	4.4	0.8	0.000	Reject	Significant	Relationship-based	4.4	0.8	
Number of years in business	Frequency	Percentage	Number of years in business	6.23	1.21	< .05	Reject	Significant	Efficiency	4.4	0.8	0.000	Reject	Significant	Training and Development	4.4	0.8	
less than 3 years (start up)	28	14.81		less than 3 years (start up)	5.33	0.958	< .05	Reject	Significant	Quality	4.4	0.8	0.000	Reject	Significant	Recruitment	4.4	0.8
3-5 years (emerging)	67	35.45		3-5 years (emerging)	5.95	1.21	< .05	Reject	Significant	Innovation	4.4	0.8	0.000	Reject	Significant	Compensation	4.4	0.8
6-10 years (growth stage)	71	37.57		6-10 years (growth stage)	5.73	1.21	< .05	Reject	Significant	Formal HR systems	4.4	0.8	0.000	Reject	Significant	Relationship-based	4.4	0.8
11-20 years (established)	16	8.47		11-20 years (established)	5.73	1.21	< .05	Reject	Significant	Efficiency	4.4	0.8	0.000	Reject	Significant	Training and Development	4.4	0.8
more than 20 years (mature)	7	3.70	more than 20 years (mature)	6.23	1.21	< .05	Reject	Significant	Quality	4.4	0.8	0.000	Reject	Significant	Recruitment	4.4	0.8	
Total	189	100	Variable	Mean	Standard Deviation	p-value	Decision on H ₀	Interpretation	Formal HR systems	4.4	0.8	0.000	Reject	Significant	Relationship-based	4.4	0.8	

- The majority of the firms were sole proprietorships, classified as micro- and small-scale enterprises, operating for six to ten years with fewer than ten employees. Decision-making authority was highly centralized with owners, and formal HR systems were limited. This organizational profile influences both the extent of HRM implementation and the level of strategic agility within the firms.
- The level of sustainable competitive advantage of the food manufacturing companies was generally high, with superior efficiency and superior quality rated highest, responsiveness to customer needs rated high but largely relationship-based rather than data-driven, and superior innovation rated lowest due to limited investment in research, technology, and product development.
- The effectiveness of human resource management strategies was assessed as slightly high effective to highly effective, with training and development emerging as the strongest practice, recruitment relying primarily on informal referral systems, performance appraisal implemented inconsistently, and compensation, career path planning, and work-life quality practices remaining weak because of financial and structural limitations.
- The composite level of strategic agility was moderate. The sensing agility of the manufacturing companies revealed that there is strong awareness of market changes. Decision-making agility was hindered by centralized authority and limited analytics. Acting agility was lowest, constrained by financial and technological resources. This pattern suggests that while awareness exists, execution speed and flexibility remain areas for growth (Doz & Kosonen, 2010).
- The statistics show there are significant differences in the assessment of sustainable competitive advantage (SCA) when respondents are grouped according to form of business, number of employees, and number of years in operation, as indicated by p-values below the 0.05 level, leading to the rejection of the null hypothesis. Corporations report higher levels of SCA than partnerships and sole proprietorships, likely due to stronger capital, more structured management, and greater access to resources. Firms with a larger number of employees also demonstrate significantly higher SCA, as they are better able to

implement formal HRM practices, invest in innovation, and adapt to market changes compared to smaller firms. Additionally, companies with longer years in business exhibit higher SCA than newer firms, suggesting that organizational maturity, accumulated experience, and established processes contribute to sustained competitiveness. Overall, the findings indicate that sustainable competitive advantage is shaped not only by internal strategies but also by organizational size, structure, and experience in the food manufacturing industry.

6. Human Resource Management was found to have a significant effect on sustainable competitive advantage, indicating that HRM strategies influence competitiveness both directly and indirectly through the development of organizational agility.
7. Strategic agility was found to partially mediate the relationship between human resource management strategies and sustainable competitive advantage, signifying that HRM strategies influenced competitiveness both directly and indirectly through the development of organizational agility.
8. Based on the results of the study, an enhanced human resource program was proposed both on micro and small manufacturing business to institutionalize HR policies, strengthen competency-based training, develop agile leadership and cross-functional teams, and establish strategic partnerships to support innovation and long-term competitiveness.

5. CONCLUSION

Based on the findings revealed in the study, the following conclusions are drawn:

1. Batangas food manufacturers are mainly micro- and small-scale with centralized, informal structures, which shape HR practices and limit strategic agility.
2. Competitive advantage relies on efficiency and quality, but low innovation threatens long-term competitiveness without strategic technology and capability investment.
3. HR strategies are critical for performance, yet informal recruitment, inconsistent appraisal, poor compensation, and limited career growth weaken their impact.
4. Strategic agility is moderate; firms sense market changes but lack speed and resources for rapid, effective decision-making.
5. HR strategies significantly enhance competitive advantage by improving efficiency, quality, customer responsiveness, and innovation.
6. Strategic agility partially mediates HRM's effect on competitiveness, increasing effectiveness when firms act swiftly on opportunities.
7. Differences in size, structure, and years of operation show that maturity supports formal HR systems and sustained competitive advantage.
8. Sustainable competitive advantage requires integrating formal HR practices with strategic agility to transform human capital into resilience and long-term growth.

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