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RESEARCH ARTICLE

The Mediating Effect of Organizational Innovation on the Relationship Between Opportunity Competency and Sustainable Performance in Myanmar-Based Trading Companies in Bangkok

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Abstract

This study examined the mediating role of organizational innovation in the relationship between opportunity competency and sustainable performance in Myanmar-based trading companies in Bangkok, Thailand, employing a quantitative research approach grounded in resource-based theory. Survey data were collected from 408 top executives, representing the top three key executives from each company in Bangkok, for a response rate of 75.56%. Hypothesis testing using PLS-SEM revealed a series of counterintuitive findings. Results showed that while opportunity competency is a significant driver of organizational innovation ($\beta = 0.662$, $p < .001$), it had no direct effect on sustainable performance ($\beta = -0.031$, $p = .266$). Most critically, organizational innovation was found to have a significant negative impact on sustainable performance ($\beta = -0.339$, $p < .001$). Consequently, the overall mediation (H4) was not supported. These findings highlight a critical 'dark side' to innovation, suggesting that for these specific SMEs, innovation may be consuming resources and harming long-term viability. The study offers practical recommendations for managers and business owners in the trading industry in Bangkok to prioritize a more cautious and strategic approach to innovation.

Keywords: Organizational innovation, Opportunity competency, Sustainable performance, Trading companies

Introduction

The global trading industry operates within an increasingly complex and competitive landscape, characterized by rapid technological advancements, evolving consumer demands, and volatile supply chains (Boon & Storli, 2023; Keskin et al., 2025). In this dynamic environment, a company's ability to remain competitive is paramount, requiring not only operational efficiency but also strategic foresight and agility (Arvin et al., 2021; Isibor et al., 2025). Recent trends, such as the rise of digital platforms, the integration of blockchain for supply chain transparency, and the growing emphasis on sustainable sourcing, underscore the need for firms to continuously adapt and innovate to secure their market position (Esan et al., 2024; Gries & Redlin, 2020).

This study focuses on the unique and significant regional context of Myanmar-based trading companies operating in Bangkok, Thailand. This specific market presents a distinct set of challenges and opportunities, including navigating cross-border regulations, cultural nuances, and intense competition from both domestic Thai firms and international players (Gopinath et al., 2022; Masanda et al., 2021, pp. 13672-13675). The growing importance of this business group is underscored by recent data from the Board of Investment (BOI) (2024), which shows that in 2023, Myanmar-registered companies had the highest number of net project applications in Thailand, accounting for three projects and a capital value of 126 million baht. This represented a significant increase from 17 million baht in 2022 and 0.3 million baht in 2020, for one project. This group represents a "strategic case" due to the unique challenges they face, including navigating complex cross-border regulations, adapting to local Thai

cultural and market dynamics, and competing against established domestic firms. Their rapidly growing economic footprint, evidenced by this data, makes understanding their performance drivers a critical and under-studied research priority.

Despite the critical role these companies play, many face significant pressure to enhance their long-term viability in a highly competitive market. The core research problem is to identify the critical capabilities that enable these firms to overcome competitive pressures and achieve sustained success. This investigation is driven by the observation that merely reacting to market shifts is insufficient; proactive strategies are necessary for long-term survival and growth (Arsawan et al., 2022; Ferreira et al., 2020). As a result, Sustainable Performance, defined not just by short-term financial gains but by a firm's long-term success across economic, social, and environmental dimensions, is crucial in building trust with stakeholders, ensuring business continuity, and attracting and retaining key talent (Dabees et al., 2024). In this study, Opportunity Competency, a firm's ability to recognize, evaluate, and act upon new market opportunities, has been proposed as a fundamental determinant of sustainable performance (Mustapha et al., 2020; Nafukho & El Mansour, 2023). This relationship is not direct, but instead mediated by Organizational Innovation, which acts as a catalyst (Azeem et al., 2021; Chen et al., 2021). The study posits that a high level of opportunity competency empowers a firm to generate novel ideas and processes, which in turn leads to the kind of innovation necessary to achieve sustainable outcomes (Aboramadan et al., 2020; Anwar et al., 2020).

This study is anchored in the Resource-Based Theory (RBT), which argues that a firm's internal, valuable, and inimitable resources and capabilities are the primary sources of its sustained competitive advantage (Barney, 1991; Barney & Clark, 2007; Hitt et al., 2016; Ristyawan et al., 2023). RBT provides a robust framework for this study by treating opportunity competency and organizational innovation as strategic capabilities that, when developed and leveraged effectively, can generate unique value and lead to superior, sustainable performance (Barney et al., 2021). While prior literature has extensively explored the links between innovation and firm performance, there is a notable research gap concerning the specific role of Opportunity Competency as a preceding driver, especially within the context of small and medium-sized enterprises (SMEs) in emerging markets (Ng et al., 2020; Ratasuk & Charoensukmongkol, 2020; Salman et al., 2020). This study addresses this gap by empirically investigating the mediating role of innovation in the relationship between opportunity competency and sustainable performance, offering a more nuanced understanding of this dynamic.

This study has three primary objectives: to examine the direct effects of opportunity competency on organizational innovation and sustainable performance, to analyze the effect of organizational innovation on sustainable performance, and to test the mediating role of organizational innovation. This research provides a significant academic contribution by offering empirical evidence for these relationships in a novel context, thereby extending the application of Resource-Based Theory (RBT) to a specific regional setting. The findings will enhance theoretical understanding by revealing a complex causal pathway and demonstrating how strategic competencies can, in specific contexts, hinder rather than translate into tangible performance gains. The study's practical implications are significant for managers and business owners in the trading industry, as its findings provide actionable insights into the importance of strategically nurturing opportunity competency and fostering a balanced approach to organizational innovation to achieve long-term, sustainable growth.

Literature review

This literature review provides the theoretical framework for this study. It is grounded in the Resource-Based Theory (RBT) and examines three key concepts: Sustainable Performance, Opportunity Competency, and Organizational Innovation. By applying these concepts to the specific context of Myanmar-based trading companies in Bangkok, the study aims to fill a gap in the existing literature and offer insights for business strategy. Each section provides a concise overview of a variable or theory.

Sustainable performance

Sustainable performance is a multifaceted concept extending beyond financial metrics to encompass a

firm's success across economic, social, and environmental dimensions, a framework known as the triple bottom line (TBL) (Nogueira et al., 2025). This integrated approach recognizes that long-term business viability requires creating value for stakeholders while minimizing environmental impact (Hourneaux Jr et al., 2018; Mokbel Al Koliby et al., 2024). Sustainable performance is a critical indicator of a firm's resilience, enabling it to build trust and gain a long-term competitive advantage (Khan et al., 2024; Suriyankietkaew et al., 2022). Previous studies have utilized it as both a dependent and mediating variable, linking it to various capabilities, such as green innovation and ethical leadership (Anwar & Abdullah, 2021; Dey et al., 2022; Khan et al., 2024; Ozili, 2022; Sudusinghe & Seuring, 2022). In this study, sustainable performance is the ultimate dependent variable, allowing for a comprehensive assessment of how opportunity competency and organizational innovation contribute to a firm's success in a complex trading environment (Ahmed et al., 2023; Shahzad et al., 2020).

Opportunity competency

Opportunity competency is an individual or organizational capability to recognize, evaluate, and act upon new market opportunities (Gunawan, 2024; Mustapha et al., 2020). It is a proactive skill that combines cognitive and behavioral traits (Nafukho & El Mansour, 2023). As a foundational element of strategic management, opportunity competency is a primary source of competitive advantage in a turbulent business environment (Reshma & Sripirabaa, 2020). Prior research has widely studied it as an independent variable, showing its impact on the success of new ventures (Abawa, 2024; Babayayi et al., 2021; Sakib et al., 2022). This study positions opportunity competency as the key independent variable, hypothesizing that it is the foundational driver that initiates the innovation process, ultimately contributing to a firm's sustainable performance.

Organizational innovation

Organizational innovation refers to the implementation of a new or significantly improved product, process, marketing method, or organizational approach (Azeem et al., 2021; Chen et al., 2021; Mortensen & Bloch, 2005). It acts as a critical mediator, bridging the gap between a firm's opportunity competency and its sustainable performance (Aboramadan et al., 2020; Anwar et al., 2020). Innovation is crucial for a firm's growth, allowing it to adapt, improve efficiency, and create new value (Farida & Setiawan, 2022). Previous studies have extensively used it as a mediating variable, demonstrating its role in translating strategic antecedents into tangible outcomes (Do et al., 2022; Hervas-Oliver et al., 2021). This study positions organizational innovation as the critical mediating variable, arguing that opportunity competency only translates into sustainable success through the mechanism of innovation (Taghizadeh et al., 2020). This study focuses specifically on organizational innovation as it encompasses the managerial, process, and cultural shifts (Azeem et al., 2021) that are most relevant to service-based trading SMEs. Unlike capital-intensive technological or product innovation, organizational innovation represents an internal capability more accessible to resource-scarce firms, making it a critical mechanism for leveraging competencies in this specific context.

Resource-Based Theory (RBT)

The Resource-Based Theory (RBT), a prominent framework in strategic management, posits that a firm's internal resources and capabilities are the primary drivers of its sustained competitive advantage (Barney et al., 2021). The VRIO framework posits that a resource must be valuable, rare, inimitable, and organizationally organized to be a source of sustained competitive advantage (Barney & Clark, 2007). RBT is important because it focuses on a firm's internal strengths, providing a powerful lens to understand why some firms outperform others (Barney et al., 2021, pp. 1936-1955). It has been used to explain how various resources act as independent and mediating variables, leading to superior performance (Collins, 2022; Kiyabo & Isaga, 2020; Nandi et al., 2020; Schauerte et al., 2021). This study applies RBT as its foundational framework, arguing that a firm's opportunity competency and organizational innovation are strategic capabilities that meet the VRIO criteria, thereby providing a strong theoretical justification for how they lead to sustainable performance and contribute to a firm's long-term competitive advantage.

Hypothesis development

The conceptual framework is primarily grounded in the Resource-Based Theory (RBT), which posits that a firm's unique and valuable internal resources and capabilities are the primary sources of its sustained competitive advantage. RBT provides the theoretical lens for explaining the relationships among opportunity competency, organizational innovation, and sustainable performance (Xie et al., 2024).

In this context, opportunity competency, the firm's ability to recognize and act upon new market opportunities, is considered a core, strategic resource. According to RBT, this competency is valuable because it allows a firm to proactively identify and respond to market needs, which is a source of first-mover advantage (Al Koliby et al., 2024; Ishaq et al., 2024). However, this competency alone is not enough. For it to translate into a sustained competitive advantage, it must be leveraged to create new value (Ratasuk & Charoensukmongkol, 2020). This is where organizational innovation comes in (Alraja et al., 2022; Mai et al., 2022). As a key capability, organizational innovation acts as the mechanism through which opportunities are converted into tangible business outcomes, such as new products, processes, or business models (Borah et al., 2022). Ultimately, a firm's ability to successfully leverage its opportunity competency through innovation leads to sustainable performance, which is the ultimate measure of long-term success across economic, social, and environmental dimensions (Aftab et al., 2022). Therefore, the variables are intricately linked in a causal chain where a strategic resource leads to a strategic capability, which in turn leads to a superior outcome. Based on this theoretical foundation and the logical flow of the relationships, the following hypotheses are proposed:

H1: Opportunity competency positively impacts sustainable performance.

H2: Opportunity competency has a positive impact on organizational innovation.

H3: Organizational innovation has a positive impact on sustainable performance.

H4: Organizational innovation mediates the relationship between opportunity competency and sustainable performance.

H5: Organizational innovation moderates the relationship between opportunity competency and sustainable performance.

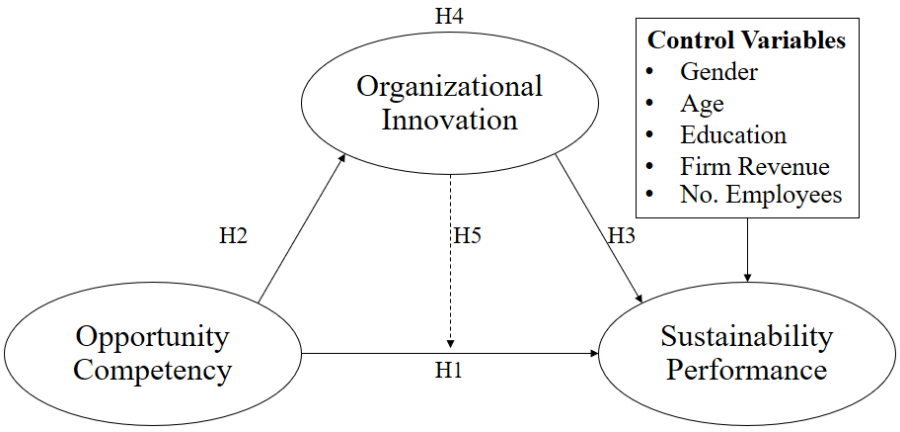


Figure 1 Conceptual model

Methodology

The data for this study were collected from a specific population of 180 Myanmar SMEs that are investing and operating in Thailand. The research employed a purposive sampling method, chosen to ensure that the sample consisted of individuals with direct and comprehensive knowledge of the business's operations and strategies. To achieve this, data was intentionally collected from the top three key executives from each company, namely, the Chief Executive Officer (CEO), the Company Executive Director, and

the Chief Financial Officer (CFO). The sample was obtained from a leading accounting firm specializing in providing services to this particular business segment, thereby ensuring a reliable and targeted data source for the study. The study successfully collected data from 408 executives, representing a high response rate of 75.56% from the total target population of 540 individuals. The unit of analysis for this study was the individual executive's perception (N = 408). Therefore, data were not aggregated to the firm level, and inter-rater reliability analysis was not applied to the research design. The characteristics of the sample teams are summarized in Table 1.

Table 1 Descriptive statistics

Control Variable	Characteristics	Descriptive Statistics	
		Frequency	**Percentage**
Gender	Male	359	(88%)
	Female	49	(12%)
Age	Below 25		
	26 ~ 30		
	31 ~ 40	45	(11%)
	41 ~ 50	220	(53.7%)
	50 ~ 60	131	(32.1%)
	61 ~ 70		
	Above 70		
Education	High School		
	Undergraduate Degree		
	Graduate Degree	201	(49.3%)
	Master Degree	182	(44.6%)
	Doctoral Degree	23	(5.6%)
Business duration	< 5		
	6 - 10	75	(18.4%)
	11 - 15	165	(40.4%)
	16 - 20	122	(29.9%)
	21 - 25	29	(7.1%)
	Above 25		
Annual revenue	< 12 million		
	13 million – 60 million	152	(37.3%)
	61 million – 300 million	213	(52.2%)
	300 million – 1,500 million	33	(8.1%)
	Above 1,500 million		
Employee numbers	5 - 30	155	(38%)
	31 - 75	191	(46.8%)
	76 - 200	54	(13.2%)
	201-1,200		
	Above 1,200		
Company type	Sole tradership	33	(8.1%)
	Partnership	56	(13.7%)
	Private Limited Company	319	(78.2%)
Monthly income	Less than 100,000 Baht		

Control Variable	Characteristics	Descriptive Statistics	
		Frequency	**Percentage**
	100,001 to 200,000 Baht	152	(37.3%)
	200,001 to 300,000 Baht	185	(45.3%)
	300,001 to 400,000 Baht		
	400,001 to 500,000 Baht		
	More than 500,000 Baht	23	(5.6%)
Business type	Foods and Beverages	108	(26.5%)
	Agriculture	54	(13.2%)
	Woods goods		
	Electrical products	111	(27.2%)
	Machinery and equipment	55	(13.5%)
	Spare parts and accessories	43	(10.5%)
	Others		

This research used a self-administered questionnaire for data collection. After receiving permission, the researcher contacted the businesses' executives to arrange a convenient date and time for the survey. The link to the online questionnaire, accompanied by a cover letter clearly stating the research objectives, was distributed to the target executives of all the businesses with which the author was involved. The respondents were informed that participation in the survey was voluntary. They were also informed that the data collection was anonymous. Data collection took approximately one month, from May to June 2025.

Measurement scales

All constructs in this study were measured using established scales adapted from prior research, with all items rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). This approach was used to ensure the validity and reliability of the data. Organizational innovation was assessed using a five-item scale adapted from Azeem et al. (2021), focusing on a company's inclination towards new ideas, creative work methods, and management's acceptance of innovative practices. Opportunity Competency was measured using a four-item scale adapted from González-López et al. (2021), which evaluates an organization's ability to communicate effectively, solve problems creatively, align actions with strategic goals, and effectively delegate tasks. Lastly, Sustainable Performance was captured using a comprehensive six-item scale adapted from Madichie and Agu (2023), which measures the three dimensions of sustainability: economic (income and profitability), social (employee needs and empowerment), and environmental (eco-friendly utility use and waste management).

Data analysis method

Partial least squares structural equation modeling (PLS-SEM) was used to analyze the data and test the proposed hypotheses. This method was chosen for its suitability with social science data, which often lacks a normal distribution (Bono et al., 2017; Zhu & Ratasuk, 2024). Unlike covariance-based SEM, PLS-SEM is a robust, non-parametric technique that does not require the assumption of data normality, making it a more efficient and appropriate choice for this study (Ratasuk et al., 2025; Yang & Ratasuk, 2024). The results of both the Jarque–Bera and the Robust Jarque–Bera tests of normality further validated this choice, as they confirmed that none of the primary variables were normally distributed (Lyu & Ratasuk, 2024; Niu et al., 2025). The PLS estimation, which combines principal component analysis and regression to generate standardized regression coefficients, was performed using WarpPLS version 8.0.

Results

Based on the PLS-SEM analysis, the measurement model demonstrates strong psychometric properties. Convergent validity is established as all constructs have an Average Variance Extracted (AVE) value above the

0.50 threshold, and all item factor loadings exceed the 0.70 benchmark (Hair et al., 2019; Ratasuk, 2022). One item from the original scale, SP4, was removed from the final analysis due to a low factor loading, which is a standard procedure for scale validation. This indicates that the items within each construct are strongly related and measure the intended concept. Reliability is confirmed by Composite Reliability (CR) and Cronbach's Alpha (CA) values for all constructs, which exceed the 0.70 benchmark, indicating high internal consistency (Hair et al., 2019; Ratasuk, 2021).

Furthermore, multicollinearity is not a concern, as all Variance Inflation Factor (VIF) values are well below the conservative threshold of 5 (Hair et al., 2019; Ratasuk, 2023). The low VIF values also provide initial evidence against significant common method bias, as shown in Table 2. In addition to the VIF analysis, potential common method bias (CMB) was assessed using Harman's single-factor test. The results of this test showed that the first unrotated factor accounted for only 38.4% of the total variance, which is well below the 50% threshold. This provides further evidence that CMB is not a significant concern in this dataset (Ratasuk & Nyan Lin, 2025).

Table 2 Convergent validity, reliability, multicollinearity, and common method bias

Variables	Question Items	FL	CR	CA	AVE	VIF
Organizational Innovation	OI1 Our company tries new ideas.	0.802	0.919	0.889	0.696	1.672
	OI2 Our company employs creative work methods.	0.864				
	OI3 Our company management readily accepts new ideas.	0.863				
	OI4 Our company encourages innovation	0.894				
	Practices.	0.737				
Opportunity Competency	OPC1 Our firm employees are expected to communicate with others effectively	0.93	0.963	0.948	0.865	1.615
	OPC2 In our firm, employers and employees can look at old problems in new ways.	0.931				
	OPC3 The workforce of our company can align current actions with strategic goals.	0.929				
	OPC4 Employees and employers can delegate effectively in our company	0.932				
Sustainable Performance	SP1 Our trading company consistently earns an annual income.	0.926	0.974	0.967	0.883	1.129
	SP2 Our company has increased profitability regularly	0.968				
	SP3 Our company ensures that employees' families meet their basic needs.	0.942				
	SP5 Our company uses utilities in an environmentally friendly manner	0.968				
	SP6 Our company is committed to responsible environmental waste management.	0.893				

The provided data, as shown in Table 3, confirms the suitability of PLS-SEM for this research. The HTMT ratios are all below the recommended threshold of 0.85, confirming strong discriminant validity and indicating that the constructs are empirically distinct from one another. Furthermore, the Normality Test results indicate that the data is not normally distributed, a critical finding that validates the use of PLS-SEM, a non-parametric technique robust to non-normal data and not subject to the strict distributional assumptions of other methods, such as CB-SEM. Therefore, even with a large sample size, these results confirm that PLS-SEM is the most appropriate statistical tool for this study.

Table 3 HTMT ratio and normality test

	Organizational Innovation	Opportunity Competency	Sustainable Performance
Organizational Innovation			
Opportunity Competency	0.665***		
Sustainable Performance	0.04***	0.055***	
Normal-JB	No	No	No
Normal-RJB	No	No	No

The overall model fit was strong and reliable, as evidenced by the results in Table 4. The Average Path Coefficient (APC), Average R-squared (ARS), and Average Adjusted R-squared (AARS) were all statistically significant, indicating high predictive power. Furthermore, the Average Block VIF (AVIF) and Average Full Collinearity VIF (AFVIF) values were within the ideal range, confirming no multicollinearity issues.

Table 4 Ten Model fit indices

Model Fit Indices	Value	Results
Average path coefficient (APC)	0.136***	Very significant
Average R-squared (ARS)	0.299***	Very significant
Average adjusted R-squared (AARS)	0.288***	Very significant
Average block VIF (AVIF)	2.221	Ideal
Average full collinearity VIF (AFVIF)	1.709	Ideal
Tenenhaus GoF (GoF)	0.531	Large
Simpson's paradox ratio (SPR)	0.7	Acceptable
R-squared contribution ratio (RSCR)	0.993	Acceptable
Statistical suppression ratio (SSR)	0.9	Acceptable
Nonlinear bivariate causality direction ratio (NLBCDR)	0.7	Acceptable

PLS-SEM Results

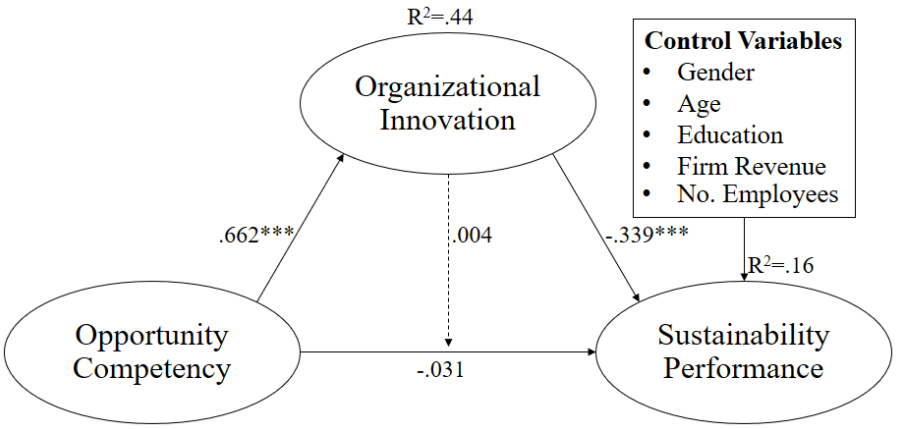


Figure 2 PLS-SEM analysis: Direct effects and moderation

Figure 1 and the hypothesis testing results reveal a complex and unexpected pattern of relationships within the research model.

H1: Opportunity competency positively impacts sustainable performance. The beta value was negative (β = -0.031) with a p-value of .266, indicating statistical insignificance. This suggests that, in the context of Burmese SMEs in Thailand, merely having the ability to identify opportunities does not, in itself, lead to improved long-term performance. Therefore, this hypothesis is not supported.

H2: Opportunity competency has a positive impact on organizational innovation. The results show a substantial positive beta value (β=0.662) with a p-value of <.001. This is a highly significant finding, confirming that a firm's ability to identify opportunities is a powerful driver of its innovation capacity. Thus, H2 is supported.

H3: Organizational innovation has a positive impact on sustainable performance. The relationship is significant, but it has a negative nature. The analysis reveals a significant negative beta value (β=−0.339) with a p-value of <.001. While the relationship is highly significant, it contradicts the hypothesis. This suggests that for the firms in your study, an increase in organizational innovation is associated with a decrease in sustainable performance. Hence, this hypothesis is not supported.

H4: Organizational innovation mediates the relationship between opportunity competency and sustainable performance. The overall mediation hypothesis (β = -0.225, p = .165, Effect Size = 0.054, standard error = 0.23) was not supported.

H5: Organizational innovation moderates the relationship between opportunity competency and sustainable performance. The beta value was close to zero (β = 0.004) with a p-value of .467, indicating that organizational innovation does not significantly strengthen or weaken the direct relationship between opportunity competency and sustainable performance. The moderation hypothesis was not supported.

The analysis revealed that the selected control variables, namely age, gender, education, income, and number of employees, had no statistically significant impact on sustainable performance. This finding is crucial as it confirms that the observed significant relationships and the central finding of negative mediation between the core constructs are not spurious results driven by differences in the personal characteristics of the executives or the firm's size.

Research discussion

This study investigated the relationships among opportunity competency, organizational innovation, and sustainable performance within the unique context of Myanmar-based SMEs operating in Bangkok, Thailand. Although the initial direct and moderating hypotheses were not supported, a more in-depth analysis of the mediation model revealed a complex and highly significant set of findings that provide crucial theoretical and practical insights.

The most critical discovery is the existence of a significant negative mediation where organizational innovation acts as a detrimental intermediary in the relationship between opportunity competency and sustainable performance. The data reveal a strong positive link between Opportunity Competency and Organizational Innovation (β = 0.662, p < 0.001), confirming that a firm's ability to identify opportunities is a powerful driver of innovation, consistent with research by Al Koliby et al. (2024) and Mai et al. (2022). However, a finding that challenges conventional wisdom reveals a significant negative relationship between Organizational Innovation and Sustainable Performance (β = -0.339, p < 0.001). This suggests that, for the firms in this study, innovation is currently harming, rather than helping, their long-term viability, contrary to the evidence from prior research (Aftab et al., 2022; Mai et al., 2022). The final hypothesis (H4) of a direct positive mediation was therefore not supported; however, the data revealed a more profound, adverse mediating effect, which is not aligned with previous research (Alraja et al., 2022; Borah et al., 2022; Ishaq et al., 2024).

This result necessitates a reevaluation of the ubiquitous assumption that "more innovation is always better" (Soete, 2013). The findings suggest that, in specific contexts, particularly for resource-constrained SMEs operating in a foreign market, the innovation process can be a double-edged sword. Several context-specific factors could explain this negative impact: 1) Overinvestment in non-revenue-generating activities,

where new organizational processes add complexity without adding value; 2) Misalignment with Thai market dynamics, where innovations that worked in their home market fail to resonate with local customers or supply chains; and 3) High costs of adaptation, which drain critical financial and managerial resources from core business activities, thereby hindering, rather than helping, their long-term sustainable performance. This could lead to a decline in profitability, strained employee relations, and a damaged brand reputation, thereby hindering sustainable performance.

The insignificant findings for both the direct and moderation hypotheses are also critical to understanding the model's dynamics. The lack of a significant direct effect of opportunity competency on sustainable performance (β = -0.031, p = .266), contrary to the theoretical assumption and prior studies (Al Koliby et al., 2024; Barney et al., 2021), reinforces the mediation finding. It indicates that the impact of opportunity competency is not direct but is fully channeled through the mediating variable of organizational innovation. This is a classic finding in a full mediation model, as it confirms that the mediating mechanism is the sole pathway through which the independent variable influences the dependent variable.

Furthermore, the lack of a significant moderation effect (β = 0.004, p = .467) is also noteworthy. It suggests that organizational innovation does not simply alter the strength of the direct relationship between variables. Instead, its role is distinct and independent, having a causal effect. This result provides a clearer understanding of how the variables interact: innovation does not act as a condition on a relationship but as a crucial, mediating link in the causal chain. This finding further underscores the importance of innovation as a mediating factor in this context.

Theoretical and managerial implications

From a theoretical standpoint, the findings extend the Resource-Based Theory (RBT) by demonstrating the conditional nature of a resource's value. While RBT correctly identifies opportunity competency as a strategic resource, the results show that its positive impact on a firm's sustained competitive advantage (sustainable performance) is not guaranteed. Contingency Theory is integrated to explain this discrepancy. It is argued that the translation of a resource (opportunity competency) into a performance outcome is contingent upon the firm's specific context. For resource-constrained, foreign-owned SMEs, such as those in this study's sample, the high costs, internal disruptions, and market misalignments associated with innovation may outweigh its benefits. This "contingent" adverse effect challenges a linear application of RBT. It highlights the critical importance of context in strategic management, suggesting that future applications of RBT should consider how resources and capabilities are translated into tangible outcomes, acknowledging that this process may not always yield positive results. For managers of Burmese SMEs in Thailand, these results offer a critical lesson. Rather than simply encouraging the pursuit of new ideas, management should adopt a more cautious and strategic approach to innovation. This includes conducting thorough cost-benefit analyses, ensuring that new products or processes are well-aligned with market demand, and investing in change management to mitigate internal disruptions. The focus should be on building a robust system that can turn opportunities into profitable and sustainable ventures, rather than just generating novel ideas for their own sake.

Limitations and future research

This study's findings are specific to Burmese SMEs in Bangkok and may not be generalizable to other business contexts. Future research should aim to replicate this model in different regional or industry settings to determine if this negative relationship is a unique characteristic of this population. Additionally, qualitative studies could provide a deeper understanding of the specific internal and external factors that contribute to the negative impact of innovation on sustainable performance, such as managerial decision-making, access to capital, and the role of informal networks.

This research was conducted in accordance with the ethical principles and guidelines for research involving human subjects. The study protocol was approved by the Panyapiwat Institute of Management Research Ethics Committee (REC) prior to data collection (approval number: PIM-REC066/2567, dated January 6, 2025).

Declaration of generative AI in scientific writing

During the preparation of this manuscript, the authors used Grammarly to improve language clarity, grammar, and readability. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication. Generative AI was not used for research design, data collection, statistical analysis, hypothesis formulation, or interpretation of results.

CRediT author statement

Akaraphun Ratasuk: Conceptualization, Methodology, Formal analysis, Validation, Visualization, Supervision, Project administration, Writing – Review & Editing. **Ying Mo Saing:** Investigation (Data Collection), Data Curation, Writing – Original Draft.

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