



The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

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Abstract

Amidst profound structural disruptions driven by value chain digitalization and stringent environmental sustainability mandates, the global manufacturing landscape exposes a critical innovation paradox where technological advancements frequently fail to guarantee market resilience. Grounded in the synthesis of the Resource-Based View (RBV) and Dynamic Capability Theory (DCT), this study investigates the causal mechanisms linking product innovation, competitive advantage, and firm performance. Employing a quantitative explanatory design, primary empirical data were acquired from 230 strategic management personnel at PT LocknLock Indonesia and rigorously evaluated using variance-based Partial Least Squares Structural Equation Modeling (PLS-SEM). The empirical estimation reveals a counterintuitive reality: product innovation exerts no significant direct impact on firm performance. Instead, the structural model demonstrates that dynamic capabilities operate as an indispensable full mediator for product innovation and a partial mediator for competitive advantage, collectively explaining a substantial 82.0% of the variance in firm performance. These findings decisively dismantle deterministic linear commercialization assumptions, proving that latent innovation assets inevitably devolve into sunk costs without the institutional agility to *sense* macro-environmental disruptions, *seize* omnichannel ecosystems, and *reconfigure* legacy operational architectures. Ultimately, this research dictates a strategic paradigm shift for corporate executives, urging a pivot from exclusive investments in product engineering toward the aggressive cultivation of dynamic governance to secure long-term economic sustainability.

Keywords: Dynamic Capabilities, Innovation Paradox, Strategic Agility, Firm Performance, Resource-Based View.

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

Introduction

The global consumer housewares and storage manufacturing landscape is currently undergoing a profound structural disruption, catalyzed by the convergence of value chain digitalization, shifting consumer preferences, and stringent environmental sustainability regulations. Business ecosystems historically anchored in economies of scale, legacy brand dominance, and conventional distribution networks now face existential threats stemming from hyper-accelerated market uncertainties (Zhu et al., 2024). The phenomenon of strategic inconsistency and the "clash of strategies" manifests starkly when legacy business models fail to adapt to the velocity of technological penetration. The Chapter 11 bankruptcy filing of Tupperware Brands Corporation in Delaware on September 17, 2024, serves as a poignant empirical precedent of this failure (In re Tupperware Brands Corp, 2024). Despite possessing robust global brand equity cultivated over seven decades, the corporation was paralyzed by structural inertia resulting from a fatal market mismatch: relying on a direct sales model for 90% of its revenue, whereas this traditional channel now captures merely 4% of the modern global market share. This fundamental failure to architect an omnichannel infrastructure, coupled with sluggish responses to global anti-plastic sentiments, culminated in an \$811.8 million principal debt accumulation, crippling liquidity and halting fundamental core operations.

Conversely, analogous disruptive forces are exerting immense pressure on other industry leaders, including PT LocknLock Indonesia. Internal empirical data reveals that LocknLock's domestic sales performance exhibits fluctuations that mirror macroeconomic volatility and increasingly asymmetric competition. Following a significant sales surge to IDR 39.49 billion in 2021—driven by pandemic-induced consumption shifts that amplified home-based activities—the firm encountered a market correction with consecutive downtrends to IDR 36.28 billion (2022) and IDR 33.87 billion (2023), before registering a moderate recovery to IDR 35.56 billion in 2024. This contraction over the 2022-2023 period highlights a critical innovation paradox within the firm; LocknLock consistently launched product innovations, ranging from high-tech food-grade material transitions (e.g., heat-resistant glass and bio-plastics) to the integration of Environmental, Social, and Governance (ESG) initiatives responding to circular economy mandates (Geissdoerfer et al., 2020). However, this performance anomaly substantiates that product innovation adoption alone no longer serves as an absolute guarantee for financial stability. Intense contemporary debates surrounding

economic sustainability and green business model innovation underscore that without the strategic agility to reconfigure internal resources in alignment with novel digital ecosystems, product innovation risks devolving into a sunk cost, failing to be optimally commercialized (Warner & Wäger, 2019).

To untangle these operational complexities, recent academic discourse within strategic management and business economics must be systematically mapped. For decades, the dominant paradigm rested upon the Resource-Based View (RBV), postulating that competitive advantage originates from possessing valuable, rare, inimitable, and non-substitutable (VRIN) assets (Barney, 2001). However, within a business ecosystem propelled by digital technologies and pervasive volatility, RBV faces mounting criticism for its inherent static nature. A thematic synthesis of primary literature published over the last five years categorizes this ongoing academic debate into three intersecting clusters.

The first cluster focuses on the dynamics between product innovation orientation and firm performance, an area marked by intense theoretical friction. Scholars such as Dalwai & Salehi (2021) and López-Cabarcos et al. (2020), argue that product innovation exerts a linear, positive impact on profitability, customer retention, and market expansion, positing that new product launches construct formidable barriers to entry. Conversely, this perspective is empirically challenged by researchers including Hai et al. (2022), Chatterjee et al. (2023) and Khin & Ho (2019), who discovered that product innovation frequently fails to generate direct financial returns, creating an "innovation paradox." This inconsistency indicates that product innovation requires mediating precondition variables to be effectively translated into firm performance.

The second cluster explores the role of digital transformation and open innovation ecosystems within corporate strategic architecture. Advanced research by Ellström et al. (2022) and Tsou & Chen (2023) highlights that digital capabilities transcend mere IT infrastructure investments; they are essential dynamic capabilities facilitating business model innovation amidst uncertainty. Furthermore, the ecosystem perspective advanced by Randhawa et al. (2022) and validated by recent structural models Bashir & Alsaeed (2026) asserts that innovation no longer operates in isolated corporate R&D silos. Instead, it relies on external knowledge orchestration and managerial capabilities to disrupt markets, necessitating traditional manufacturing firms to transition from linear value chain (pipeline) strategies toward platform-based approaches.

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

The third cluster crucially advances Dynamic Capability Theory (DCT) as the ultimate mediating mechanism in turbulent business environments. Orchestrated by Teece (2018) and Schilke et al. (2018), this theory conceptualizes that static competitive advantages rapidly obsolesce due to technological disruption. Dynamic capabilities necessitate three microfoundations: *sensing* (identifying market opportunities and threats), *seizing* (mobilizing resources to capture value), and *transforming/reconfiguring* (restructuring organizational architecture to maintain competitiveness). Empirical findings from Qiu et al. (2020) in the Chinese manufacturing sector and Ferreira et al. (2020) in Europe provide robust confirmation that dynamic capabilities operate as a mediating mechanism linking core resources (e.g., product innovation) to firm performance. Acting as a discourse moderator, this study posits that the empirical inconsistencies observed in the first cluster stem directly from neglecting the mediating role mapped in the third cluster. Product innovation does not operate in a vacuum isolated from external volatility; it requires precise orchestration by dynamic capabilities that adapt to the ecosystem disruptions mapped in the second cluster.

Through this profound thematic synthesis, this study identifies three critical "blind spots" forming the foundation of the gap analysis. First, a Theoretical Gap: There is a fundamental limitation in classical RBV in predicting the collapse of corporate giants that technically possess highly valuable assets. The failure of legacy brands with decades of market dominance proves that VRIN asset ownership is inadequate to explain anomalies where product superiority does not automatically translate into market resilience. RBV thus requires integration with DCT to explain the governance of value transformation. Second, an Empirical Gap: A significant proportion of empirical studies concerning innovation effectiveness and dynamic capabilities exhibit a pronounced sectoral bias toward high-tech industries, software development, or digital startups. Meanwhile, empirical evidence within the capital-intensive consumer housewares manufacturing sector—currently positioned at the epicenter of green business model transitions—remains highly fragmented. Third, a Practical/Managerial Gap: Manifest inefficiencies exist in operationalizing corporate strategies migrating from conventional sales channels to omnichannel architectures in emerging economies. A critical deficit in understanding dynamic capability orchestration mechanisms causes firms to fail in capturing shifting consumer preferences, culminating in profitability erosion, as evidenced by LocknLock during the 2022-2023 period.

Addressing these multidimensional gaps, this manuscript unequivocally declares its novelty and added value: *In contrast to previous studies that predominantly focus on the direct*

impact of product development on short-term financial gains within the digital SME sector [X], this research offers a novel approach by integrating an innovative business ecosystem perspective—positioning dynamic capabilities as the internal orchestration governance (mediating mechanism) to convert competitive advantage and innovation assets into sustainable firm performance resilience within a post-disruption global manufacturing landscape [Y]. A comparative context novelty is also implicitly offered by capturing the empirical momentum in the housewares industry, where the subject firm (LocknLock) is actively navigating the integration of ESG protocols and digital ecosystem technologies to avoid the structural bankruptcy traps that ensnared its primary historical competitor.

The strategic problem underpinning the investigation in this study revolves around the fundamental question of the extent to which sustainable product innovation initiatives and the foundational competitive advantages possessed by PT LocknLock Indonesia can be capitalized upon to maintain and accelerate firm performance amidst market hyper-competition, and how the essential role of dynamic capabilities bridges and catalyzes this value transformation. Critical evaluation is directed toward the effectiveness of the disruption signal detection process (*sensing*), the commercialization of innovation into the market ecosystem (*seizing*), and the restructuring of operational architecture (*transforming*) to align core corporate competencies with continuously mutating external pressures. The delineation of this problem is designed not merely to observe final quantitative outcomes but to unpack the "black box" of managerial capabilities that determine the ultimate fate of an innovation.

As its primary thesis statement, this article maintains the strategic proposition that in a market economy driven by exponential digitalization convergence and radical sustainability demands, product innovation and competitive advantage can no longer be relied upon as direct causal predictors of firm performance achievement; rather, they are latent potentials requiring systemic activation by dynamic capabilities. The author compellingly argues that contemporary corporate failures do not stem from the absence of functional products, but rather originate from the strategic architectural inertia of the organization in responding to business model disruptions. Through these findings, academia and C-level executives are challenged to deconstruct legacy innovation governance paradigms—shifting the focus from a mere obsession with engineering "better products" toward the paramount urgency of cultivating "more adaptive organizations." Ultimately, this manuscript formulates strategic solutions grounded in institutional agility, which is crucial for the economic and business sector to

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

recalibrate its growth engines, ensure economic sustainability, and triumph in the future industrial landscape.

Research Method

Research Design and Approach

To dissect the architectural complexity of corporate strategy and address the causal inquiries of the studied phenomenon, this research adopts a quantitative explanatory-causal design. Within the context of Strategic Innovation in Economics and Business, the selection of a quantitative approach transcends mere phenomenal simplification; it is driven by the necessity for rigorous formal testing of theoretical propositions derived from Dynamic Capability Theory (DCT) and the Resource-Based View (RBV). This explanatory design isolates and evaluates the magnitude of causal relationships among latent strategic variables, specifically targeting the detection of transmission or mediation mechanisms. In a highly volatile economic environment, this causal architecture enables the precise identification of which managerial decisions (e.g., innovation adoption) genuinely create measurable value for financial and market performance, effectively segregating true strategic impact from operational coincidence.

Data Sources and Parameter Specification

The analytical unit and data quality are secured through a comprehensive integration of primary and secondary data, ensuring both external validity and strategic narrative depth.

1. Primary Data

The unit of analysis is established at the corporate level, with observations centered on operational leaders and managerial decision-makers at PT LocknLock Indonesia. The target population encompasses strategic management personnel—ranging from managers and supervisors to key functional staff—directly involved in innovation policy formulation, supply chain governance, product development, and market penetration. Because dynamic capabilities (sensing, seizing, reconfiguring) are institutionalized routines rather than individual traits, this key-informant specification is imperative. Through a digital census and structured distribution, this study successfully acquired valid data from 230 internal respondents, comfortably exceeding the minimum sample size threshold ($230 > 23 \times 10$) recommended for the estimation stability of complex multivariate algorithms.

2. Secondary Data

To fortify econometric justification and contextualize the phenomenon, this study rigidly integrates industry trend data and macroeconomic parameters. This includes historical panel data detailing PT LocknLock Indonesia's sales performance (2020–2024), which validates the actual performance fluctuations (ranging from IDR 27.4 billion to a peak of IDR 39.4 billion, followed by a market correction). Furthermore, the 2024 ESG Report, industry technology adoption indices, and public bankruptcy documents of competitors (i.e., Tupperware's Chapter 11 filing) serve as factual anchors to define the scale of technological uncertainty and market disruption, which are the fundamental prerequisites for dynamic capability activation

Data Collection Techniques and Variable Measurement

Primary data acquisition was executed utilizing a structured digital questionnaire employing a 5-point Likert scale (ranging from 1 = Strongly Disagree to 5 = Strongly Agree). A purposive sampling technique was applied, enforcing strict filtering criteria: respondents were required to have a minimum tenure of one year and possess explicit authority in operational decision-making to mitigate information asymmetry bias. The theoretical constructs are precisely operationalized based on global literature to guarantee construct validity:

- 1. Product Innovation (X_1):** Measured using the adoption taxonomy by Rogers (2003) and synthesized with the OECD (2023) innovation measurement guidelines. Dimensions include relative advantage, market trend compatibility, complexity, trialability, and design observability that reinforces brand equity.
- 2. Competitive Advantage (X_2):** Operationalized as the entity's capacity to deliver superior value exceeding the industry average. Proxies include cost/price efficiency, absolute quality superiority, supply chain delivery dependability, aggressive new product launch routines, and time-to-market acceleration.
- 3. Dynamic Capabilities (Z):** Operationalizing Teece's (2018) canonical framework, this mediating variable captures transformation capacity through three sub-constructs: *Sensing* (detecting market signals, latent consumer needs, and business environment disruptions); *Seizing* (orchestrating investments, rapid strategic decision-making, and innovation commercialization); and *Transforming/Reconfiguring* (flexibility in

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

reallocating tangible assets, upgrading human capital, and modifying legacy operational processes).

- 4. Firm Performance (Y):** Measured via a revised multidimensional instrument by Venkatraman & Ramanujam (1986), encompassing Financial Performance (sales growth, profitability trajectory), Operational Performance (productivity optimization, marginal efficiency enhancement), and Market Performance (market share expansion, customer loyalty growth).

Data Analysis Techniques

To manage the multi-level mediation relationships and model complexity, this study applies variance-based Structural Equation Modeling (PLS-SEM) using SmartPLS software. This analytical tool is highly relevant to modern business economics research for two fundamental methodological reasons. First, it efficiently estimates complex strategic predictive models (simultaneously handling exogenous, endogenous, and mediating latent variables) without the strict multivariate normality assumptions frequently violated in management behavioral data. Second, PLS-SEM's focus on maximizing predictive accuracy—represented by the explained variance (R^2)—makes it exceptionally precise for validating strategic management theories in empirical industrial contexts (Hair et al., 2021). The analytical evaluation is deconstructed into two architectural pillars:

- 1. Measurement Model Evaluation (Outer Model):** Secures instrument rigor by evaluating indicator reliability via Loading Factors (threshold > 0.6), testing convergent validity through Average Variance Extracted ($AVE > 0.5$), and confirming internal consistency using Cronbach's Alpha and Composite Reliability (> 0.7). Discriminant validity is rigorously cross-verified using the Heterotrait-Monotrait (HTMT) ratio criterion to ensure absolute semantic separation and no conceptual overlap among the strategic latent variables.
- 2. Structural Model Evaluation (Inner Model) & Hypothesis Testing:** Following instrument validation, the analysis transitions to causality mapping. Evaluation focuses on the coefficient of determination (R^2) to map the model's explanatory power, alongside the estimation of mathematical path coefficients (β). The statistical significance of each causal hypothesis is executed via a bootstrapping procedure utilizing 5,000 resample iterations to generate empirical t -statistics. Managerial inferences are drawn using a significance threshold of t -value > 1.96 and p -value < 0.05 at a 95% confidence level.

Specific evaluation of indirect effect parameters is conducted using modern mediation protocols to determine whether dynamic capabilities operate as a partial or full mediation mechanism.

Results and Discussion

This Results and Discussion section deliberately transcends the mere narrative exposition of raw statistical data; rather, it is architected to present a critical analytical synthesis that articulates the empirical quantitative evidence from PT LocknLock Indonesia within the broader global political economy of innovation.

Data Visualization and Empirical Substantiation

Before dissecting the strategic implications of the inter-construct causalities, the measurement foundation was rigidly evaluated via Outer Model analysis. The PLS-SEM algorithm generated an instrument robustness matrix, holistically visualized in Table 1.

Table 1. Convergent Validity and Reliability Evaluation (Outer Model)

Strategic Management Construct	Loading Factor Range	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)	Methodological Decision
Inovasi Produk (X1)	0,751–0,869	0,884	0,915	0,685	Valid & Reliabel
Keunggulan Bersaing (X2)	0,845–0,901	0,921	0,940	0,759	Valid & Reliabel
Kapabilitas Dinamis (Z)	0,778–0,876	0,902	0,925	0,673	Valid & Reliabel
Kinerja Perusahaan (Y)	0,759–0,856	0,900	0,923	0,667	Valid & Reliabel

Source: Primary Data Analysis (SmartPLS), 2026.

The evaluation matrix in Table 1 provides absolute verification that all manifest indicators successfully represent their respective latent theoretical constructs. The AVE values, converging between 0.667 and 0.759 (substantially exceeding the 0.5 critical threshold), guarantee that more than half of the variance in each indicator is perfectly explained by its designated strategic variable. The impeccability of these internal metrics ($CR > 0.90$) provides the econometric justification required to inject the data into the Inner Model.

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

Subsequent testing of the structural model architecture (Inner Model) unveiled exceptional predictive power. Dynamic Capabilities demonstrably predicted 73.2% of the variance in its own behavioral anomaly driven by antecedents ($R^2 = 0.732$), while the aggregate ecosystem model successfully explained 82.0% of the variance in Firm Performance ($R^2 = 0.820$). Referring to rigorous econometric validation parameters, an R^2 score of 0.820 is classified as having "substantial" predictive accuracy. Consequently, the volatile dynamics of LocknLock's market share and profitability can be almost entirely diagnosed through these three operational variables.

The execution of the bootstrapping algorithm yielded the p -value and t -statistic estimations that serve as the foundation for strategic hypothesis acceptance, summarized in Table 2.

Table 2. Structural Model Estimation and Hypothesis Testing (Inner Model)

Strategic Causal Path	Parameter Coefficient (β)	t-Statistics	p-Values	Academic Decision
Direct Effect Paths				
Product Innovation → Firm Performance	0.036	0.567	0.571	Rejected (Non-Significant)
Product Innovation → Dynamic Capabilities	0.548	6.252	0.000	Accepted (Significant)
Competitive Advantage → Firm Performance	0.330	5.319	0.000	Accepted (Significant)
Competitive Advantage → Dynamic Capabilities	0.352	3.890	0.000	Accepted (Significant)
Dynamic Capabilities → Firm Performance	0.590	9.710	0.000	Accepted (Significant)
Indirect Effect Paths (Mediation Test)				
Prod. Innovation → Dyn. Capabilities → Performance	0.323	5.229	0.000	Accepted (Full Mediation)
Comp. Advantage → Dyn. Capabilities → Performance	0.207	3.473	0.001	Accepted (Partial Mediation)

Source: Primary Data Analysis (SmartPLS), 2026.

Theory Operationalization as an Analytical Scalpel: Deconstructing the Innovation Paradox

Table 2 exposes a finding that superficially appears anomalous but fundamentally harbors the highest strategic significance: Product innovation possesses no significant direct impact on firm performance enhancement at PT LocknLock Indonesia ($\beta = 0.036$; t -statistic = 0.567; p -value = 0.571). Under the illusion of conventional linear management, the introduction of new technological features or designs is assumed to directly calibrate into sales surges. However, by operationalizing the Resource-Based View (RBV) as an analytical scalpel, the ontological boundaries of this classical theory become starkly evident. RBV posits innovation as a strategic resource that is valuable (V) and inimitable (I); yet, without active commercialization, these resources remain inherently inactive and latent (Russo et al., 2025). The introduction of state-of-the-art food-grade materials or ecological bio-plastic product lines risks culminating as sunk costs if the firm's internal structures and processes are sluggish in executing their commercialization to the appropriate market. This is a definitive empirical manifestation of operational translation failure.

Nevertheless, this strategic gridlock is dismantled when Teece's (2018) Dynamic Capability Theory (DCT) is injected into the model. Although product innovation fails to penetrate market performance directly, these innovation initiatives exponentially trigger the awakening of corporate dynamic capabilities ($\beta = 0.548$; p -value = 0.000). The imperative to maintain product portfolio relevance forces LocknLock's management to radically activate its external monitoring radar (*sensing* decarbonization trends and eco-friendly demographic lifestyle shifts), compels the reallocation of marketing budgets from physical retail toward platform infrastructure (*seizing*), and necessitates the overarching re-orchestration of its plastic supply chain governance from upstream to downstream (*reconfiguring/transforming*).

The most definitive evidence dismantling this architecture is observed in the empirical confirmation of mediation: Dynamic Capabilities operate as an absolute full mediator ($\beta = 0.323$; p -value = 0.000) crucially required to bridge product innovation with firm performance, corroborating the PLS-SEM mediation protocols established by Nitzl et al. (2016). Prescriptively, this finding provides profound justification for a paradigm shift in C-level strategic decision-making: PT LocknLock Indonesia is not merely salvaged by the 'physical form' of its brilliant airtight containers, but structurally rescued by its 'managerial agility' in overhauling operational postures to commercialize these innovations amidst a competition entirely dictated by digital ecosystems. Furthermore, dynamic capabilities

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

dominate the model, asserting the largest absolute direct contribution to firm performance ($\beta = 0.590$).

State-of-the-Art Confrontation: A Robust Academic Dialogue

These empirical findings from LocknLock are not left in isolation; they are deliberately confronted within the global literature discourse to establish a definitive scientific stance. The rejection of the direct effect hypothesis (Innovation $\rightarrow$ Performance) constitutes an empirical refutation that unequivocally dismantles the deterministic theses of previous scholars. Researchers such as Dalwai & Salehi (2021) and López-Cabarcos et al. (2020) constructed a simplistic assumption that product technology injections automatically and linearly elevate profitability and customer retention. Conversely, this study robustly supports and expands upon the more complex alternative theses previously indicated by Randhawa et al. (2022) and Bashir & Alsaeed (2026), providing the fundamental answer as to "why" this paradox occurs. Product innovation in a modern hyper-competitive landscape is dialectical; it can degrade short-term profitability due to R&D cost burdens if the organizational architecture lacks the agility to absorb and market it efficiently.

Furthermore, this crucial finding regarding the mediating role of dynamic capabilities fills a critical literature gap concerning market failure mechanisms, particularly within the constellation of capital-intensive manufacturing firms in emerging economies. This study confirms and reinforces the theoretical postulates of Qiu et al. (2020) regarding green innovation in China, Ferreira et al. (2020) in Europe, and digital transformation studies by Tsou & Chen (2023). This canon of literature concurs that dynamic capabilities are an imperative prerequisite—a mediating mechanism that functionally substitutes organizational institutional inertia with the acceleration of economic value creation. Additionally, the evidence that cost-efficiency and quality-based Competitive Advantage significantly fuels the growth of Dynamic Capabilities ($\beta = 0.352$) successfully confronts historical strategic management dogmas. It proves that competitive advantage is not merely a lagging endpoint indicator, but rather acts as the fuel or slack resource provider that firms utilize to fund high-risk investments, maintain agility, and explore future disruptive strategies.

Contextual Elevation to the Global Business Landscape

Although the locus of this study's empirical execution is concentrated on PT LocknLock Indonesia's internal architecture, the resulting strategic narrative possesses resonance waves that align precisely with global macroeconomic discourse. The consumer durable goods and

housewares manufacturing industry on today's global economic dashboard is squeezed by the tectonic shifts of two absolute megatrends: (1) the digitalization of value chains that obliterates conventional trading systems (Warner & Wäger, 2019), and (2) the transition imperative toward a circular economy (decarbonization) strictly regulated by Environmental, Social, and Governance (ESG) criteria mandated by capital markets and millennial preferences (Geissdoerfer et al., 2020).

To measure the intrinsic significance of LocknLock's successful agility orchestration, a proportional comparison must be drawn against a historical collapse currently occurring at the epicenter of this industry: the tragic bankruptcy of Tupperware Brands Corporation, which filed for Chapter 11 debt restructuring protection in the Delaware Bankruptcy Court in mid-September 2024 (In re Tupperware Brands Corp, 2024). If Tupperware's business anatomy were dissected using this study's PLS-SEM framework, they historically scored maximum points on Competitive Advantage indicators (possessing patented polymer materials and generic brand hegemony) and were the eternal icon of Product Innovation post-WWII due to their airtight seal technology. However, Tupperware suffered a crippling deficit in Dynamic Capabilities. Their operational model decayed due to profound institutional rigidity; Tupperware's leadership failed to orchestrate *sensing* and vehemently resisted the *reconfiguring* process, persistently clinging to the direct sales dogma via their sales representative fleet ("Tupperware Parties") which absorbed colossal operational costs. They remained oblivious to the tsunami of disruption as retail dominance completely migrated to e-commerce infrastructure, omnichannel networks, and AI-driven social commerce, alongside their fatal failure to respond to shifting public sentiments increasingly vocal against single-use plastic pollution.

In dramatic contrast to Tupperware's paralysis scenario, LocknLock's strategic posture represents the optimal functioning of a high Dynamic Capability equilibrium. Through the rigorous operationalization of *Sensing* instruments, LocknLock globally and in Indonesia successfully detected macroeconomic anti-plastic sentiments, immediately executing *Seizing* maneuvers not merely by launching ecologically sourced product lines (high heat-resistant glass, Tritan, and bio-polymers), but by institutionally publishing their climate transition risk mitigation commitments within their 2024 corporate ESG roadmap. Ultimately, on the *Transforming* dimension, LocknLock's leadership governance eliminated distribution friction by aligning its sales portfolio into digital marketplaces and omnichannel ecosystems, while simultaneously restructuring manufacturing efficiency.

The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

Consequently, the PLS-SEM mediation test results (Hypotheses 6 and 7) in this research transcend mere statistical figures; they stand as an empirical proclamation of 21st-century business sustainability laws. In a new economic equilibrium dictated by hyper-accelerated uncertainty, brilliant technological innovation engines and historical brand dominance possess absolutely zero immunity to save a business entity from financial insolvency if the institution suffers from paralysis in upgrading its dynamic governance capabilities.

As an accountable managerial conclusion for implementation by strategic leaders and global manufacturing policymakers, this study recommends the demilitarization of investment resources from an exclusive, symmetrical obsession with product technology engineering, pivoting toward massive investments in organizational agility engineering. The integration of a "Dynamic Capabilities Adoption Committee" at the board of directors level is an absolute necessity. This committee must be mandated to accelerate three adaptive axes: mastering macro-data analytics for highly precise *sensing* of consumer ecological anxieties and behaviors; establishing digital open ecosystem-based hybrid innovation partnerships to communally execute the *seizing* of opportunities without bearing unilateral capital burdens; and radically restructuring supply chain flexibility to guarantee that resource *reconfiguring* maneuvers can be executed at high velocity, preempting market disruption turbulence before it crystallizes into a structural bankruptcy threat reminiscent of Tupperware's historical monument.

Conclusion

This study resolves the central research problem by empirically demonstrating that in a hyper-competitive and disrupted economic landscape, product innovation alone fails to directly stimulate firm performance, thereby dismantling the traditional linear assumption of technological commercialization. Instead, dynamic capabilities operate as an indispensable mediating architecture—fully bridging product innovation and partially mediating competitive advantage—to successfully convert latent technological assets and operational efficiencies into tangible financial and market resilience. As substantiated through the contrasting strategic trajectories of agile entities and paralyzed legacy corporations, the institutional capacity to proactively sense macro-environmental ESG shifts, seize omnichannel ecosystems, and radically reconfigure legacy structures constitutes the definitive determinant of corporate survival. Consequently, to ensure long-term economic sustainability amidst systemic market disruptions, C-level executives must systematically pivot their strategic investments from an

exclusive obsession with product engineering toward the aggressive cultivation of institutional agility.

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The Effect of Product Innovation and Competitive Advantage on Firm Performance Through Dynamic Capabilities at LocknLock

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