



## The Causal Factors of Strategic Competence for the Development of Small and Medium-Sized Businesses under the Coronavirus Disease 2019 (COVID-19)

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### Abstract

This research on the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus disease 2019 (COVID-19) used questionnaires to gather data from 400 SME businesses registered with the Department of Business Development (DBD). The study found that strategic advantage (SA) received positive influences directly and indirectly from dynamic managerial capabilities (DMC) and organization capabilities (OC). Upon evaluating each factor, it was found that dynamic managerial capabilities (DMC) directly influenced strategic advantage (SA) at the level of 0.30 with indirect influence at the level of 0.11. Organization Capabilities (OC) were a mediator variable. Additionally, upon consideration of the direct influences with causal correlations with the variable of organization capabilities (OC), direct influences were received from dynamic managerial capabilities (DMC) at a level of 0.23, which supports the research hypotheses.

**Keywords:** 1) Strategic advantage 2) organization capabilities 3) dynamic managerial capabilities 4) small and medium-sized businesses

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## Introduction

For “small and medium-sized businesses” in Thailand, SME laws have already been issued known as the Small and Medium Enterprises Promotion Act, B.E. 2543 (2000). This law authorizes the Minister of Industry to determine which businesses fit the criteria to be classified as SMEs, as announced according to ministerial regulations. Previously, criteria were used to determine which businesses were SMEs (Ministry of Industry Regulation on the Number of Workers and Value of Fixed Assets of Small and Medium-Sized Businesses, B.E. 2545 (2002) (version issued on 11 September 2002). Small and medium-sized businesses are businesses that engage in small-scale production and distribution (Mo, 2017, pp.166-167). SMEs are small businesses which are independent and not under the control of other businesses or persons and are businesses with low investment costs and small numbers of employees.

Following the coronavirus 2019 (COVID-19) disease situation, heavy impacts occurred to business operations, and small and medium enterprises (SMEs) have been suffering since early 2020, while a new disease outbreak occurred in 2021 and continues to last up to the present. As a result, government agencies and the private sector were conscious about the impacts of the pandemic on SME entrepreneurs and have taken actions to survey the opinions of SME entrepreneurs in February 2021 as part of a survey of SMEs affected by the coronavirus 2019 (COVID-19) pandemic, which was conducted by the Office of SMEs Promotion (OSMEP), which directly impacts the assistant measures of the

government and the private sector, including adaptation methods to overcome the COVID-19 crisis by SMEs. Its purpose was to produce guidelines for government agencies to create policies and specify assistance measures that match business needs while resolving problems effectively.

Upon consideration of the impacts on SME entrepreneurs by enterprise size, it was found that SME entrepreneurs universally experienced impacts with medium-sized businesses having experienced the greatest impacts, followed by small and minor enterprises, respectively (Phaksuwan, 2020, pp.29-30). This was due to the fact that most medium-sized businesses had a higher proportion of ownership of fixed assets than other enterprises, and the COVID-19 pandemic caused significant losses of income, while some enterprises failed to generate income, despite still having to pay usual costs such as rent, tool/equipment maintenance fees, vehicle maintenance fees, etc. Consequently, most medium-sized SMEs lacked financial liquidity.

Accordingly, during the aforementioned situation, the public sector strove to deploy various policies to help SME entrepreneurs survive. For example, the Ministry of Labor prepared a project to promote and maintain employment levels in SMEs by providing wage subsidies at 3,000 baht per person (Department of Employment Thailand, 2021. pp.20-25) and financial measures to rehabilitate business owners (rehabilitation loans) (Siwirot and Bunthanomtirat, 2020, pp.77-83), etc. However, the severity of the continued persistence of the coronavirus 2019 (COVID-19) pandemic has led to decreased consumer spending due to loss of income and concerns about the situation



that has occurred. Consequently, businesses and policies were unable to achieve their objectives. Therefore, prioritizing strengthening of the sustainability of SMEs is essential, especially in regards to enhancement of capabilities in the competitive dimension, which is also known as competitive advantage. SME entrepreneurs have to be meticulous about their business model and characteristics to ensure greater quality and effectiveness by planning business management, specifying the size and model of the business, managing human resources, managing finances, managing production, managing marketing, managing knowledge and understanding current consumer behaviors in order to be able to make use of strategies for creating competitive advantage in business to boost and attract consumer interest while surpassing their competitors in the same businesses and, importantly, to overcome the coronavirus 2019 (COVID-19) crisis ongoing at the present.

The aforementioned reasons led to the study on the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease. The study's objectives were to analyze the

business operations of entrepreneurs in achieving strategic advantage for SMEs relative to their competitors and to have guidelines for entrepreneurs or persons interested in business to study and apply knowledge acquired in creating business benefits with particular emphasis on body of knowledge development, knowledge transfer, organization capability and in becoming a model platform in the development of management methods and business processes to create competitive advantage and achieve future business success.

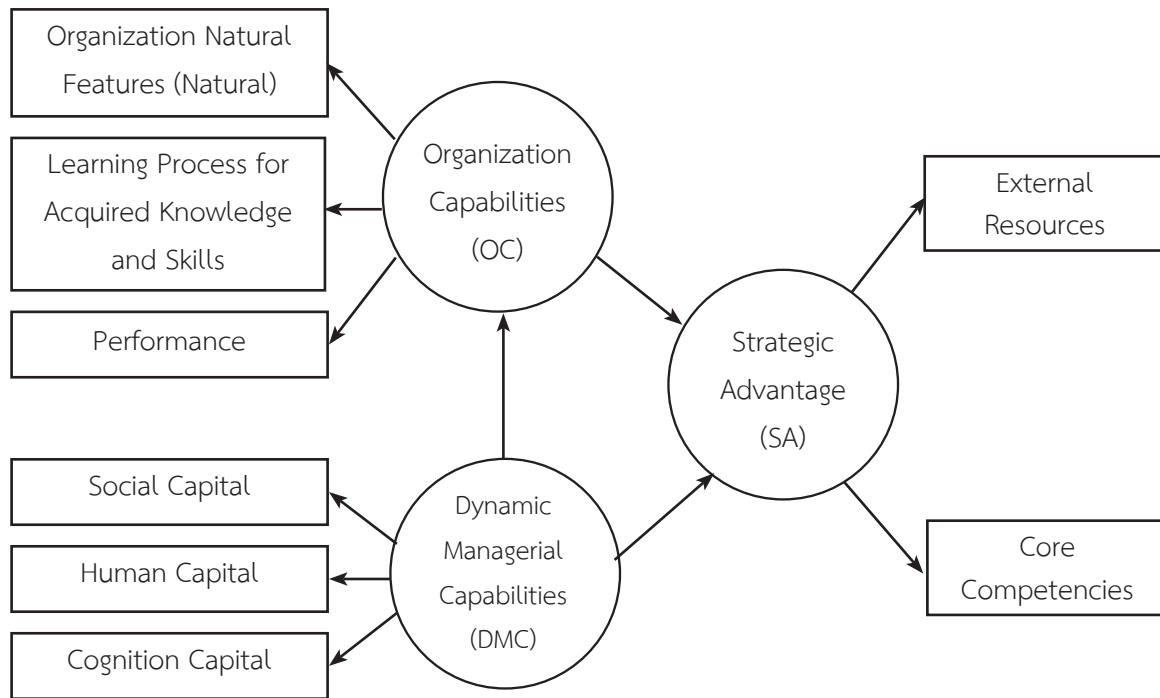
### **Objectives**

1. The objectives of the study into the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease were as follows:

2. To study the correlations of the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease.

To analyze the causal factors that affect strategic advantage for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease.

## Research Conceptual Framework

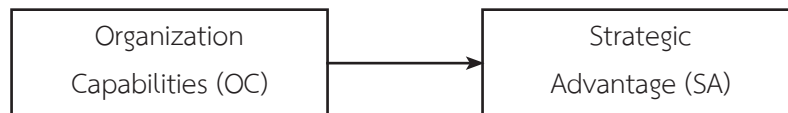


**Picture No. 1** Causal Research Conceptual Framework

The Structural Equation Model (Marks, R. B., Sibley, S. D. & Arbaugh, J. B., 2005, p.533) shows the causal relationships among the exogenous variables and endogenous variables. Figure 1 shows a recursive model. The model characteristically has the same direction of cause and effect (Atsani, 2015, pp.19-20). Accordingly, the researcher expanded upon the causal variables to enable clear paired consideration between organization capabilities (OC) and strategic

advantage (SA) as well as dynamic managerial capabilities (DMC) compared with strategic advantage (SA).

1. Direction – Whether a causal relationship is complete or not depends on acceptable statistical value, which depends on the cause variable occurring before the effect variable. This can be written as symbols describing the variable cause under the research conceptual framework as follows:

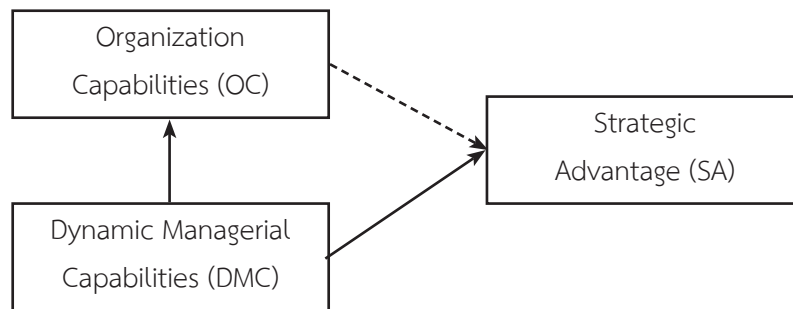


**Picture No. 2** Causal Relationship between Organization Capabilities and Strategic Advantage



**Picture No. 3** Causal Relationship between Organization Capabilities and Strategic Advantage

2. General Structural Equation Systems – This is a model with no measurement discrepancies and a model in which all variables in the relationship system are observed variables. The observed variables can be measured by direct questions. Therefore, there were no discrepancies in the measurement of the variables. This is because the variables were measurable directly as shown in the research conceptual framework.



**Picture No. 4** Causal Relationships among the Variables

#### **Direct Relationship and Indirect Relationship**

All of the variables in the system are observed variables. DMC was an exogenous variable due to it receiving no influences from other variables in the relationship system studied. Meanwhile, OC and SA were endogenous variables, and in the consideration of the variable relationship, the causal relationship types can be divided according to the theory into 2 characteristics (Phonhan, 2016, pp.41-43) as follows:

**Direct Relationship:** This is a relationship between 2 variables without intercession between the interested variables by any other variable. When a variable change, the other variable will also change directly. For the most part, the relationship between the 2 variables is often described in a linear system. In the model, an “opaque arrow” was used to indicate a direct relationship. By this, the variable at the start of the arrow was the cause, while the variable at the arrowhead was the effect. As viewed from the figures, it can be

seen that there are two direct relationships. The first is the relationship between OC and DMC, by which DMC is the cause while SA is the effect. In other words, OC receives direct effects from DMC. Meanwhile, the second was the relationship between DMC and OC, which is the cause, while SA is the effect. In other words, DMC directly affects OC, which affects SA, where OC is the observed variable.

**Indirect Relationship:** This is the relationship between 2 variables interested for study, and the relationship of both variables can be created through a mediator variable. When a variable change, it has to go through a mediator variable before effects will also occur to the effect variable. In the model of this research, a “dashed arrow” is used to indicate an indirect relationship. From the figure, it can be seen there is an indirect relationship between OC and SA, whereby OC is the cause variable and SA is the effect variable. Thus, it can be judged that SA receives indirect effects from OC through DMC.

## Research Variables

This research aimed to study the causal factors for the dynamic managerial capabilities for the development of strategic advantage for small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease, whereby variables were designated for the study as follows:

### Three latent endogenous variables:

1. Organization Capability (OC) – This was a variable studied from 3 observed variables, namely, organization natural features (Natural), learning process for acquired knowledge and skills (Acquired) and performance (Performing).

2. Dynamic Managerial Capabilities (DMC) – This variable was studied from 3 observed variables, namely, social capital, human capital and cognition capital.

3. Strategic Advantage (SA) – This variable was studied from 2 observed variables, namely, core competencies and external resources.

### Hypotheses

H<sub>1</sub>: Organization capabilities (OC) directly and indirectly effect strategic advantage (SA).

H<sub>2</sub>: Dynamic managerial capabilities (DMC) directly and indirectly effect strategic advantage (SA).

## Benefits

1. Knowledge about the relationship among the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease.

2. Successful analysis of the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease.

## Literature Review

The study into the causal factors of dynamic managerial capabilities and organization capabilities to develop strategic advantage for small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease was able to fully specify all the components and related factors under the research conceptual framework. Therefore, the researcher reviewed related academic documents and theories as follows:

Organization capabilities are the capabilities of organizations that are highly essential for operation as well as knowledge gained from organization learning, especially in the areas of management and diversification of products, skills and integration to achieve technological diversity. The primary capabilities of organizations can stand out in many ways such as capabilities in the development of new products, production capabilities, capabilities in responding to changing customer needs and capabilities in being a leader in costs. The primary capabilities of an organization are tied to operation competence, innovation competence and market-access competence (Hollenbeck and McCall, 2003, pp.103-104). Furthermore, organization knowledge and capabilities influence the work of the organization and their key components are as follows:

1) Organization natural features (Natural), which already exist within the organization.

2) Knowledge acquired (Acquired), which is acquired after learning processes.

3) Learning process for knowledge and skills (Adapting) is learning and adapting of knowledge acquired for development.



4) Performance (Performing), which is a product that is exhibited and can be observed.

Dynamic Managerial Capabilities – Based on research related to dynamic managerial capabilities conducted by Oxford University (Gulsun, 2019, pp.1-2) it was said that dynamic managerial capabilities are a form of dynamic capabilities and anxieties about the role of executives in changing business resources to maintain and develop competitive advantage and work effectiveness. In the beginning, executives have to plan work plans and business activities, and these work plans and activities consist of perception and creation of opportunities for exchanging business resources. This study largely focused on the role of executives and CEOs (chief executive officers), work plans and business activities that can occur throughout the entire organization, middle-level executives and lower-level ones and the capability to access new markets. The key components in developing dynamic managerial capabilities under this research were the 3 following key factors:

- 1) Human capital in human management.
- 2) Social capital in management.
- 3) Cognition capital or understanding in management.

Strategic advantage – Strategy or stratagem is a word rooted in Greek, which means the art of planning and fighting to win against opponents. Both the aforementioned words may be used alternately with the understanding that “strategy” has the same meaning as “stratagem”. However, in discussing war, the term “stratagem” is used while in business management, the term “strategic plan” is

used instead. Strategy means a method or plan that has been thoroughly invented which contains systematic steps along with flexibility for responding to situational changes with the aim of winning against competitors or to avoid obstacles until the desired objectives are achieved. The success of strategies plays a role in determining the best methods for effectively reaching objectives (Kingkaeo, 2015, pp.1-3).

In 1982, Richard Boyatzis wrote a book titled “The Competent Manager: A Model of Effective Performance” and defined “competencies” as work abilities or characteristics inside an individual that lead to effective work performance. Then later in 1994, C.K. Prahalad and Gary Hamel wrote the book titled “Competing for The Future”, which introduced the important concept that core competencies are the primary capabilities of business to revolutionize new tools to challenge existing concepts in order to develop knowledge base, skills and work abilities toward maximum effectiveness in line with business needs (Assomoi, 2015, pp. 1077-1079). Accordingly, in discussing the core competencies of organizations and/or businesses concerning the specification of the limits of the core competencies and limits of personnel management it was found that the business core competencies model consists of the following:

- 1) Employee core competency as required for the performance of employees.
- 2) Managerial competency as required for the performance of personnel in managerial and supervisory levels.

It can be seen that, in addition to the aforementioned factors that are linked to strategic advantage, the research titled

“Management development: Using internal or external resources in developing core competencies” (Espedal, 2005, pp.136-137), it was found that the source of business competitive advantage from the managerial perspective is employee competency. Upon considering theories that influence strategic management, businesses have to utilize both external and internal resources to develop employees to be more capable and to have more unique skills that serve as the key mechanisms for creating and developing dynamic managerial capabilities or a way to develop human resources in order to gain competitive advantage.

Thus, the aforementioned concepts and theories led to this research, which aimed to study the causal factors for dynamic managerial capabilities to develop organization capabilities in creating strategic advantage for small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease, and the specification of the research conceptual framework shown in Picture No. 1.

### Research Scope

Data were collected from SME entrepreneurs in the category of agricultural product processing businesses registered with the Department of Business Development under the Ministry of Commerce. Data collected took place in September 2021.

### Research Procedures

The study had a quantitative research design, and the survey research method was used. The research strove to learn about the causal factors of strategic competence for the development of small and medium-sized

businesses under the coronavirus 2019 (COVID-19) disease. In total, 400 questionnaires were used as data collection instruments, and the population consisted of 63,340 agricultural product processing SME businesses that are registered with the Department of Business Development under the Ministry of Commerce, which was specified based on a readymade sample size specification table by Krejcie and Morgan (HASHIM, 2010, p.13-15). The researcher gathered data by using online questionnaires through the Google Forms application.

### Population and Sample Group

For this research, the population and sample group were specified as follows:

1) The population (N) for this research consisted of 63,340 businesses registered with the Department of Business Development under the Ministry of Commerce (Department of Business Development, 2021, pp. 123-130).

2) The sample group size was determined by using a readymade table based on the guidelines for readymade tables by Krejcie and Morgan with the level of error (E) at 5% and reliability at 95%. Thus, the sample size (n) was to be in the range of 381-382 samples. The researcher only gathered data from businesses that participated in training under the policy to develop modern entrepreneurs in the agricultural product processing industry based on the number of businesses registered with the Department of Business Development under the Ministry of Commerce. Sample data were gathered from 400 businesses in order to control errors in accordance with the research conceptual framework.



3) In the selection of the sample group for this research, stratified random sampling was used. Thus, the sample group was obtained by consideration of juristic person registration status in the agricultural product processing

business category as of 30 September 2021. The researcher gathered data by using online forms through the Google Forms application as shown in Table No. 1.

**Table No. 1** Research Sample Size

Training Activities	Sample Size (n)
1) Course for development of modern entrepreneurs (DNA), Class 1.	200
2) Course for development of modern entrepreneurs (DNA), Class 2.	200

#### Validity Analysis

In determining the IOC by experts examining the research questionnaires, the IOC is a value for indicating the validity of questionnaires or the index of item objective congruence (IOC) whereby questions were evaluated according to criteria. For this study, questionnaires were sent to 3 qualified experts for their consideration and the IOC value calculated was 0.89.

#### Reliability Analysis

In determining the quality of the research instrumentation, the researcher determined reliability by sending

questionnaires to 3 qualified experts to verify validity in terms of content and theories and the index of item objective congruence (IOC), whose acceptable value must be at least 0.50. Then 40 questionnaires were sent for a try-out among entrepreneurs in the agricultural product processing business category not part of the sample group, and the reliability of the instrumentation was determined by using Cronbach's alpha coefficient by which the alpha coefficient ( $\alpha$  – coefficient) was required to be greater than 0.7. The verification results are shown in Table 2.

**Table 2.** Cronbach's Alpha Coefficient

Factor	number	$\alpha$ -Coefficient
Organization Capabilities (OC)	40	0.82
Dynamic Managerial Capabilities (DMC)	40	0.80
Strategic Advantage (SA)	40	0.83

#### Data Analysis

Data analysis was conducted to determine the Pearson's Product Moment Correlation Coefficient, including analysis to determine the congruence of causal

relationships (path analysis), in order to learn about the causes or effects of independent variables on dependent variables in order to study direct and indirect effects and overall effects in the recursive model (Atsani, 2015,

pp.19-20) by using the SPSS statistics software package. This was also done to confirm the congruence of the conceptual framework of the studied model.

Data collection was done by the use of questionnaires, by which data analysis was conducted by using percentages (%) mean values ( $\bar{x}$ ) and standard deviations (S.D.) In addition, confirmatory factor analysis (CFA) was conducted on every question related to the variables. Next, the statistics software package was used to analyze and verify the model fitness to test the causal relationships in this study, by which the Model Goodness of Fit Test was conducted

## Results

### 1) Demographic Data of the Questionnaire Respondents

Of the respondents from the 400 businesses in the sample group most questionnaire respondents were males, with that being the case for 260 businesses, followed by females at 140 businesses (65% and 35%, respectively). For age, most of the respondents were aged 36-45 years at 230 businesses, followed by 46-55 years at 112 businesses and 55 years at 58 businesses (57%, 28% and 14%, respectively). As for education, most completed education on the bachelor level at 258 businesses, followed by high school level at 102 businesses and primary level at 40 respondents (65%, 25% and 10%, respectively) As for the number of years since business launch, most or 244 businesses had been opened for 10-20 years, followed by 21-30 years at 156 businesses (61% and 39%, respectively).

### 2) Data Analysis Results According to Research Objectives

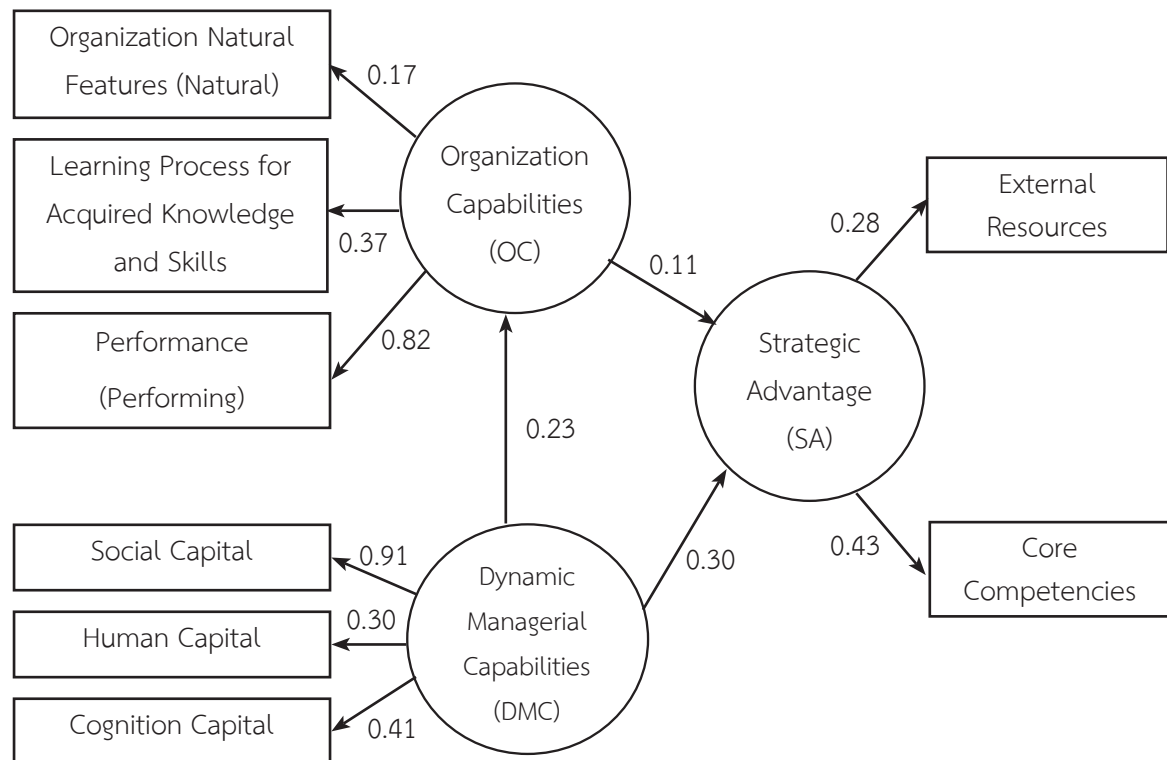
The results of the development of a model for the causal relationship for strategic capabilities for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease indicated consistency with empirical information in that all 4 congruence indices met the Chi-square criteria at  $\chi^2 = 149.165$  with  $df = 125$ ,  $P\text{-value} = 0.084$ ,  $RMSEA = 0.046$ ,  $RMR = 0.018$ ,  $SRMR = 0.042$ ,  $CFI = 0.98$ ,  $IFI = 0.98$ ,  $NFI = 0.966$ ,  $GFI = 0.972$  and  $AGFI = 0.969$ . Thus, it can be concluded that the structural equation model on the causal relationship for strategic advantage for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease is consistent with empirical data as can be seen in Table 3.

As for consideration of the direct and indirect effects of strategic advantage (SA), it was found that strategic advantage (SA) received direct effects from dynamic managerial capabilities (DMC) at the level of 0.30 along with indirect effects from dynamic managerial capabilities (DMC) with organization capabilities (OC) as the mediator variable at the level of 0.11.

Under the hypothesis  $H_1$ : **Organization capabilities (OC) directly and indirectly effect strategic advantage (SA)**, because OC was not a direct cause for SA according to the hypothesis, the researcher made considerations based on the research data and found **organization capabilities (OC) to be the mediator variable for the effects of dynamic managerial capabilities (DMC) on strategic advantage (SA)**, which

became the new hypothesis for this research. According to the model on the causal correlation on the development of small and medium-sized businesses under coronavirus 2019 (COVID-19) disease, it was found that organization capabilities (OC) had effects as mediator variable (partial mediation) on strategic advantage (SA) in that it had positively affected dynamic managerial capabilities at the level of 0.23. Thus, the hypothesis on organization capabilities

(OC) being a mediator variable effecting dynamic managerial capabilities effecting strategic advantage (SA) with statistical significance at 0.01 **was supported**. This means that in the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease, higher dynamic managerial capabilities through the mediator variable of organization capabilities directly effects increased strategic advantage with the level of significance at 95%.



**Picture No. 5** Model for Causal Relationships for the Development of Small and Medium-Sized Businesses under Coronavirus 2019 (COVID-19) Disease

**Table No. 3** Model Goodness of Fit Test

Statistical Value	Evaluation Criteria	Statistical Value in Model	Evaluation Result
Chi-Square ( $X^2$ )	No statistical significance or $p > 0.05$	149.165	Passed
The goodness of fit index (GFI)	$> 0.95$	0.972	Passed
The adjust goodness of fit index (AGFI)	$> 0.95$	0.969	Passed
Normed Fit Index (NFI)	$> 0.95$	0.966	Passed
Incremental Fit Index (IFI)	$> 0.95$	0.98	Passed
The Comparative Fit Index (CFI)	$> 0.95$	0.98	Passed
Standardized Root Mean Square Residual (SRMR)	$< 0.05$	0.042	Passed
Standardized RMR	$< 0.05$	0.018	Passed
Root mean square error of approximation (RMSEA)	$< 0.05$ or $0.08$	0.046	Passed

**Table No. 4** Multiple Regression Correlation Analysis

Independent Variables	Dependent Variables	
	OC	SA
Dynamic Managerial Capabilities (DMC)	0.23*** (0.041)	0.30*** (0.072)
Organization Capabilities (OC)		0.11*** (0.149)
Dynamic Managerial Capabilities (DMC) and Organization Capabilities (OC)		0.21*** (0.062)
Adjust $R^2$	0.566	0.525

(Chi-Square) = 149.165 df value = 125 P-value = 0.084 RMSEA value = 0.046

RMR value = 0.018 SRMR value = 0.042 CFI value = 0.98 IFI value = 0.98 NFI value = 0.966

GFI value = 0.972 AGFI value = 0.969

\*\*\* $p < 0.001$  (The number shows the regression coefficient and standard deviation).



Under the research hypothesis  $H_2$ : **dynamic managerial capabilities (DMC) have a positive direct and indirect effects on strategic advantage (SA)**, upon consideration of Figure 5, it was found that dynamic managerial capabilities (DMC) had a positive direct effect at the level of 0.30 along with indirect effect on strategic advantage (SA) at the level of 0.23. Organization capabilities (OC) had effects as a mediator variable (partial mediation) on strategic advantage at the level of 0.11. Thus, the research hypothesis was supported that dynamic managerial capabilities (DMC) had direct and indirect positive effects on strategic advantage (SA). This means that in the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease, higher dynamic managerial capabilities lead to higher organization capabilities and organization strategic advantage and higher dynamic managerial capabilities also leads to higher strategic advantage. The Sig value of dynamic managerial capabilities (DMC) had positive direct and indirect effects on strategic advantage (SA) with statistical significance at 95%.

## Discussions

The study into the causal factors of strategic competence for the development of small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease was quantitative research which considered factors related to strategic advantage. The researcher-based considerations on direct and indirect effects as follows:

1. Strategic advantage (SA) received direct effects from dynamic managerial

capabilities (DMC). This finding concurs with research (Khammadi, 2014, pp.216-218) which found that strategic human resources work and strategic management are important factors for innovations within organizations and knowledge management capabilities. By this, if the organization lacks strategic human resource work, innovations in the organization and knowledge management capabilities will naturally fail to develop. Therefore, strategic human resource work and strategic management are highly essential factors. The study also concurs with research (Thipthiphakorn, 2015, pp.217-220), which found that the causal factors for complexity management capabilities consisted of 1) strategic leadership, 2) flexibility of the structure of the organization, and 3) talent management. Meanwhile, the outcomes for management capabilities show that dynamic managerial capabilities genuinely affect strategic capabilities.) Accordingly, dynamic managerial capabilities (DMC) produced indirect effects with organization capabilities (OC) functioning as the mediator variable. The research concurs with the findings which stated that dynamic capabilities are an important factor of organizations in driving mobilization of resources and the capabilities possessed by organizations toward development, creation and modification and/or integration of new knowledge for organizations in order to create competitive advantage (Mongkhonchai-aranya, 2018, pp. 67-69). This shows that dynamic managerial capabilities and organization capabilities are both essential to the development of small and medium-sized businesses, with organization capabilities being a mediator

variable between the independent and the dependent variables of this research, which was conducted under the ongoing coronavirus 2019 (COVID-19) disease situation.

2. Organization capabilities (OC) received direct effects from dynamic managerial capabilities (DMC), which concurs with the research findings on the development of a model for the causal relationship for the capabilities of human capital and dynamic managerial capabilities of entrepreneurs in the Thai software industry, (Suwanniphon, 2014, pp.1-5) which conformed to empirical data at an acceptable level. Accordingly, testing of the hypothesis found that capabilities of human capital had direct positive effects on dynamic managerial capabilities and direct effects on competitive capabilities and dynamic capabilities also has direct positive effects on the competitive capabilities of entrepreneurs alongside dynamic managerial capabilities. Furthermore, (Helfat and Martin, 2015, pp.1281-1321) research found that the concept of dynamic managerial capabilities in the area of capabilities of people creating, expanding and modifying the livelihoods of companies can describe the relationships among quality of management decisions, strategic changes and organization performance. The research explained about theoretical structures and the correlations of each factor. Thus, the study into the effects of the management capabilities directed toward strategic changes could explain the significance of managerial dynamics such as management knowledge and understanding, management social capital and management human capital. Furthermore, the study found that dynamic managerial capabilities showed that different

managers lead to different strategic changes, different work effectiveness and different management knowledge and understanding, social capital and human capital, which can also lead to different outcomes.

Thus, it is clear that organization capabilities and dynamic managerial capabilities have actual empirical correlations. Furthermore, research findings showed that, in order to improve the support factors of strategic capabilities and achieve the desired outcomes, dynamic managerial capabilities have to be achieved first through organization capabilities. In other words, businesses have to primarily focus on dynamic managerial capabilities first to be able to achieve genuine competitive capabilities.

Accordingly, under the coronavirus 2019 (COVID-19) situation faced by SME entrepreneurs, government policies and business situation announcements along with measures to deal with the situation have been issued along with assistance for SME entrepreneurs such as hygiene measures, work-from-home measures and social-distancing measures, etc. Situational responses (flexible version) (Thongthip, 2020, p.434-437) that are ready to immediately adapt work to changes are referred to as dynamic managerial capabilities. Thus, as entrepreneurs have to temporarily suspend many activities during the coronavirus 2019 (COVID-19) situation, SME entrepreneurs have to promote skills through training and activities organized through online systems to develop knowledge and understanding about technologies that currently play important roles in work and to enable SME entrepreneurs to be able to use existing technologies to improve their businesses.



### Suggestions

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| <p>Consider other related factors from qualitative research to create knowledge for the development of causal factors for developing small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease.</p> | <p>Create a model for structural factors for developing small and medium-sized businesses under the coronavirus 2019 (COVID-19) disease.</p> <p>Identify managerial factors capable of adaptations in line with the Crisis Management concept regardless of whether they are internal or external factors of organizations.</p> |
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