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Effective Sustainable Entrepreneurship in Japanese Organisations

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Abstract

This study investigates the influence of sustainability practices on the adaptability of Japanese firms in international business environments. Utilising a sample of 384 Japanese firms, with participation from two board members and two marketing department members each, the study aggregates 1,536 observations to analyse the relationship dynamics. Through Exploratory Factor Analysis (EFA) and regression analysis, the study demonstrates that the Business Sustainability Adaptability Method (BSAM) significantly enhances Japanese Entity Adaptability (JEA), with communication (COM) and Adaptation Level of Globalisation (ALG) serving as critical moderators. Comparative insights highlight the distinctive sustainability approaches between Japanese firms and their global counterparts, offering theoretical and practical implications for international business strategy. This research enriches the discourse within Resource-based View, Institutional Theory, Network Theory, and Stakeholder Theory, positioning sustainability as a strategic imperative in global competitiveness.

Keywords: Sustainability, Corporate Adaptability, Entrepreneurship, Cross Cultural Management

Introduction

In contemporary Japan, one of the most formidable challenges that companies face is the integration of truly global entrepreneurs. Efforts to upskill current employees to meet global business standards not only require substantial time, but they often falter. A significant portion of this inadequacy stems from the fact that many Japanese small-to-medium enterprises (SMEs) lack the requisite experience and knowledge to cultivate globally adept human resources. Conversely, while hiring foreign staff might seem a plausible solution, it frequently results in suboptimal outcomes. This is largely attributed to Japanese organisations' limited understanding of how to seamlessly assimilate these individuals into traditionally structured workplaces, and how best to leverage their insights for innovative globalisation pathways. Intellectual capitals are intangible assets that create value for business units and are one of the main factors in creating competitive advantages for companies (Dana et al., 2020). In recent years, there has been a global surge in the emphasis on sustainable business management. Corporate leaders across the world are increasingly recognising the indispensability of sustainability for maintaining and enhancing their competitive advantage both in the present and future. This shift is evidenced by a growing number of organisations actively participating in sustainability ventures. These ventures not only provide tangible environmental benefits but also yield intangible advantages, such as enhanced brand reputation, improved stakeholder relationships, and increased customer loyalty. Sustainability has become a key factor in corporate strategy, reflecting a broader societal shift towards environmental consciousness and social responsibility. However, the journey towards sustainable business practices is not uniform across all regions. Japanese enterprises face unique challenges in the context of globalisation due to their distinct cultural and organisational characteristics. These challenges are multifaceted, ranging from internal cultural nuances to external communication practices.

One significant aspect of Japanese organisational culture is the deep-rooted emphasis on relationship-building. Japanese businesses often prioritise long-term relationships with stakeholders, including employees, customers, and business partners (Dana, 1998). This approach fosters loyalty and stability but can sometimes slow down the adoption of new, sustainability-oriented practices that require a departure from traditional methods. Another cultural characteristic is the generational differences in task orientation within Japanese organisations. Younger generations in Japan may be more open to and enthusiastic about adopting sustainable practices, whereas older generations might prefer traditional methods. This generational divide can create internal conflicts and slow the pace of change towards more sustainable business models. Historically, Japanese organisations have been less responsive to gender equality imperatives, which can impact their sustainability efforts. Gender diversity and equality are increasingly seen as critical components of a sustainable business, not only for ethical reasons but also for enhancing creativity, decision-making, and understanding of diverse customer bases. The slow progress in gender equality within Japanese firms can limit their ability to fully embrace and benefit from sustainable practices. Sustainability efforts in Japan also present various challenges, including dilemmas in resource allocation and balancing familial and broader stakeholder expectations. Japanese businesses often have strong familial ties, with many companies being family-owned or having a long family history. This can lead to a prioritisation of family interests, which may not always align with broader sustainability goals. The communication practices of Japanese entities, especially in terms of information disclosure, have also been a point of contention with international stakeholders. Japanese firms are often seen as reticent in their communication, particularly in divulging information about internal processes and sustainability initiatives. This

lack of transparency can create challenges in building trust with global stakeholders who expect higher levels of disclosure and accountability. Furthermore, the domain of Sustainable Business Models (SBMs) in Japan has received less intensive focus compared to Western countries. This is partly due to the unique cultural and systemic parameters within which Japanese businesses operate. Existing frameworks for sustainability adaptation, often developed with Western businesses in mind, may not be entirely suitable for the Japanese context. This misalignment can create challenges in implementing SBMs that are both effective and culturally congruent. To address these challenges, Japanese enterprises need to develop and adopt sustainability practices that are tailored to their unique cultural and organisational contexts. This might involve creating new frameworks for sustainable business practices that align with Japanese cultural values, such as harmony, respect, and collective responsibility. It also calls for a greater emphasis on internal cultural change, bridging generational divides, and enhancing gender equality within organisations. This research aims to describe and explore the adaptation strategies of Japanese organisations transitioning towards sustainable business practices to enhance global competitiveness. The findings suggest a need for Japanese entrepreneurs to identify a culturally resonant approach to sustainability and prioritise effective communication strategies. The study aims to understand how Japanese entrepreneurs navigate diverse sustainable management practices to establish international affiliations, emphasising the potential impact of traditional Japanese organisational culture. Through surveys with entrepreneurs, this research contributes to the knowledge on corporate globalisation, focusing on employee competencies and the Japanese milieu.

Literature Review

The comprehensive discussion begins by acknowledging the recognition in mainstream literature of the imperative for organisations to invest in managers due to their innovative capabilities, emphasising the importance of entrepreneurial behaviours for sustainable management. Despite the prevalent focus on 'hard' technocentric solutions, the discourse around 'soft' factors, such as values and change management practices, is acknowledged as limited. The text underscores the necessity for internal organisational changes to facilitate a transition to a sustainability-oriented paradigm. The core concept of sustainability, rooted in the historical context of forestry, is defined as the capacity to support a process over time. The contemporary understanding, influenced by the Brundtland Report, advocates for sustainable development that meets present needs without compromising the well-being of future generations. The Triple Bottom Line (TBL) is introduced, encompassing profit, planet, and people, emphasising the long-term maintenance of well-being across these dimensions. Business sustainability is portrayed as evolving from traditional Corporate Social Responsibility (CSR) to a more integrated perspective, with communication playing a crucial role. The discussion extends to the global context and implications of globalisation for businesses, emphasising its multifaceted impact beyond economic benefits. The adoption of Environmental, Social, and Governance (ESG) factors by investors is recognised, highlighting the importance of strategy alongside environmental and social responsibilities. Business sustainability, covering environmental, economic, and social dimensions, is portrayed as emphasising the strategic pursuit of growth through ESG practices, evolving through typologies like Business Sustainability 1.0 to 3.0.

Communication in the realm of business sustainability is deemed paramount, with distinctions between Communication about Sustainability (CaS), Communication of Sustainability (CoS), and Communication for Sustainability (CfS). The investor relations perspective is introduced, emphasising the expanded role of Investor Relations (IR) to include both financial performance

and ESG factors. Integrated reports are highlighted for offering insights into how organisations contribute to value creation. Sustainability communication operates on diverse strata, encompassing values, societal norms, and research, with challenges including embedding the human-environment nexus into societal dialogues and navigating conflicts. Sustainability communication is characterised as intricate, operating within diverse contexts. It is depicted as playing a pivotal role in fostering mutual comprehension and societal evolution, emphasising the need for an 'outside-in' perspective in business sustainability. The text underscores the evolving nature of sustainability and the critical importance of communication in navigating its complexities, integrating insights from both the sections on sustainability and globalisation.

Theoretical Background

Dacin et al. (2002) provide a comprehensive definition of institutions as entities comprising cultural-cognitive, normative, and regulative structures that fundamentally shape social life. They underscore the inherently dynamic nature of these institutions, which are constantly evolving in response to an array of external influences, including societal, political, economic, and technological shifts. This perspective is crucial in understanding how institutions, traditionally perceived as stable and enduring entities, are fluid and adaptable to changing environmental conditions. Central to the transformation of institutions is the role of institutional entrepreneurs. These individuals or entities are pivotal in driving institutional change, primarily through the introduction and implementation of innovative ideas and practices. These entrepreneurs challenge the status quo, navigating and reshaping the institutional landscape by aligning new ideas with the broader context of societal needs and expectations. Building on this foundation, institutional theory offers an interesting lens to examine organisational behaviour and strategy. It suggests that organisations, in their pursuit of legitimacy, often align themselves with prevailing societal norms and expectations. This alignment is essential for organisations to be perceived as credible and trustworthy by their stakeholders, including customers, employees, and regulators. However, the field of strategic management provides a contrasting viewpoint, emphasising the importance of differentiation to gain a competitive advantage. This perspective advocates for organisations to distinguish themselves from competitors through unique strategies, products, or services.

Bridging these two viewpoints, Zhao (2016) introduces the concept of 'optimal distinctiveness.' This concept proposes a balance between conformity to societal norms and differentiation from competitors. Optimal distinctiveness is particularly relevant in areas like Corporate Social Responsibility (CSR) and branding strategies. It suggests that organisations should strive to resonate with societal expectations and norms while simultaneously fostering a distinct identity that sets them apart from their competitors. This balancing act is crucial in today's business environment, where consumers and other stakeholders increasingly value authenticity and social responsibility. In the realm of CSR, Jastram et al. (2023) highlight the significance of tailoring CSR practices to the specific institutional contexts of different regions or countries. This approach recognises the diversity in societal norms, regulatory environments, and cultural values across different geographies. By customising CSR initiatives according to local contexts, organisations can ensure greater relevance, impact, and acceptance of their social responsibility efforts. Kumar et al. (2021) contributes to this discussion by highlighting unique CSR practices observed in Coordinated Market Economies (CMEs), such as Japan. Their research points to a "solidaristic" approach prevalent in these economies, where CSR activities are not just about philanthropy or compliance but are deeply integrated into the core business strategy. In these contexts, CSR

focuses on addressing Social, Environmental, and Governance issues (SEAs) with a particular emphasis on enhancing the value chain. This approach reflects a holistic view of CSR, where social responsibility is seen as a strategic element that contributes to the long-term sustainability and competitiveness of the business.

The evolution and dynamics of institutions as described by Dacin et al. (2002), the concept of optimal distinctiveness proposed by Zhao (2016), and the specific applications in CSR strategies discussed by Jastram et al. (2023) and Kumar et al. (2021) provide a rich tapestry of insights. These insights are crucial for understanding how organisations can effectively navigate the complex interplay between conforming to societal norms and differentiating themselves in a competitive marketplace. The ongoing challenge for businesses is to find that sweet spot where they can be both socially responsible and uniquely competitive, thereby achieving sustainable success in an ever-changing world.

Hypothesis Development

Business sustainability is essential for long-term success, requiring effective management of economic, social, and environmental factors. Adaptability is a key factor enabling organisations to navigate uncertainties and maintain competitiveness. Strategic adaptability in strategic management involves flexible adjustments to changing market conditions, emphasising proactive monitoring, trend identification, and pre-emptive actions. Miller (1988) highlights brand emphasis, Schul et al. (1995) stress robust market surveillance, and Teece (2010) underscores continuous analysis for sustaining a competitive edge. It fosters organisational learning, agility, and proactive responses to market disruptions, spanning environmental monitoring, scenario planning, competitive and customer analysis, innovation, R&D, and organisational flexibility. Operational adaptability focuses on adjusting processes to internal and external changes. Glenn (2004) advocate managing complexity through aligning systems, optimising resource allocation, simplifying processes, embracing technology, fostering a continuous improvement culture, and effective change management. Cultural adaptability encourages a culture of change, innovation, and continuous learning. It involves leadership, transparent communication, empowerment, collaboration, and teamwork. Working with cross-cultural partners requires sustainable adaptability, involving cultural intelligence, effective communication, relationship building, flexibility, cross-cultural training, conflict resolution, leveraging diversity, and fostering long-term relationships. Entrepreneurs need flexibility, adaptability, and a growth mindset when working with cross-cultural partners. Cultural intelligence training and conflict resolution tailored to cultural dynamics are essential, and leveraging diversity and building long-term relationships are crucial for sustainability.

Hypothesis 1: Japanese entrepreneurs who adjust their approach to be sustainable positively impact their overall business sustainability.

Effective communication is vital for entrepreneurial success, particularly in engaging investors and securing funding. Burch (1986) emphasises the entrepreneur's competence in persuading people to take responsibility and recruit team members. Parhankangas et al. (2014) link strong communication skills to investor interest, highlighting the importance of articulating business concepts effectively. Trust, a cornerstone studied by De Clercq and Sapienza (2006), enhances information sharing.

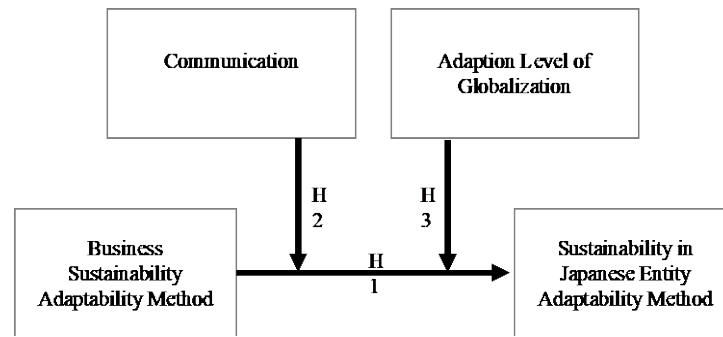
Timely communication is crucial for competitiveness and customer satisfaction in the digital era, showcasing agility and responsiveness. Efficient communication with supply chain partners, facilitated by real-time technologies, maintains a competitive edge. Fisher and Reuber (2014) stress the significance of online communication, especially through social media, for effective message conveyance, reducing uncertainty, and enhancing differentiation. Aligning communication with sustainability initiatives, per Baldassarre and Campo (2016), builds reputation and trust. Communicating commitment to environmental and social responsibility is vital for attracting stakeholders prioritising sustainability.

Hypothesis 2: The potential difficulties experienced by Japanese entrepreneurs in effectively communicating and conveying their sustainable business approach could impact negatively on their ability to attract adequate investor interest.

Entrepreneurial competencies, shaped by knowledge, skills, experience, and personal traits, impact organisational culture and partnership dynamics. Vision, creativity, leadership, and risk-taking abilities contribute to competitiveness and growth. Effective partnerships with overseas entities involve thorough market research to identify aligned entities, building strong networks through industry participation, cultural awareness and sensitivity, effective communication skills to address language barriers, understanding legal and regulatory frameworks, clearly articulating value proposition and competitive advantage, embracing flexibility to accommodate partner needs, and building trust through transparent communication and conflict resolution. New skills will be needed to manage relationships and networks with suppliers, with customers, and with other firms. Entrepreneurs will need to develop ways to identify network-based opportunities for developing the capabilities and acquiring the specialised resources needed to compete in today's global marketplace, and to understand their own strategic value in the context of networks as an interdependent, as opposed to an independent entity (Wright and Dana, 2003). Entrepreneurs focusing on market research, networking, and effective communication enhance partnership success. Entrepreneurs strive to build multipolar networks and discover interdependencies and relationships to increase competitiveness and create added value (Data et al., 2008). When businesses with individual market presence collaborate in complementary product markets, a symbiotic relationship emerges. Small firms, partnering with larger counterparts, leverage the latter's user base and specialised skills, benefiting from economies of scale. Simultaneously, larger firms capitalise on the diverse product offerings of smaller businesses, leading to economies of scope (Ohkita and Dana, 2018; Etemad, Wright, and Dana, 2001). Strategic agility, involving flexibility, anticipation of changes, and addressing emerging opportunities, is crucial in a dynamic business landscape. Entrepreneurial orientation gives an impact on the creation of business innovation, and it is recommended that managers use the entrepreneurial opportunities to create innovation for the company (Dana et al., 2022). Cultivating an entrepreneurial mindset with resilience and adaptability minimises risks, ensuring success.

Hypothesis 3: Japanese entrepreneurs can greatly enhance their strategic partnerships with overseas entities by striving to make significant improvements in areas aligned with universally recognised sustainable business models.

Figure 1: Conceptual Model



Research Methodology

Data Collection

Opting for a cross-sectional study over multiple cross-sectional studies is justified by the need for a timely and resource-efficient snapshot of current trends in sustainable entrepreneurship among Japanese firms. This approach suits the study's aim to capture the immediate state of business strategies and international partnerships at a specific point, reflecting on recent global challenges and adaptations. Given the detailed stratification and comprehensive data collection from diverse firms, a cross-sectional study provides valuable insights without the added complexity, time, and resources required for longitudinal analysis, aligning with the objective to understand and address current business dynamics efficiently.

In conducting this research, a thorough and strategic approach to data collection was employed, encompassing both primary and secondary sources to gain a comprehensive understanding of the research subject. The initial phase involved an in-depth review of secondary sources from March 2023 to August 2023. This comprehensive examination included academic research articles, institutional databases, and industry-specific reports obtained from various government bodies. This meticulous secondary data analysis laid the groundwork for the research, leading to the formulation of three preliminary hypotheses that guided subsequent primary data collection.

Transitioning from secondary to primary data, an online designed survey conducted from August to October 2023 to a stratified sample of 384 Japanese firms selected for this study. The firms are categorized by company size—large, medium, and small—and further divided by their primary activity sector: Manufacturing, Wholesale and Retail Trade, Information and Communications, Finance and Insurance, and Transportation and Warehousing. These categories are cross tabulated with the geographic regions of their overseas operations, namely Asia, North America, Europe, and Other Regions. The stratification is meticulously designed to mirror the diversity of the Japanese corporate environment, ensuring a representative sample that encompasses the various dimensions relevant to the study.

From each sampled firm, two board members and two members from the marketing department were surveyed to gain diverse perspectives on the hypotheses under investigation. This approach resulted in a rich dataset of 1,536 individual observations, offering a robust foundation for analyzing the intricate dynamics of sustainable entrepreneurship and the cultivation of international business partnerships among Japanese firms.

Respondent participation shaped the research significantly, and the collected survey data underwent systematic organisation for subsequent analysis. Integrating secondary source analysis with primary data ensured a nuanced understanding, enhancing credibility and providing a solid foundation for a comprehensive research narrative. Theoretical perspectives from Meyer (2016), Friedman (2005), and Ghemawat (2011) enriched the broader context, emphasising cultural understanding, globalisation's impact, and cross-country differences.

Insights from PwC Japan's surveys in 2021 and 2022-2023 reveal that Japanese businesses, facing long-term uncertainty in global competitiveness (over 60 %), are shifting towards flexible and cooperative strategies. This includes collaboration and alliances for overseas expansion, addressing challenges such as market dynamics, geopolitical changes, and new regulations. Additionally, the research emphasises how Japanese entrepreneurs adapt strategies to navigate cross-cultural challenges, considering refined communication, management techniques, and tailored business strategies for diverse cultural contexts.

Finally, the research delves into diversity considerations, exploring how Japanese entrepreneurs actively cultivate diverse teams and foster inclusive work environments. This includes strategies for recruiting and retaining diverse talent, promoting workplace diversity and inclusion, and effectively managing diverse teams. This comprehensive approach aims to contribute not only to the academic discourse but also to offer practical insights for businesses operating in an increasingly interconnected and diverse global landscape.

Independent Variable

The Business Sustainability Adaptability Method measures sustainability and diversity integration across dimensions like economy, human resources, equal opportunities, supply chain, and education. Using five scales, it assesses economic sustainability, diversity promotion in the workforce, equal opportunities, and supply chain diversity. This holistic evaluation offers insights into sustainability and diversity across operational aspects (Baldassarre and Campo, 2016).

Dependent Variable

The Entity Adaptation Method encompasses critical dimensions for effective business operations, including global standard alignment, leadership adaptability, market understanding, overseas investment appeal, and investor communication. It evaluates international practices, leadership flexibility, market navigation, overseas appeal, and communication effectiveness with investors (Ohkita and Dana, 2018).

Moderating Variable

The Adaptation Level of Globalisation, assessed through the Global Partner Relations Competence Scale, measures an entity's proficiency in understanding foreign cultures, adherence to foreign norms, flexibility in communication, effectiveness in building relationships, and trust-building across diverse cultures. The evaluation covers cultural awareness, adaptability, communication styles, rapport building, and trust across different cultures (Dana et al., 2022; Teece, 2010).

A 5-point Likert scale was used for each question on the variables, ranging from "Extremely Inadequate" to "Extremely Adequate."

Results

The study utilises a reflective model to measure the constructs of Business Sustainability Adaptability Method (BSAM), Communication (COM), Adaptation Level of Globalisation (ALG), and Japanese Entity Adaptability (JEA) through twenty manifest variables. These constructs represent different dimensions of sustainable entrepreneurship and the capability to engage in strategic international relationships.

Table 1: Descriptive Statistics of the Measurement Model

Manifest variable	N	Mean	Standard Deviation	Skewness	Excess of Kurtosis
BSAM1	1536	2.9779	1.22281	0.019	-0.983
BSAM2	1536	2.6048	0.87198	0.373	-0.196
BSAM3	1536	2.8411	0.85998	0.188	-0.350
BSAM4	1536	3.0078	1.22405	0.002	-1.015
BSAM5	1536	3.3138	0.91058	-0.307	-0.381
COM1	1536	2.9779	1.22601	0.0002	-0.992
COM2	1536	2.9883	1.22933	-0.007	-0.982
COM3	1536	3.0156	1.21436	-0.043	-0.974
COM4	1536	3.0085	1.23386	-0.020	-0.998
COM5	1536	2.7819	0.88782	0.312	-0.465
ALG1	1536	2.9980	1.21741	-0.037	-1.017
ALG2	1536	3.2839	0.87388	-0.320	-0.235
ALG3	1536	3.2578	0.87599	-0.339	-0.354
ALG4	1536	3.0299	0.85290	0.031	-0.360
ALG5	1536	2.8770	0.87668	0.178	-0.511
JEA1	1536	3.1979	0.86549	-0.266	-0.340
JEA2	1536	3.0091	0.86776	0.066	-0.292
JEA3	1536	2.8939	0.87889	0.098	-0.347
JEA4	1536	3.0091	0.85338	-0.061	-0.279
JEA5	1536	2.9049	0.87384	0.127	-0.346

Table 1 displays descriptive statistics for twenty sustainability-related manifest variables. The data show a moderate level of agreement among respondents, with means ranging from 2.6048 to 3.3138. Low standard deviations (approximately 0.8529 to 1.2339) suggest consensus or uniformity. Skewness values within ± 2 indicate a symmetrical distribution, and negative excess kurtosis values (within ± 2) suggest a flatter distribution with fewer outliers. Overall, the results support using parametric tests, validating the reflective measurement model for sustainability constructs.

Table 2: Assessment of Convergent and Discriminant Validity and Internal Consistency for the Constructs

Construct	AVE	$r^2_{\max}$	Cronbach's α
BSAM	0.619	0.245	0.855
COM	0.722	0.245	0.883
JEA	0.674	0.281	0.860
ALG	0.613	0.281	0.811

Table 2's analysis confirms that the constructs Business Sustainability Adaptability Method (BSAM), Communication (COM), Japanese Entity Adaptability (JEA), and Adaptation Level of Globalization (ALG) exhibit strong convergent validity, with all average variance extracted (AVE) values surpassing the 0.5 threshold. This indicates that a significant portion of variance in the indicators is accounted for by their respective constructs, affirming their well-defined nature. For discriminant validity, the AVE values exceed the maximum shared variance with any other construct, ensuring each represents a distinct concept. Additionally, all constructs demonstrate high internal consistency, with Cronbach's α values exceeding the 0.7 standard—BSAM at 0.855, COM at 0.883, JEA at 0.860, and ALG at 0.811. These results validate the measurement model's robustness, ensuring the constructs' accurate representation and the scales' reliability and distinctiveness, thus bolstering the study's credibility.

Table 3: KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.799
Bartlett's Test of Sphericity	Approx. Chi-Square	10750.566
	df	78
	Sig.	.000

The KMO measure (0.799) and Bartlett's Test of Sphericity ($\chi^2(78) = 10750.566$, $p < 0.0001$) support the suitability of the sample for factor analysis. The correlation matrix is deemed appropriate for factor analysis. The Scree plot and total variance explained confirm retaining four factors, establishing a robust statistical foundation for the measurement model's factor structure, and enhancing the study's credibility.

Table 4: Linear Regression Model Results

R2	F	Sig.
0.883	260.5288	0.000

The high R2 value highlights on the statistical goodness of fit of our model. The 0.000103216 p value which is far below the test's set 0.05 p value enhances the strength of the model in question.

Table 5: Summary of Regression Coefficients and Interaction Effects with Confidence Intervals for Hypothesis Testing

Model	Coefficient	SE	t	p	LLCI	ULCI
Constant	0.0402	0.0195	2.0615	0.0394	0.0019	0.0784
BSAM	0.2903	0.0222	13.0762	4.05×10^{-37}	0.2468	0.3339
COM	0.0730	0.0217	3.3556	0.000811	0.0303	0.1156
BSAM×COM	0.0438	0.0189	2.3175	0.020608	0.0067	0.0809
BSAM×ALG	0.0341	0.0115	2.9652	0.003072	0.0115	0.0567
R ²	0.6751					
F	276.9917					

Note: LLCI and ULCI are the lower and upper limits of a 95% confidence interval calculated with 5000 bootstrap samples. SE denotes standard error. The terms 'BSAM×COM' and 'BSAM×ALG' indicate the interaction effects between BSAM and COM and between BSAM and ALG, respectively.

The regression model analysis reveals statistically significant coefficients, all with p-values below 0.05. The intercept is significant ($p = 0.0394$), supported by a non-zero 95% confidence interval. The main effect coefficient for BSAM is 0.2903 ($p = 4.05 \times 10^{-37}$), also substantiated by a confidence interval excluding zero.

The interaction terms, BSAM×COM (coefficient = 0.0438, $p = 0.0206$) and BSAM×ALG (coefficient = 0.0341, $p = 0.0031$), exhibit significance, confirmed by confidence intervals not crossing zero. These findings strongly support the hypotheses, indicating that Business Sustainability Adaptability Method (BSAM) significantly impacts Japanese Entity Adaptability (JEA). Moreover, the moderated effects of Communication (COM) and Adaptation Level of Globalisation (ALG) intensify the positive impact of BSAM on JEA, aligning with stated hypotheses (H1, H2, H3). The moderation plot for COM illustrates that higher communication levels enhance the positive impact of BSAM on JEA, reinforcing the moderation hypothesis.

Discussion and Implications

The findings of this study provide insightful implications for Japanese entrepreneurs, particularly in the realm of sustainable business practices. The statistical analysis conducted through a regression model has offered substantial support to the proposed hypotheses, presenting a nuanced understanding of how Japanese entrepreneurs' approach to sustainability impacts their overall business sustainability, investor attraction, and international partnerships.

The regression model's analysis, showing a significant coefficient for Business Sustainability Adaptability Method (BSAM) with a p-value of 4.05×10^{-37} , confirms Hypothesis 1. This finding illustrates that Japanese entrepreneurs who adjust their approach to be more sustainable positively impact their overall business sustainability. The significance of this result cannot be understated, as it underscores the critical role that sustainability plays in the contemporary business environment. This shift towards sustainability is not just a moral or ethical imperative but a strategic one, enabling businesses to adapt to changing market demands, regulatory landscapes, and social expectations. In practical terms, this suggests that Japanese entrepreneurs who incorporate sustainability into their business models can expect to see tangible benefits. These could range from increased operational efficiency through resource conservation to enhanced brand reputation and customer loyalty. In a world increasingly conscious of environmental and social issues, businesses that proactively embrace sustainability are likely to find themselves at a competitive advantage.

The interaction term BSAM×COM, with a coefficient of 0.0438 and a p-value of 0.0206, provides substantial support for Hypothesis 2. This result indicates that the potential difficulties experienced by Japanese entrepreneurs in effectively communicating their sustainable business approach can negatively impact their ability to attract adequate investor interest. Communication, as shown in the study, plays a moderating role in how sustainability efforts are perceived and valued by potential investors. For Japanese entrepreneurs, this finding highlights the need for a strategic communication approach that not only articulates their commitment to sustainability but also does so in a manner that resonates with a global investor audience. In a market where investors are increasingly scrutinising the sustainability credentials of businesses, effective communication becomes pivotal. It's about not only doing the right thing but also ensuring that these efforts are seen and understood by those whose investment decisions can shape the future of the business.

The significance of the interaction term BSAM×ALG (coefficient = 0.0341, p = 0.0031) strongly supports Hypothesis 3. It suggests that Japanese entrepreneurs can greatly enhance their strategic partnerships with overseas entities by making significant improvements in areas aligned with universally recognised sustainable business models. This aspect is critical in a globalised economy where cross-border collaborations and partnerships are increasingly common and necessary for business growth. The implication here is that sustainability is not just a local or regional concern but a global one. When Japanese businesses align their practices with universally accepted sustainable business models, they open the door to enhanced international cooperation and partnership opportunities. This alignment facilitates smoother integration with global supply chains, access to new markets, and collaborations with foreign entities who value sustainability as a core business principle.

Table 5: Summary of the Findings

Hypothesis	Description	Result	Coefficient	P-value
Hypothesis 1	The adaptability of Japanese entrepreneurs to sustainable practices positively affects their overall business sustainability.	Supported	Significant coefficient for BSAM	4.05×10^{-37}
Hypothesis 2	Effective communication of sustainability efforts impacts the ability of Japanese entrepreneurs to attract investors.	Supported	Coefficient for BSAM×COM = 0.0438	0.0206
Hypothesis 3	Improvements in sustainability practices aligned with global standards enhance the ability of Japanese entrepreneurs to form international partnerships.	Supported	Coefficient for BSAM×ALG = 0.0341	0.0031

The results of this study unequivocally demonstrate that for Japanese entrepreneurs, weaving sustainability into the fabric of their business models is not merely advantageous but imperative. The tangible benefits of sustainability, manifested through enhanced business performance, heightened investor interest, and stronger international collaborations, make a compelling argument for Japanese enterprises to embrace and refine sustainable practices. These findings highlight the necessity for a comprehensive strategy towards sustainability, which includes a broad spectrum of considerations from environmental impact to sophisticated communication tactics and adherence to international norms. For Japanese business leaders, the journey ahead involves not just the adoption of sustainable practices but also mastering the art of articulating these initiatives effectively and ensuring they meet the expectations of global partners and stakeholders. In a world gravitating towards a sustainability-centric economic paradigm, this study offers critical insights and actionable guidance for Japanese entrepreneurs aiming to thrive in this evolving landscape. By championing sustainability, they not only secure the future prosperity and resilience of their

ventures but also play a crucial role in advancing global efforts towards a more sustainable, fair, and prosperous world.

Theoretical Implications

The theoretical implications of this study significantly expand the scope of Institutional Theory, particularly in the context of sustainable business practices in Japanese organisations. The study emphasises the critical role of communication in mediating the relationship between sustainability practices and organisational adaptability. This suggests that the effectiveness of sustainability initiatives is largely dependent on the quality and clarity of communication within the firm. It demonstrates that robust internal communication channels are essential for successfully translating institutional norms and pressures related to sustainability into tangible organisational actions and strategies. This insight enriches our understanding of Institutional Theory by underscoring the interconnectedness of communication, sustainability practices, and adaptability within organisational structures. It highlights that in the dynamic landscape of global business, the ability of a firm to adapt and integrate sustainable practices is not just a matter of policy adoption but also hinges on how effectively these policies are communicated and understood within the organisation. The study offers a nuanced perspective on how Japanese firms, renowned for their distinctive cultural and organizational practices, can effectively address the challenges brought about by globalization and sustainability. It highlights the necessity for traditional Japanese business models, typically focused on stability and long-term relationships, to adapt by integrating dynamic and transparent communication strategies. This adaptation is especially crucial within the realm of sustainability, given the perpetual evolution of global standards and expectations.

Practical Implications

The managerial implications of the study on sustainable entrepreneurship in Japanese organisations are multifaceted and significant. First and foremost, managers in Japanese firms are encouraged to integrate sustainable practices into their strategic planning. This involves not only adopting environmentally friendly practices but also aligning these practices with overall business objectives and innovation strategies. The study highlights the importance of communication in implementing sustainability initiatives. Managers should invest in developing clear and effective communication strategies that articulate their commitment to sustainability both internally and to external stakeholders. This includes investing in training, developing transparent reporting mechanisms, and engaging in proactive stakeholder communication. Besides, the research suggests that Japanese organisations should actively seek to align their practices with global sustainability standards. This involves engaging in international partnerships and leveraging these relationships for knowledge exchange and mutual growth. Managers should focus on building cultural competence within their organisations to navigate the complexities of global business environments effectively. In addition, the findings underscore the strategic value of sustainability beyond mere compliance or branding. Managers should view sustainability as an integral part of their business model, one that can provide a competitive advantage in the international market. This necessitates a comprehensive approach incorporating environmental, social, and governance (ESG) factors into decision-making processes. Moreover, the study suggests that policymakers ought to foster environments conducive to sustainable business practices. This involves providing incentives for sustainability initiatives, setting transparent regulatory frameworks, and promoting platforms for global collaboration. Managers are encouraged to proactively interact with these policies and play a role in developing a business milieu that underpins sustainable growth.

Finally, the study provides a comprehensive roadmap for Japanese managers to navigate the challenges and opportunities presented by sustainable entrepreneurship in a globalised economy. By embracing these managerial implications, Japanese firms can not only enhance their sustainability but also strengthen their competitive position in the global marketplace. The decision-makers can better align their efforts with the pursuit of environmental sustainability in the context of rapidly evolving economies (Afjal et al., 2023).

Conclusion

This study represents a significant contribution to sustainable entrepreneurship, particularly in the context of Japanese organisations in international business. Integrating theories like Resource-Based View, Institutional Theory, Network Theory, and Stakeholder Theory, it offers a multifaceted perspective on this field. Methodologically innovative, it employs exploratory factor analysis (EFA) and moderation analysis, providing a robust framework for future research. Empirically, the study underscores the impact of the Business Sustainability Adaptability Method (BSAM) on Japanese Entity Adaptability (JEA), highlighting sustainability as a strategic necessity for organisational adaptability. This finding is pivotal, emphasising that sustainability is not just an ethical choice but a core strategic element in today's business landscape. The role of communication as a moderator is another key finding. It underscores the necessity of effectively articulating sustainability goals within the organisation and to external stakeholders. Clear and transparent communication strategies are essential for conveying an organisation's commitment to sustainability, facilitating stakeholder engagement, and enhancing the overall impact of sustainability initiatives. The study also reveals the moderating effect of the Adaptation Level of Globalisation (ALG) on the BSAM-JEA relationship. This suggests that organisations with a higher level of adaptation to globalisation can leverage sustainability more effectively to enhance adaptability. This finding has significant implications for Japanese organisations, indicating that global integration and awareness can amplify the benefits of sustainable practices.

Statistical analyses further validate these relationships and interaction effects, illustrating the synergies between sustainability, communication, and globalisation. These findings are crucial for managers and policymakers, providing actionable insights for integrating sustainability into business strategies and operations. From a comparative perspective, the study offers valuable insights into the unique approach of Japanese organisations to sustainability, enriching the understanding of sustainable entrepreneurship in a cross-cultural context. This comparative aspect is particularly relevant in the globalised business world, where understanding diverse approaches to sustainability can foster better international collaboration and innovation. Despite its strengths, the study has some limitations. One notable limitation is its focus on Japanese organisations, which may limit the generalisability of the findings to other cultural or organisational contexts. Future research could address this by exploring similar themes in different cultural settings or by examining how these findings apply to multinational corporations with diverse cultural influences. Additionally, further research could delve deeper into the specific mechanisms through which communication and globalisation adaptation influence the relationship between sustainability practices and organisational adaptability. This could involve qualitative studies or case studies that provide a more detailed understanding of how these factors interact in real-world settings. Finally, this study provides a comprehensive understanding of the strategic implications of sustainability in international business contexts. It offers practical guidance for managers and policymakers on navigating the sustainability landscape, emphasising the importance of integrating sustainability

into core operations, effective communication, and global adaptation. The insights derived from this research contribute significantly to the academic discourse on sustainable entrepreneurship and offer valuable perspectives for practitioners in the field.

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