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RELATIONSHIP BETWEEN OPPORTUNITY-BASED MINDSET AND SUSTAINABLE COMPETITIVE ADVANTAGE: MEDIATING ROLE OF PROACTIVE BEHAVIOR

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ABSTRACT

This study investigates the impact of an opportunity-based mindset on sustainable competitive advantage in manufacturing sector in Egypt, additionally, the study highlights the critical mediating role of proactive behavior in this relationship. Data were collected from a sample of 385 senior managers, and the analysis was conducted using various Python packages. Structural equation modeling (SEM) techniques and a simple regression model were employed to examine the relationships between the constructs. The findings validate the significant contribution of both an opportunity-based mindset and proactive behavior to achieving sustainable competitive advantage. The Managers with a strong opportunity-based mindset are better equipped to identify and exploit market opportunities. However, the ability to convert these opportunities into a sustainable competitive edge is significantly enhanced when proactive behavior is present. This behavior, characterized by anticipation, initiative, and forward-thinking, is essential for translating potential opportunities into actionable strategies. The results emphasize the importance of fostering both an opportunity-based mindset and a culture of proactivity within organizations to secure long-term competitive advantages in manufacturing sector within Egypt.

Keywords: Sustainable Competitive Advantage, Opportunity-Based Mindset, Proactive Behavior, Egypt's manufacturing sector.

1. INTRODUCTION

In the contemporary business landscape, maintaining a sustainable competitive advantage has become increasingly complex and competitive. A critical factor in achieving this advantage is the adoption of an opportunity-based mindset, which empowers organizations to identify and act upon emerging opportunities more effectively than their competitors (Ardichvili et al., 2003). dynamic opportunities-based mindset is now considered vital for maintaining a competitive edge in rapidly evolving markets (Kraus et al., 2019). An opportunity-based mindset refers to the cognitive orientation that allows individuals and organizations to identify, evaluate, and exploit opportunities in the environment. This mindset is particularly crucial in entrepreneurship and strategic management, where recognizing and leveraging opportunities can lead to competitive advantages and business success (Shane & Venkataraman, 2000.) An opportunity-based mindset fosters an environment where organizations are better positioned to adapt and innovate in response to dynamic market conditions, ultimately contributing to long-term value creation and competitive advantage (Teece, 2007) This mindset involves the ability to perceive market gaps and unmet needs, driven by entrepreneurial alertness and a forward-looking orientation (Cohen & Winn, 2007) It refers to the cognitive orientation that allows individuals and organizations to identify, endine or ganizations to identify, endine orientation that allows individuals and organizations to identify to gan.

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evaluate, and exploit opportunities in the environment. A Sustainable competitive advantage, on the other hand, refers to the ability of a firm to maintain its competitive edge over rivals in the long term. It involves creating and delivering value in ways that are difficult for competitors to replicate, ensuring the firm's market position is durable (Barney and Hesterly, 2021). However, simply recognizing opportunities is not sufficient; proactive behavior plays a crucial mediating role in translating these opportunities into strategic advantages. Proactive behavior, characterized by selfinitiation, change orientation, and a future-focused perspective, involves taking anticipatory actions and implementing new strategies before external pressures necessitate such responses (Akhtar & Ali, 2023; Crant, 2000).Individuals who exhibit proactive behavior are not only able to anticipate future trends but also take preemptive actions to capitalize on opportunities and address challenges before they become critical issues (parker et al, 2010). This proactive stance allows firms to enhance their adaptability, foster a culture of continuous improvement, and maintain their competitive edge over time (Den Hartog & Belschak, 2007). Therefore, understanding the interplay between an opportunity-based mindset and proactive behavior is essential for firms aiming to achieve and sustain a competitive advantage in today's rapidly evolving business environment (Zahra & George, 2002).

The objective of this research is to examine the impact of opportunity-based mindset on sustainable competitive advantage and show how proactive behavior mediates opportunity-based mindset and sustainable competitive advantage within manufacturing sector in Egypt

The results can help organizations to achieve sustainable competitive advantage through an opportunity-based mindset and proactive behavior.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Opportunity-based mindset and sustainable competitive advantage

One of the foundational works in this area is by (Ardichvili et al., 2003), who highlighted that opportunity recognition involves the ability to perceive market gaps and unmet needs, often driven by an entrepreneurial alertness that allows individuals to notice these opportunities before others. This proactive stance is crucial for businesses to remain competitive and responsive to changing market conditions.

Additionally, the interplay between sustainability and an opportunities-based mindset has been a focal point in recent studies Firms integrating sustainability into their strategic entrepreneurial activities not only contribute to societal goals but also unlock new business opportunities. This sustainable approach to strategic entrepreneurship has been linked to long-term value creation and competitive advantage. (Cohen and Winn, 2007).

Teece (2007) argued that dynamic capabilities, which include the ability to sense and seize opportunities, are essential for are essential for achieving sustainable competitive advantage in rapidly changing environments.

Moreover, this mindset promotes a culture of learning and agility, enhancing a firm's ability to respond to competitive pressures and market disruptions (Sirmon, Hitt, & Ireland, 2007). Additionally, studies have highlighted the role of strategic flexibility in maintaining sustainable competitive advantage. Firms that are agile and responsive to market opportunities can continually

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renew their competitive advantage (Sirmon, Hitt, Ireland, & Gilbert, 2011). This strategic flexibility is often rooted in an opportunity-based mindset, which encourages continuous scanning of the environment for new opportunities (Hughes, et al., 2007).

Dynamic capabilities, essential for sustaining competitive advantage, are enhanced by an opportunity-based mindset, allowing firms to adapt and reconfigure resources in response to market changes (Teece, 2018).

Recent research also explores the role of an opportunities-based mindset in fostering corporate entrepreneurship. (Zahra et al., 2014) highlight that firms encouraging an entrepreneurial culture can better navigate uncertainties and drive strategic renewal. This culture promotes continuous opportunity scanning and encourages employees to act entrepreneurially, thereby embedding an opportunities-based mindset across the organization.

Kuratko et al., 2014) argue that entrepreneurial firms, driven by an opportunity-based mindset, are more likely to develop innovative products and services that provide a sustainable competitive advantage.

an opportunity-based mindset plays a pivotal role in achieving and sustaining competitive advantage. By fostering innovation, adaptability, and proactive behavior, firms can navigate complex environments and maintain market leadership (Slater, et al., 2014).

A dynamic opportunities-based mindset is now considered vital for maintaining a competitive edge in rapidly evolving markets (Kraus et al., 2019).

Moreover, the integration of entrepreneurial orientation with an opportunity-based mindset has been shown to significantly impact organizational performance (Gupta, et al., 2020)

H1: Opportunity-based mindset has a significant positive effect on Sustainable Competitive Advantage

2.2 Opportunity- based mindset and proactive behavior

Individuals with an opportunity-based mindset are naturally inclined to engage in proactive behavior, as both constructs involve a forward-looking approach and a tendency to take initiative. (Tang et al., 2012).

(Crant, 2000) defined proactive behavior as "taking initiative in improving current circumstances or creating new ones; it involves challenging the status quo rather than passively adapting to present conditions. individuals who are alert to opportunities are more likely to engage in proactive behaviors such as seeking new ventures or improving existing processes (Baron, 2006). it has become increasingly important to anticipate opportunities and initiate actions to operate effectively in complex and uncertain work environments (Campbell, 2000; Griffin, et al., 2020) Proactive behavior enables individuals to anticipate future trends and take preemptive actions, which are essential for capitalizing on identified opportunities (Crant, 2000). Proactive employees find and solve problems and seek methods to improve the working environment intuitively (Parker et al., 2006).

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Similarly, research by Frese and Gielnik (2014) supports the notion that proactive behavior enhances the effectiveness of an opportunity-based mindset by facilitating the implementation of innovative ideas and strategies. Proactive employees are eager to help teammates and organizations beyond their job requirements (Wang & Lei, 2023). Additionally, proactive behavior promotes organizational agility, allowing firms to swiftly respond to emerging opportunities and threats (Griffin et al., 2007).

Furthermore, proactive behavior driven by an opportunity-based mindset is linked to higher job performance and job satisfaction, reinforcing a positive organizational culture (Bindl & Parker, 2011). This proactive stance allows organizations to stay ahead of market trends and respond swiftly to emerging challenges and opportunities (Grant & Ashford, 2008).

Vogel (2017) emphasized that an opportunity-based mindset involves a proactive approach to scanning the environment for potential opportunities and being open to novel and innovative ideas. This mindset is characterized by curiosity, creativity, and a willingness to take calculated risks

Firms that align their strategic initiatives with emerging opportunities tend to exhibit higher levels of innovation and adaptability (Covin and Wales, 2019). This alignment is achieved through a combination of proactive opportunity recognition and strategic resource reconfiguration, ensuring that firms can capitalize on new market trends while maintaining operational efficiency.

H2: Opportunity-based mindset has a significant positive effect on Proactive behavior 2.3 Proactive behavior and sustainable competitive advantage

Proactive behavior involves employees' acting in anticipation to bring about change in the workplace to enhance organizational effectiveness. It has three vital attributes; self-initiation, change-oriented, and future-focused (Parker et al. 2010). (E. Mestdagh et al., 2019) stressed the importance of proactive behavior in adapting to the rapidly changing business environment. (R. Pingel et al., 2019) believed that proactive individuals are highly creative even during work stress, active, motivate others, manage jobs, perform effectively and hold responsibility. (T.N. Bauer et al. ,2019) believed that proactive behavior control individuals and improve organizational environment, take responsibility, volunteer themselves and change work procedures to achieve real-time solutions for problems. This proactive stance is crucial for sustaining competitive advantage in today's fast-paced business world (Hamel & Prahalad, 1994). this proactive stance allows firms to continuously innovate, adapt, and refine their strategies, which are crucial for maintaining long-term competitive advantage (Eisenhardt & Martin, 2000). most of the organizations consider proactive behaviors as a key factor for remaining competitive and relevant in a dynamic business environment (Fuller et al., 2006. Bolino et al., 2010). Organizations that foster proactive behavior among their employees are more likely to develop dynamic capabilities that support sustained competitive performance (Teece, 2007). Organizations that encourage proactive behavior are better equipped to navigate complex environments and sustain their competitive edge over time (Strauss & Parker, 2014).

Research by (Kim and Lee, 2019) demonstrates that proactive employees drive organizational performance by implementing forward-thinking strategies and solutions. Their proactive actions lead to enhanced problem-solving capabilities and improved strategic positioning, which are key

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components of sustainable competitive advantage.

H3: Proactive behavior has a significant positive effect on Sustainable Competitive Advantage

2.4 Mediating effect of proactive behavior

(Gunawan & Widodo, 2024) indicate that proactive behavior is consistently associated with intentional anticipatory actions that originate from individuals, comprising activities such as organizing, designing, developing, and implementing new concepts or methods to enhance working conditions.

Employee proactive behavior reflects the degree to which an employee engages in self-starting, future directed behavior to change her or his company and/or the way the organization works (Y. Shin & Kim, 2015).

(Li (2020) identifies two main traits of proactive behavior, namely the conscious alteration of surroundings by employees and deliberate action planning, which includes decision-making, adjustments, and the pursuit of intended outcomes.

As indicated by (Akhtar, M. S., & Ali, H., 2023), proactive behavior has three key features, proactive behavior is forecasted ways, it involves acting in advance of a future situation. Proactive behavior is changing oriented means taking control and causing something to happen, instead of adjusting with circumstances and waiting for something to occur. Proactive behavior is self-initiated means the individual does not need to be asked to act but takes actions without requiring instructions

Proactive individuals take charge of their circumstances, seek opportunities for enhancement, and act on them before external demands necessitate such actions (Parker, et al., 2010) This behavior is closely linked to positive organizational outcomes, including innovation, improved job performance, and career success (Kim, et al., 2009).Proactive employees contribute to organizational adaptability and resilience by continuously scanning the environment for potential opportunities and acting on them before they become apparent to competitors (Grant & Ashford, 2008).

Research by (Zahra and George (2002) highlights that firms with an opportunity-oriented approach can continuously innovate and adapt their strategies, leading to long-term competitive advantages. This proactive orientation allows firms to align their resources and capabilities with new opportunities, thus enhancing their performance and market positioning (Teece, 2007).

Proactive individuals are more likely to recognize opportunities and act on them, thereby translating an opportunity-based mindset into tangible competitive advantages (Bateman & Crant, 1993).

Furthermore, proactive behavior fosters a culture of innovation and learning, reinforcing the positive impact of an opportunity-based mindset on SCA (Den Hartog & Belschak, 2007)

(Tang et al., 2012) highlighted that proactive behavior was crucial for translating opportunity recognition into strategic actions that drive competitive advantage.

H4: Proactive behavior has a significant mediating effect on the relationship between an Opportunity-based mindset and Sustainable Competitive Advantage

2.5. Literature Gap

Despite there is substantial research on how to achieve sustainable competitive advantage in business, and existence evidence that sustainable competitive advantage can be achieved through an opportunity-based mindset, as well as proactive behavior, there is a research gap on the

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relationship between opportunity-based mindset and sustainable competitive advantage and the mediating role of proactive behavior in this relationship. This study attempts to investigate the mediating role that proactive behavior plays in the relationship between opportunity-based mindset and sustainable competitive advantage.

3. RESEARCH METHODOLOGY

Sample

A descriptive research design was employed to gather data and analyze findings, aiming to explore the relationship between an opportunity-based mindset and sustainable competitive advantage, with proactive behavior as a mediator. The study focused on senior management staff in Egypt's manufacturing sector, considering the sector's vast and dynamic nature. Given the assumption of an infinite population, the sample was determined using Cochran's formula (Cochran 1977) for infinite population 385.

A structured questionnaire, based on the design by (M.J. Naeiji and S.H. ,2019) with minor adjustments to suit the study's context, was distributed to the target population.

The structured questionnaire was divided into three sections, encompassing 16 statements related to three key variables: Opportunity-Based Mindset, Proactive Behavior, and Sustainable Competitive Advantage. Responses were measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The researcher calculated the weighted mean of responses for each variable, converting the ordinal data into ratio data. The following figure illustrates the study variables and suggests estimated models

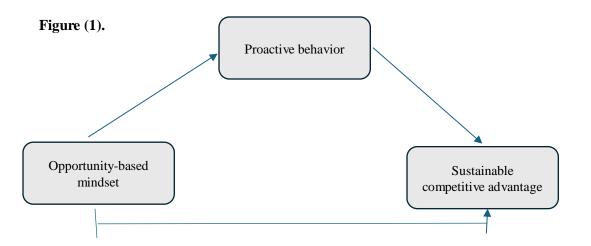


Figure 1: The relationships between the study variables and the suggested models

Method of Analysis

The statistical analysis and visualization in this research were carried out using multiple Python packages. The main package utilized for data manipulation and analysis was Pandas, known for its strong data structures and analysis tools (McKinney, 2010). For regression analysis, the Stats models package was employed, providing functions and classes for estimating and testing various statistical models (Seabold & Perktold, 2010). Matplotlib and Seaborn were used for

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visualizing the regression results, offering a wide range of options for creating static, animated, and interactive plots in Python (Hunter, 2007; Waskom, 2021). Together, these packages facilitated an effective and comprehensive analysis of the hypothesized relationships in the study.

Data Analysis and Results

Specific structural equation modeling (SEM) packages in Python analysis perform to assess the relationships between the constructs.

Construct the Measurement Model

First, the study verifies the internal consistency reliability (Cronbach's Alpha) and convergent validity (Average Variance Extracted - AVE) of the constructs. Cronbach's alpha has traditionally been employed for assessing internal consistency reliability, with a threshold of 0.7 or above being deemed satisfactory. The outcome of the AVE analysis indicated that all the constructs achieved scores exceeding the recommended threshold of 0.50. The reliability and validity analysis for the constructs show the following:

Construct	Cronbach's Alpha	AVE
Opportunity-based mindset	0.79	22.25
Proactive behavior	0.86	11.24
Sustainable Competitive Advantage	0.76	11.30

Table 1. Reliability and Validity of Constructs

These values indicate that the constructs have good internal consistency reliability (Cronbach's Alpha > 0.7) and convergent validity (AVE > 0.5).

Structural Model

The study assesses the structural model by examining the path coefficients and their significance. A simple regression model is used to estimate the relationships between the constructs. Specifically, the estimation of the following models:

$Y = \beta_0 + \beta_1 \cdot X1 \dots $
$X2 = \beta 0 + \beta 1 \cdot X1(2)$
$Y = \beta_0 + \beta_2 \cdot X2 \dots $
$Y = \beta_0 + \beta 1 \cdot X1 + \beta 2 \cdot X2 \dots \dots \dots (4)$
whereas,
Y: denotes for Sustainable Competitive Advantage
X1: is oopportunity-based mindset

X2: proactive behavior

 β_{0} is the intercept term.

 β_1, β_2 are the regression coefficients for the independent variables X1 and X2 respectively.

The dataset exhibits missing values in the X1, X2, and Y columns, necessitating their treatment prior to conducting regression analysis. Typical methods for addressing missing data involve either eliminating rows with missing values or replacing them with the mean or median of the respective column. Accordingly, we replace the null values with the mean of the relevant

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	Coef	std err	====== t	===== P> t	====== [0.025	 0.975]	R ²	
					1.142 0.460	1.803 0.633	0.251	
Table 3	: OLS Reg	gression I	e===== Results o	f Model	(2)			
	Coef	std err	====== t	===== P> t	[0.025	0.975]	R ²	
	2.0882 0.5307					2.338 0.596	0.357	
Table 4	Table 4: OLS Regression Results of Model (3)							
	Coef	std err	====== t	===== P> t	====== [0.025	======= 0.975]	R^2	
		0.211 0.051				1.695 0.651	0.201	
Table 5	: OLS Reg	gression I	e===== Results o	f Model	(4)			
	Coef	std err	====== t	===== P> t	====== [0.025	======= 0.975]	R ²	
	0.8792 0.3953					1.286 0.501	0.285	

Notes: Standard Errors assume that the covariance matrix of the errors is correctly specified.

Based on Table (2), the results of the regression analysis indicate that R-squared = 0.251, Intercept $(\beta 0) = 1.4727$. So, there is a positive relationship between Opportunity-based mindset (X1) and Sustainable Competitive Advantage (Y), as illustrated in equation (5):

 $Y = 1.473 + 0.55 X1 \dots (5)$

Moreover, Table (3) results explicit the relationship between X1 and X2. R-squared = 0.357, β_0 = 2.0882, and β_1 = 0.5307 imply a positive relationship between X1 (Opportunity-based mindset) and X2 (Proactive behavior), as shown in equation (6):

X2 = 2.088 + 0.531 X1.....(6)

While Table (4) results show that R-squared = 0.201, $\beta_0 = 1.7833$, $\beta_2 = 0.5500$. Hence, there is a positive relationship between Sustainable Competitive Advantage and Proactive behavior, as shown in equation (7):

Y = 1.783 + 0.55 X2....(7)

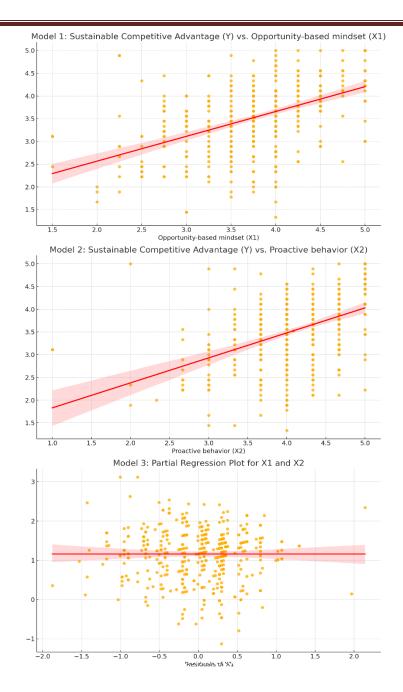
On the other hand, Table (5) results show that R-squared = 0.285, $\beta_0 = 0.8792$, $\beta_1 = 0.3953$, $\beta_2 = 0.2842$. Therefore, this result indicates a positive relationship between X1, X2, and Y. These relations can be written as in equation (8):

 $Y = 0.8792 + 0.3953 X1 + 0.2842 X2) \dots (8)$

Figure (2). The visualization of the regression results for the three models

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Based on Figure (1), the scatter plot with the red regression line in models 1 & 2 show a positive relationship between Opportunity-based mindset, Proactive behavior, and Sustainable Competitive Advantage. While the plot in model 3 shows the partial regression of Sustainable Competitive Advantage on Opportunity-based mindset, controlling for Proactive behavior. The residuals of Y (after removing the effect of X2) are plotted against the residuals of X1 (after removing the effect of X2). The red regression line indicates the adjusted relationship between Y and X1 when X2 is included in the model.

Hypotheses Test Results

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Based on Table (2) and Figure (1), the coefficient for X1 in Model 1 is 0.5461 with a p-value of 0.000, indicating a significant positive effect of X1 on Y. Therefore, H1: Opportunity-based mindset has a significant positive effect on Sustainable Competitive Advantage" is supported.

Likewise, as shown in both Table (3) and Figure (1), the coefficient for X1 in the regression of X2 is 0.5307, indicating a significant positive effect. Hence, H2: "Opportunity-based mindset has a significant positive effect on Proactive behavior" is not rejected.

Nevertheless, the coefficient for X2 in Model 2 is 0.550 with a p-value of 0.000, indicating a significant positive effect. H3: "Proactive behavior has a significant positive effect on Sustainable Competitive Advantage" is supported.

Baron and Kenny approach is used to test the mediation effect. However, the coefficient of X1 in Model (1) is 0.5461. When X2 is included in Model 4, the coefficient of X1 is reduced to 0.3953. This reduction in the coefficient indicates a partial mediation effect, as the direct effect of X1 on Y is still significant but reduced in the presence of X2 (by comparing Model 1 and Model 3). The conclusion of these results indicate Proactive behavior partially mediates the relationship between Opportunity-based mindset and Sustainable Competitive Advantage, supporting H4: "Proactive behavior has a significant mediating effect on the relationship between an Opportunity-based mindset and Sustainable Competitive Advantage".

Hypothesis	H. Paths	coefficients	p-values	The Results
H1	Path c: X1 Y	0.5461	0.000	Supported
H2	Path a: X1 X2	0.5307	0.000	Supported
НЗ	Path b: X2 Y	0.5500	0.000	Supported
НЗ	Path c': X1 \longrightarrow X2 \longrightarrow Y	0.3953	0.000	Supported (partial mediation)

Table 6. Summary of Hypothesis Testing Results

In summary, the results of this analysis validate the significant contribution of both an opportunity-based mindset and proactive behavior to the attainment of sustainable competitive advantage. Moreover, it underscores the mediating role that proactive behavior plays in this correlation.

4. DISCUTION

The objective of this study is to investigate the relationship between opportunities- based mindset and sustainable competitive advantage utilizing proactive behavior as a mediator within the Manufacturing sector of Egypt. The statistical analysis and visualization in this research were carried out using multiple Python packages. The main package utilized for data manipulation and analysis was Pandas. For regression analysis, the Statsmodels package was employed, providing

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functions and classes for estimating and testing various statistical models (Seabold & Perktold, 2010). Matplotlib and Seaborn were used for visualizing the regression results

The result has shown that the Opportunity-based mindset has a significant positive effect on Sustainable Competitive Advantage, with a regression coefficient (β) is 0.55 and a p-value of 0.000 (< 0.05), indicating a significant positive effect of opportunity-based mindset on competitive advantage. Therefore, H1 " is supported. suggesting that the opportunity- based mindset positively influences sustainable competitive advantage. supported as true, hypothesis H1 suggests that when senior managers possess opportunity-based mindset it tends to positively impact the sustainable competitive advantage of companies. This finding is supported by (Kraus et al., 2019) who emphasizing a dynamic opportunities-based mindset in maintaining a competitive edge in rapidly evolving markets.

Also, the result shown that the Opportunity-based mindset has a significant positive effect on proactive behavior, with a regression coefficient is 0.5307, indicating a significant positive effect. Hence, H2: "Opportunity-based mindset has a significant positive effect on Proactive behavior" is not rejected, this finding is supported by Frese and Gielnik (2014), who supports the notion that proactive behavior enhances the effectiveness of an opportunity-based mindset by facilitating the implementation of innovative ideas and strategies.

However, the result shown there is a positive relationship between Sustainable Competitive Advantage and Proactive behavior, (Strauss & Parker, 2014) Organizations that encourage proactive behavior are better equipped to navigate complex environments and sustain their competitive edge over time.

However, Proactive behavior as a mediator partially mediates the relationship between Opportunity-based mindset and Sustainable Competitive Advantage. This result goes align with the study by (Den Hartog & Belschak, 2007) who state that the proactive behavior fosters a culture of innovation and learning, reinforcing the positive impact of an opportunity-based mindset on sustainable competitive advantage.

5. CONCLUTION

The study's conclusion highlights a strong and positive link between an opportunity-based mindset and sustainable competitive advantage, with proactive behavior playing a pivotal mediating role. Organizations that develop an opportunity-based mindset are better equipped to identify and capitalize on emerging market opportunities, laying the groundwork for long-term competitive success. However, the study shows that this relationship is significantly strengthened when proactive behavior serves as a mediator. Proactive behavior—marked by anticipation, initiative, and forward-thinking actions—translates the potential of an opportunity-based mindset into effective strategies that enhance competitive positioning.

The findings indicate that while an opportunity-based mindset offers the vision and orientation towards recognizing opportunities, proactive behavior is essential for bridging the gap between opportunity identification and the achievement of a sustainable competitive advantage. This mediating role is crucial, as it converts abstract opportunities into practical steps that secure an organization's competitive edge in a rapidly changing market environment. Therefore, to fully leverage the advantages of an opportunity-based mindset, organizations should also cultivate a

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culture of proactivity. This dual approach enables b manufacturing companies in Egypt not only to spot and seize opportunities but also to execute them effectively, ensuring long-term competitive advantage.

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