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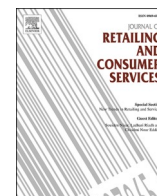
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Achieving sustained competitive advantage in retail and consumer service firms: The role of entrepreneurial orientation and entrepreneurial bricolage[☆]

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ABSTRACT

The vital role of entrepreneurial orientation and entrepreneurial bricolage in creating sustained competitive advantage in retail and consumer service firms is increasingly acknowledged in modern markets. Using data from 246 retail and consumer service firms (hereafter R&CSFs) in Japan, this paper develops and empirically tests a framework delineating how entrepreneurial-oriented R&CSFs strategically combine existing resources while managing risks to differentiate their service portfolios to be competitive. The findings reveal that entrepreneurial orientation and entrepreneurial bricolage influence differentiation advantage and risk management, which, in turn, is associated with creating a sustained competitive advantage (hereafter SCA). This paper adds novel insights to the dynamic capabilities view and retail and service marketing literature by identifying entrepreneurial orientation, entrepreneurial bricolage, and risk management as dynamic capabilities, which allows R&CSFs to create service innovations in resource-constrained environments.

1. Introduction

The notion of service innovation in creating an SCA is increasingly recognized in the modern business environment (Andreassen et al., 2018; Alkhatib and Valeri, 2022; Salunke et al., 2019; Tajeddini, 2011) as the retail and consumer services sector has become a substantial part of the modern economy (Grimmer, 2022; Santos-Vijande et al., 2021). Responding to the rising significance of service innovations, most R&CSFs today emphasize the need to introduce a novel service-centered approach to value creation, thus broadening the scope of conventional service innovation research to address new value creation logic (Paul and Rosenbaum, 2020; Souiden et al., 2019). Many scholars in contemporary retail and service marketing literature (e.g., Bassano

et al., 2018; De Oliveira et al., 2020; Souiden et al., 2019) advocate recombining existing resources in creating service innovations in modern markets where various resource constraints are prevalent. Reflecting this need, we employ the notion of entrepreneurial bricolage (hereafter EB) to address the voids of extant retail and service marketing literature to explain how R&CSFs can create service innovations in resource-constrained environments in this post-COVID-19 pandemic.

EB is characterized as a firm's ability to orchestrate combinations of existing resources to respond quickly to complexities and challenges in the contemporary business setting (Baker and Nelson, 2005). The notion of EB initially originated from tangible product innovation research and development but has seldom been used in the retail and service marketing research domain (Do Vale et al., 2021; Fuglsang, 2020). However,

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as the definition implies, EB allows R&CSFs to differentiate their offerings by creating innovations by making do with whatever resources are available (Senyard et al., 2014), thus making it a fitting lens for extending service innovation research.

Concerning becoming innovative and achieving competitive advantage in modern markets, on the other hand, entrepreneurial orientation (hereafter EO), as a strategic posture toward discovering opportunities has gained significant theoretical and empirical attention in the strategic management literature (Snihur et al., 2022; Thomas et al., 2021). EO is conceived as accepting and dealing with environmental challenges that provoke entrepreneurial behavior and initiate flexibility and adaptability within firms (Rauch et al., 2009; Tajeddini and Mueller, 2019). However, the retail and service marketing studies have reported mixed results on the relationship between EO and SCA (e.g., Campbell and Park, 2017; Ghantous and Alnawas, 2020), with some scholar's favor (Kajalo and Lindblom, 2015; Tajeddini et al., 2013) while others argue against the relationship (Abu-Rumman et al., 2021; Beaver and Jennings, 2005). More precisely, a dearth of empirical research explores how EO contributes to creating an SCA for R&CSFs (Ghantous and Alnawas, 2020).

Despite EO and EB emerging as sources of competitive advantage to confront resource-constrained circumstances (cf. Mostafiz et al., 2021; Yu and Wang, 2021), several gaps in the retail and service marketing literature require attention. First, although the EB perspective suggests that combining existing resources serves as a mechanism driving the exploration of new service development (Baker and Nelson, 2005, p. 335), little, if any, understanding exists of how R&CSFs can reconfigure available resources to create SCA (Do Vale et al., 2021). This void indicates that many aspects of the bricolage theory have not yet been thoroughly explored in the realm of R&CSFs (Davidsson et al., 2017). Second, understanding how the process of mobilizing available resources provides R&CSFs a competitive advantage remains unclear and can be termed a "black box" in the retail and service marketing literature (Soares and Perin, 2020). We thought of grounding our study on the dynamic capabilities view (hereafter DCV) to address this void because, drawing on prior literature, we identified EB and EO functioned as dynamic capabilities as deduced by the DCV (Salunke et al., 2013). Dynamic capabilities refer to a set of explicit and discernible methods a business firm adopts to effectively and efficiently use firm resources to implement strategies that lead to an SCA (Eisenhardt and Martin, 2000; Teece, 2021). Third, since R&CSFs are characteristically more prone to exogenous changes and shocks (Grimmer, 2022; Huang and Farboudi Jahromi, 2021), it is paramount for them to respond flexibly to environmental dynamics, overcome exogenous economic shocks and remain competitive (Westby and Lamb, 2020). However, most prior studies on managing R&CSFs in crises have focused on managing the crisis itself (Pantano et al., 2013). Only a little evidence has been found concerning the effects of having a robust risk management plan on ensuring SCA in the long run (Paul and Rosenbaum, 2020).

Given these emerging trends and voids in retail and service marketing research, based on the bricolage theory and DCV, we propose a theoretically-driven configurational model to investigate how EO and EB can contribute to achieving SCA in R&CSFs through risk management (hereafter RM) and differentiation advantage (hereafter DA). We argue that EB and EO enable R&CSFs to achieve SCA differently when confronted with resource constraints, primarily due to differences in how they use dynamic capabilities. For instance, on the one hand, EB and EO allow R&CSFs to foster DA through service innovations. In contrast, on the other hand, EB and EO enable R&CSFs to achieve SCA by effectively managing risks. Moreover, prior literature indicates that EB and EO and their ability to effectively manage risks and offer service innovations within an R&CSF do not occur in isolation but is profoundly influenced by beliefs and thoughts that employees and the management hold about change (Singh et al., 2020). Employees' beliefs and thoughts about change are known as cognitive readiness to change (Oreg, 2003). Consequently, the orchestration of these relationships is highly

contingent on cognitive readiness to change. More specifically, through our work, we address the following burgeoning research questions.

1. Does the strategic combination of EO and EB act as two sources of SCA in R&CSFs?
2. Do RM and DAs mediate EO - SCA and EB - SCA links within R&CSFs?
3. Does cognitive readiness moderate the effects of EO and EB on RM, DA, and SCA of R&CSFs?

The findings of this paper make three vital theoretical contributions. First, this paper adds to the DCV by examining the concepts of EB, EO, and RM through the lens of dynamic capability. Second, the findings of this empirical research contribute to retail and service marketing literature by proposing the potential of the strategic combination of EO and EB in achieving SCA in R&CSFs. The findings suggest that when R&CSFs operate in resource-constrained contexts, management differences in strategic capabilities and resources (e.g., EB, EO, and RM) determine SCA. Third, our paper extends most prior studies on RM, which evaluated RM as a dichotomy concept between the existence/non-existence of an RM plan (e.g., Daud et al., 2011; Liebenberg and Hoyt, 2003) by conceptualizing RM as a multi-dimensional construct, thus giving a more comprehensive view of the RM initiatives of R&CSFs.

1.1. Theoretical background

The resource-based view (hereafter RBV) theory which contends that a firm can achieve an SCA only if the strategic resources are leveraged to help fend off competitors (Barney, 2002; Barney and Clark, 2007), has been widely criticized in strategic management literature lately (cf., Kraaijenbrink et al., 2010; Pereira and Bamel, 2021). Most critics pointed out that the RBV is excessively focused on firm resources and is too static to describe how business firms generate new capabilities to exploit and explore opportunities within dynamic markets (Gerhart and Feng, 2021; Pereira and Bamel, 2021). Consequently, the DCV was evolved by strategic management scholars such as Teece and Pisano (1994) and Teece et al. (1997) to overcome the constraints of RBV. Teece et al. (1997) view "dynamic capability" as a firm's ability to establish internal and external core competencies to respond effectively to rapidly changing markets. These competencies allow firms to alter their current positioning in the marketplace to achieve an SCA. Consequently, firms benefit from making the best use of the firm's heterogeneous resource bundles and strategic assets (Teece, 2007).

The notion of dynamic capabilities in service innovation research refers to firm capabilities that can integrate, establish, or reconfigure firm resources and capabilities that allow firms to respond immediately to unforeseen environmental changes by introducing innovative services (Janssen et al., 2016). It is instrumental in the context of the services as innovative activities tend to be less tangible than those in manufacturing firms and more interwoven with capabilities embedded in the organizational processes and routines (Anwar et al., 2020; Den Hertog et al., 2010).

The crux of entrepreneurial behavior is to underline the inclination of opportunity-seeking and leverage opportunities through dynamic capabilities to ensure novel ideas are workable (Teece, 2021). Dynamic capabilities are crucial to explicating entrepreneurship, which allows business firms to acquire differentiation positioning in the marketplace, thus achieving a competitive advantage in the long run (Teece, 2021). Further, Teece (2007) conceives entrepreneurship primarily as a function of dynamic capabilities. Thus, a spin-off from RBV theory, DCV describes the underlying features and micro-behavioral foundations of the entrepreneurial strategic posture of a business firm (Teece, 2021). Consequently, drawing on prior literature (e.g., Davidsson et al., 2017; Huang and Farboudi Jahromi, 2021; Mele et al., 2021), we extend our understanding of the DCV by posting EB and EO as distinct dynamic capabilities that allow business firms to utilize resources, as emphasized by the DCV strategically.

1.1.1. Bricolage theory

The notion of bricolage was conceptualized as creating something new by recombining and transforming existing resources (Levi-Strauss in 1966). Baker et al. (2003) stressed a close association between the notion of bricolage and resource improvisation, emphasizing that it considerably impacts entrepreneurship processes. As such, they described bricolage as a promising concept, in theory, and practice, for researching entrepreneurship. Consequently, building on Levi-Strauss's (1966) definition, Baker and Nelson (2005) refined and evolved the notion of bricolage to the entrepreneurship research domain in their subsequent work. They defined entrepreneurial bricolage (hereafter EB) as "using resources at hand" instead of buying new resources. As they explained, EB refers to using extant and available resources to achieve organizational goals by recombining and mobilizing available resources, thus providing new avenues for value creation in resource-constrained environments. Over the years, subsequent discussions have included entailing alternate definitions of EB to repay for the noted shortcomings (Doern et al., 2019; Tan Luc et al., 2020). Consistent with Phillips and Tracey (2007), in this paper, "EB" is conceived as "something that is available at a given time which can be tapped into as needed to access diverse talents and resources to create what could not be otherwise possible in a resource-constrained environment."

EB appears to be an acceptable conceptual lens to investigate the retail and consumer services sector because R&CSFs today focus on blending novel ideas, skills, abilities, and processes to create service innovations by overcoming resource constraints to achieve an SCA (Grimmer, 2022; Santos-Vijande et al., 2021). However, surprisingly, the notion of EB has been less investigated in the retail and service marketing literature (Soares and Perin, 2020). Reflecting on this void, Grimmer (2022) recently called for investigating the EB behavior of R&CSFs in a resource-constrained environment.

2. Research model and hypotheses development

Grounded on the DCV and bricolage theory, we postulate that a strategic combination of EB and EO enables R&CSFs to achieve SCA differently when confronted with resource constraints. The research model proposes that EB and EO and their ability to manage risks and offer service innovations, which in turn, effectively create SCA for retail and consumer service firms. Further, cognitive readiness for change moderates the effects of EO and EB on RM, DA, and SCA of R&CSFs. The key constructs of the model and associated hypotheses are discussed in-depth next.

2.1. EO, DA, SCA, and RM

EO has arisen as a commonly debated notion in entrepreneurship literature over the last three decades of scholarly inquiry (Pei et al., 2021; Thomas et al., 2021; Wales et al., 2021). EO can be defined as accepting and dealing with unforeseen environmental changes that provoke entrepreneurial behavior and initiate flexibility and adaptability within firms (Ipek et al., 2023; Hughes et al., 2022). EO is an umbrella term encompassing three modes of managerial behavior: innovativeness, risk-taking, and proactiveness (Covin and Slevin, 1991). The propensity to engage in innovation and experimentation by introducing new products/services and technological leadership through research and development is called innovativeness (Tajeddini et al., 2020). Risk-taking entails taking bold steps into the unknown, borrowing extensively, and devoting significant resources to initiatives in risky environments (Covin and Lumpkin, 2011). Proactiveness is a forward-thinking, opportunity-seeking mindset defined by introducing new tangible and intangible products before the competition and acting to cope with future demand (Vedula et al., 2022). In line with Covin and Slevin (1991), in this paper, we define the EO of R&CSFs as their propensity to be innovative, proactive, and willing to take risks as a salient strategy to stay ahead of competitors.

To comprehend how EO enables R&CSFs to achieve an SCA, we referred to the theory of competitive advantage introduced by Porter in 1985. In his seminal work, he contends that there are two competitive strategies that a business firm can use to achieve a sustainable competitive advantage over its competitors: cost leadership and differentiation (DA) (Porter, 1985). Firms with a DA emphasize leveraging strategic resources of a firm to fulfill customer needs in a unique manner (i.e., by enhancing product/service quality, technology and innovativeness, brand image, firm reputation, and superior customer service), which must be difficult for rivals to imitate (Douglas et al., 2010; Le and Lei, 2018). Firms adopting a cost leadership strategy focused on leveraging strategic resources to minimize the cost structure in competing with other firms in the industry or segment they target (Kharub et al., 2019). Since DA and cost leadership are described as opposing theoretical constructs and are not substitutes (Porter, 1985), it is illogical to assume that EO similarly influences these two types of competitive strategies. Moreover, there is no perfect fit between EO and competitive strategy in prior strategic management literature (Abu-Rumman et al., 2021). Thus, it is decided to make a logical choice of inquiry to comprehend how dimensions of EO influence which type of competitive strategies.

Since DA is about creating products and services that customers perceive as unique (Porter, 1985), achieving DA requires innovation capabilities (Huang and Farboudi Jahromi, 2021). Thus DA is strongly supported by the innovativeness behavior demonstrated in entrepreneurially-oriented R&CSFs. Strategic management literature indicates that proactiveness, one of the essential traits of EO, anticipates competitive moves and enables R&CSFs to differentiate their services, leading to DA (Huang and Farboudi Jahromi, 2021; Wales et al., 2020). On the other hand, while implementing any strategy is not without risk, DA is more sustainable and less risky than cost leadership, as cost leadership is more vulnerable to external shocks as it requires a higher upfront investment (Czabanowska and Kuhlmann, 2021). Consequently, since EO denotes the processes that lead to innovativeness, proactiveness, and risk-taking (Wales et al., 2020), in this study, we maintain that EO is a strategic firm capability that creates a DA for R&CSFs, leading to SCA in the long run. This is because EO, as a strategic capability, allows R&CSFs to foster service innovations with greater congruence to current market expectations, thus acquiring a unique position in the marketplace (Gamage et al., 2022; Huang and Farboudi Jahromi, 2021; Merkle et al., 2020).

Although running a business and sustaining competitive advantages in today's business landscape requires resilience to extreme risks and uncertainties caused by rapid and sudden changes (Czabanowska and Kuhlmann, 2021; Martin-Rios and Pasamar, 2018), RM has not been widely discussed in the retail and service marketing literature (cf. Lajante and Ladhari, 2019; Liyanaarachchi, 2021; Paul and Rosenbaum, 2020) and is still in an embryonic stage. To address this void in prior literature, in line with Dionne (2019), in this paper, we define RM as an integrated approach to applying risk reduction strategies to prevent unexpected risks caused by rapid and sudden changes, diminish and eliminate existing and residual risks, contributing to the strengthening of resilience and reduction of losses caused by unforeseen risks.

The limited research on RM in retail and service marketing literature highlights that implementing RM within R&CSFs has not been formalized, mainly due to the lack of awareness and resource constraints (Liyanaarachchi, 2021). However, since strategic choices made by R&CSFs significantly pose risks, RM has become a must for R&CSFs to be competitive in the contemporary business world (Lajante and Ladhari, 2019; Paul and Rosenbaum, 2020). To fill this void in prior literature, we propose that EO influences R&CSFs because risk-taking and resilience are integral parts of entrepreneurial-oriented firms (Liu and Huang, 2020; Gamage and Tajeddini, 2022) to implement RM within them. As a whole, we, therefore, suggest that.

H1. EO has a significant positive impact on (a) DA, (b) SCA, and (c) RM.

2.2. EB, RM, DA, and SCA

One of the most striking dynamics of today's business landscape is that most firms often confront resource constraints in achieving sustained competitiveness (Santos-Vijande et al., 2021; Teece, 2021), and R&CSFs are no exception. Empirical studies reveal that R&CSFs that engage in EB pursue opportunities that other firms consider to be what they cannot pursue due to resource constraints (Janssen et al., 2018). For instance, Do Vale et al. (2021) emphasized that EB enables R&CSFs to use existing resources efficiently in terms of uses and combinations that were not previously considered applicable or relevant. Since frugality being an inherent characteristic of EB, such EB initiatives create relative advantages over firms that exhibit resource-seeking behaviors when facing the same resource restraints (Mele et al., 2021). Further, as they echoed, R&CSFs that pursue the notion of EB do not wait until they obtain the "right" and appropriate resources. Instead, they amend the rules of what resources "should" and "could" are used for through a frugal hands-on approach. It involves recombining and rebounding existing resources in ways not initially designed to create service innovations (Fisher, 2012). Consequently, it allows R&CSFs to strategically manage the firm resources and focus on the activities that matter to firm performance the most (Witell et al., 2017), enabling the firm to achieve SCA over similar firms engaging in higher resource-seeking behaviors.

The link between risk, uncertainty, and EB is subjected to academic debate. Prior literature shows that two schools of thought prevail regarding the association between risk, uncertainty, and EB (Davidsson et al., 2017; Mohammadi, 2021; Scazziotto et al., 2020). Many scholars stressed that a large share of EB initiatives are inherently risky as they focus on innovating by recombining existing resources differently in a resource-constrained environment (Davidsson et al., 2017; Scazziotto et al., 2020). For instance, as Seynard et al. (2014) noted, the notion of EB is inherently risky as it discusses how a firm could become innovative and competitive by utilizing all available resources in a resourceless environment. However, on the other hand, a few academics (e.g., Mohammadi, 2021) recently added a novel perspective to the link between EB and risk asserting that although EB may generate risks in most conditions, it also influences the development of a firm's resistance to risk. EB enables a firm to be resilient to crises by emerging the ability to take action and seek solutions in infrequent situations using typical, available, limited resources (Scazziotto et al., 2020; Mohammadi, 2021). Considering these different viewpoints, it appears fair to assume that since EB initiatives significantly pose R&CSFs at risk, effective implementation of EB initiatives within R&CSFs leads to risk management.

Since the notion of EB focuses on the creative recombination of existing resources to create product/service innovations (Salunke et al., 2019), EB initiatives often open avenues for R&CSFs to achieve DA. For instance, as Salunke et al. (2013) emphasize, EB capabilities spark creativity and infuse new service ideas into the service firms, which is impossible for competitors to imitate easily, thus leading to SCA. Building on this view, we subsequently suggest that.

H2. EB has a significant positive effect on (a) RM, (b) DA, and (c) SCA within retail and consumer service firms.

2.3. RM, DA, and SCA

The review of RM literature highlights that although RM has been regarded as a critical factor in attaining organizations' goals and wealth creation, its role in creating competitive advantage in increasing firm performance is primarily omitted (Oliveira et al., 2019; Saeidi et al., 2019). The DCV can be used to fill this void in the literature concerning how RM might aid a firm in gaining a competitive advantage. As the DCV emphasizes, RM can be considered a dynamic capability mainly because, similar to a dynamic capability that involves sensing opportunities and threats in the business environment (Teece, 2007), RM also

involves constantly scanning the business environment to identify emerging risks.

Understanding how RM functions as a dynamic capability enables a retail and consumer service unit to achieve an SCA (Paul and Rosebaum, 2020). This is because the retail and consumer services sector is inherently risky, and depending on the scale of the business, the nature of these risks can be slightly different (Pantano et al., 2013). It is, therefore, vital that R&CSFs possess the ability to identify risk and the skill and foresight to effectively manage the risk since these potential risks will have a tremendous bearing on the growth of the business and its competitiveness (Dayour et al., 2021). Consequently, RM should be integrated within retail and consumer service firms.

Risk management is central to fostering service innovations but it is often not discussed explicitly in service management literature (Salunke et al., 2019). If R&CSFs better understand the risks they may face, they could adjust and change their business strategies faster than their competitors (Lajante and Ladhari, 2019). Consequently, they can make risk-informed decisions, thus reducing their operational costs while increasing competitiveness (Auh et al., 2022). Moreover, Ritchie and Jiang (2021) accentuated that having appropriate RM allows service firms to build a resilient image by serving their customers with differentiated service portfolios, making it unique and difficult for competitors to imitate perfectly, even in riskier business environments. Therefore, we suggest the following.

H3. RM has a significant positive impact on (a) DA and (b) SCA within retail and consumer service firms.

2.4. DA and SCA

In today's volatile business environment, competitive advantages are becoming characteristically unsustainable in most instances (Sharma et al., 2020; Banerjee et al., 2018; Sharma et al., 2016). To better understand the sources of SCA of a firm, the DCV would be helpful. This is because, according to Teece (2007), the core of the DCV focuses on the explanation of enterprise-level competitive advantage over time, and indeed, today, it has achieved wide acceptance despite criticisms of the RBV from which it emerged (Ferreira et al., 2020; Laaksonen and Peltoniemi, 2018). As discussed earlier, primarily, there are two strategies firms can use to create a competitive edge: cost leadership and DA (Porter, 1985).

DA is driven by uniqueness. As discussed previously, EB and EO as dynamic capabilities enable R&CSFs to offer value-driven, unique customer experiences through service innovations without acquiring new, expensive resources (Kandampully et al., 2023; Kim et al., 2022; Halme et al., 2022). Thus, we assume.

H4. DA has a significant positive impact on SCA within retail and consumer service firms.

2.5. Mediating effects of RM and DA

Although extant retail and service marketing literature examine a direct linkage between EO, EB, and firm performance, little scholarly attention has been paid to research investigating the mechanisms and mediating variables through which EO and EB enable R&CSFs to achieve SCA (Salunke et al., 2013, 2019). Drawing on previous literature and preceding discussion, we anticipate that DA and RM will likely mediate the relationship between EO, EB, and SCA in this paper. The proposed mediating effects are conceptually rooted in the DCV, which asserts that a firm's competitive edge and improved performance result from firm-peculiar resources, strategic capabilities, and assets (Teece, 2021). Furthermore, Teece (2007) reiterates that firm-specific resources include but are not limited to firms' assets, tangible and intangible resources, capabilities, and distinctive core competencies. As revealed in the preceding section, EO, EB, and RM function as dynamic capabilities that enable R&CSFs to create service innovations while mitigating the risks in resource-constrained circumstances, thus enabling DA. Hence,

we argue that RM and DA will likely mediate the relationships between EO, EB, and SCA. Accordingly, the following hypotheses are developed.

H5. *EO has a positive indirect impact on SCA via (a) RM, (b) DA and (c) a combination of both of these.*

H6. *EB has a positive indirect effect on SCA via (a) RM, (b) DA and (c) a combination of both of these.*

2.5.1. Moderating effect of cognitive readiness

In modern markets, where alteration is the norm than the exception, the ability of R&CSFs to be adaptable has become crucial for a change to be embraced effectively (Danatzi et al., 2022). Consequently, readiness to change has become critical for successfully implementing entrepreneurial initiatives in general and EB in particular in R&CSFs (Salunke et al., 2019). Readiness to change took its roots in the early research on organizational change (Asikhia et al., 2021). It is conceptualized as a multidimensional notion comprising an emotional, cognitive, and intentional dimension of change (Oreg, 2003). Emotional readiness to change denotes to the affective responses to the change, whereas cognitive readiness relates to employees' beliefs and thoughts about variation (Oreg, 2003). Intentional readiness to change is characterized as the employees' willingness to invest their energy into the change process (Oreg, 2003). Although this three-dimensional framework helps handle different aspects of organizational change-related attitudes of employees, they transpire in various stages in an organizational change process and do not necessarily coincide (Borges and Quintas, 2020). For instance, employees' thoughts and beliefs about the change are generally associated with their behavioral intentions to initiate the change process. In other words, cognitive readiness is usually fundamental to embracing emotional and intentional readiness (Borges and Quintas, 2020). Consequently, in this study, we identified cognitive readiness to change as a catalyst that may positively moderate the effect of EO and EB on (a) RM, (b) DA, and (c) SCA of retail and consumer service firms (Fig. 1). Accordingly, it is hypothesized that.

H7. *Cognitive readiness positively moderates the effect of EO on (a)*

RM, (b) DA, and (c) SCA.

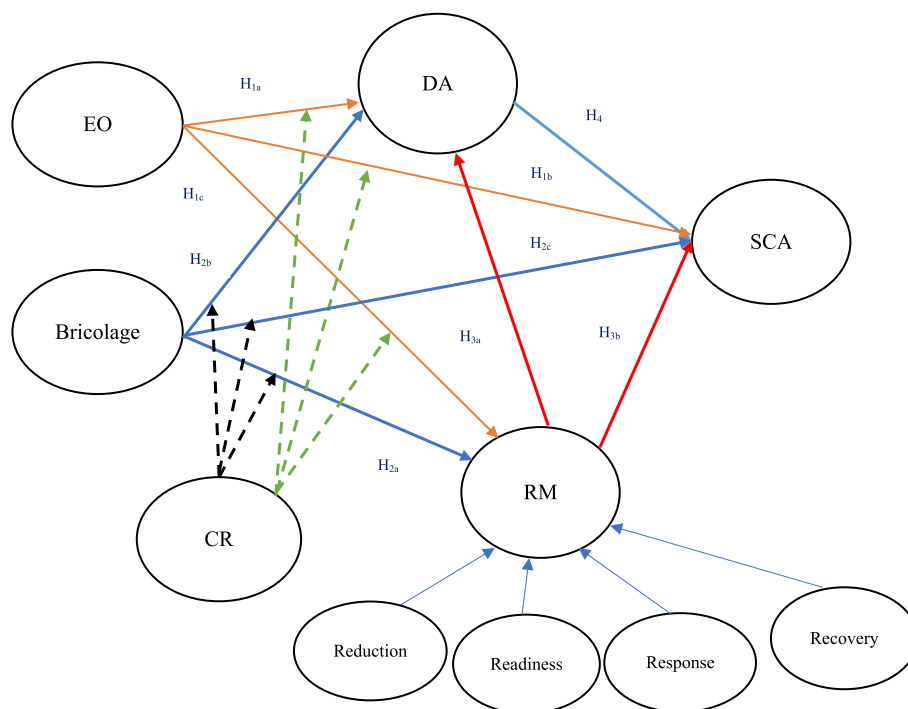
H8. *Cognitive readiness positively moderates the effect of EB on (a) RM, (b) DA, and (c) SCA.*

3. Method

3.1. Data collection procedure

A paper-based survey was designed to assess and validate the research hypotheses. Data were obtained voluntarily from various R&CSFs located in Japan's three major areas (Tokyo, Kyoto, and Osaka). Japan was selected as the research setting of this paper due to several reasons. First, despite several shortcomings and critics about R&CSFs in Japan as they are still focusing on ordinary capabilities (cf. Teece, 2021), Japan is an innovation-driven mature economy shifting towards the service sector, focusing on fostering innovative, opportunity-seeking entrepreneurial bricolage activities with the optimal use of existing resources (Hughes et al., 2022), thus creating an ideal setting for this paper. Second, risk management is a deeply embedded notion in Japanese history (Yokoyama, 1991) and has been referred to as the lifeblood and inheritance of culture in Japan (Nguyen et al., 2017). Third, this study addresses a timely need as R&CSFs in Japan are currently struggling to revive their competitive strategies and implement entrepreneurial initiatives to absorb economic shocks and ensure sustained competitiveness in the new normal (Harima, 2022).

An English-language form of the survey was developed based on previous studies. Two professional translators conducted a back-translation technique to ensure the accuracy of the Japanese questionnaire and its consistency with the original English measurement instrument. To enhance the readability and face validity of the questionnaire, we pre-tested the survey by interviewing four Japanese retail and service marketing scholars to confirm the content and face validity of the questionnaires. The outcomes verified the relevance and inclusiveness of the survey items. This process was followed by a pilot study with seven top managers and owners of Japanese retail and consumer service firms. The respondents were asked to detect any



ambiguous or irrelevant items and to provide comments about the flow and wording used in the questionnaire.

A random sampling plan was developed using a list of diverse R&CSFs in Tokyo, Kyoto, and Osaka. One thousand two hundred survey questionnaires were distributed to various retail and consumer service units (e.g., convenience and department stores, traditional grocery retailers, apparel/footwear, health/beauty specialist retailers, hypermarkets). Multiple retail and consumer service units were sampled across diverse retailing and consumer services sectors to test the hypotheses. The largest group of participating R&CSFs was from the convenience (33%) (e.g., Seven-Eleven, Lawson, and Family Mart), followed by grocery and supermarkets (28%) (e.g., AEON, Seiyu, Inageya, Ito-Yokado, Life), apparel/footwear (17%) (e.g., UNIQLO, Shein, ZOZO-TOWN), and health/beauty specialist retailers (13%) (e.g., Matsumoto-kiyoshi) and hypermarkets (9%) (e.g., Maruetsu, Seiyu, Tobu Store). We ensured to collect one response from one participating firm and, in some instances, had to collect data from different branches of the same organization. A top or senior manager served as the key respondent in each firm. Several questionnaires were dropped off during working hours and picked up after three days. Following three waves of data collection with two reminders over six months in 2021, we obtained 314 questionnaires, out of which 68 were eliminated from the data examination due to missing values or illogical and unmatched answers. Thus, the final sample comprised of 246 useable questionnaires, resulting in an effective response rate of 21.7%, not significantly impacting the anticipated confidence levels or estimation error. Most had a sensibly diverse range of responses assuring the face and construct validity of the survey questionnaire. The response rate is relatively low possibly due to survey fatigue with many executives or business owners (Atkins et al., 2022; Hambrick et al., 1993), but it is favorably comparable with average rates estimated for mail survey questionnaires conducted in an industrial setting (e.g., Carter et al., 2008; Dennis, 2003) and also akin to the average normal response rate for industrial surveys on forecasting practices in the prevailing literature (e.g., Hambrick et al., 1993).

Furthermore, we conducted two post-hoc tests to evaluate whether there are nuances between family and non-family-owned R&CSFs and food retailing and non-food retailing service firms for the measured variables. The outcomes revealed no significant distinctions in the responses among the two forms of ownership and industries. For example, the t-values for the major constructs in family and non-family business settings were as follows. EO (t-value: .23, $p = .35$), EB (t-value: 0.47, $p = .24$), cognitive readiness (t-value: 0.55, $p = .19$), DA (t-value: 1.22, $p = .77$) and SCA (t-value: 1.06, $p = 1.54$). As the t-values indicate, there were no substantial differences between the two ownership types. In evaluating the non-response error, t-tests were performed on early and late respondents. Some demographic variables such as firm age, size, and type were included to assess t-values. The t-values were between .33 and .69, revealing no substantial differences between these two groups ($p > .05$), thereby increasing the likelihood of a non-response error being ineffective and weak.

3.2. Measurement development

EO was measured by borrowing the nine-item scale measurement recommended by Covin and Slevin (1989), involving three dimensions of strategic posture echoing managerial behavior relating to innovativeness, proactiveness, and risk-taking (Brettel et al., 2015; Ipek et al., 2023). We performed interclass correlation (ICC) to evaluate the reliability of employing mean scores to aggregate perceptions of three subsets of the scale. The findings justified calculating mean scores (ICC (2) > 0.60 for all EO dimensions (James, 1982; Tajeddini et al., 2013, 2020). EB was measured using eight items adapted from prior research (e.g., Senyard et al., 2014). We operationalized DA using a four-item scale suggested by Porter (1985) and Song and Perry (1997). SCA was measured by adopting four items using a five-point Likert scale derived from Barney (1991), Bharadwaj et al. (1993), Foss and Knudsen (2003)

and Salunke et al. (2013). This scale focuses on assessing the inability of competitors and rivals to duplicate the advantages of a value-creating strategy (Salunke et al., 2013). RM was operationalized composing of a four-reflective-formative latent constructs. RM is caused by four indicators including risk reduction (four items), risk readiness (four items), risk response (three items), and risk recovery (four items) adopted from Tajeddini et al. (2023) and Vink, and Takeuchi (2013). As per the given instructions we have generated the results for the linkage between RM and its sub-dimensions. Each construct represents an accumulation of the individual values to arrive at mean values. As expected, the results indicate that these four preconditions were not strongly correlated (Christophersen and Konradt, 2012; Sarstedt et al., 2016).

Cognitive readiness was operationalized using a four-item borrowed from Lokuge et al. (2019) concerning the strength of the knowledge, skills, and attributes in an organization in preparation for effective changes in response to altered or unpredictable situations that facilitate RM.

Since all measurements were at the firm level, we incorporated relevant firm-level control variables such as firm age, size, type, ownership, and technology adoption that were neither directly concentrated on research objectives nor our hypotheses' analyses. Firm age was measured by the logarithm of the number of years that a firm had been operating. Firm size was measured using the logarithm of the total number of organizational members, including executives and employees. We also controlled firm type and coded service industry as 1 and 0 as otherwise. Firm ownership was binary coded as 1 when a firm's prime business was based on family business and 0 otherwise. Finally, we controlled the benefits of deploying new technology (e.g., IoT and cloud computing, outweigh cybersecurity concerns) on RM in the current year for risk (1 = major implementation; 0 = no implementation). All composite reliabilities (CR) were above 0.7 for all constructs confirming satisfactory reliability, and the average variance extracted (AVE) scores were above 0.5, supporting convergent validity.

As Table 1 presents that the estimated factor loadings were significant ($p < .001$) for all indicators (Anderson and Gerbing, 1988 Hair et al., 2019). Following the recommendation of Fornell and Larcker (1981), we found that the square root of all AVE scores exceeded their respective inter-construct correlation estimates demonstrating discriminant validity. As the data for this research paper was obtained from one single respondent from each firm (top managers/executives/owners), our findings are prone to common method variance. To address this possible issue, some procedural techniques were applied, such as randomizing the order of scale items in the survey questionnaire, separation of independent and dependent items, formulated the items as simple as possible and variation of scales and response markers. Moreover, Harman's one-factor test indicated that a single factor accounted for 33.53% of the variance, which is below the suggested cutoff of 50%, confirming that one factor would not adequately represent the data

Table 1

Means, Std. Deviation, correlations, and discriminant validity of the constructs.

Constructs	EO	EB	DA	SCA	RM	COG
EO	0.655					
EB	.571**	0.626				
DA	.400**	.500**	0.617			
SCA	.384**	.384**	.362**	0.706		
RM	.486**	.466**	.548**	.313**	0.673	
COG	.326**	.450**	.434**	.342**	.401**	0.661
Mean	3.59	3.73	4.01	3.70	4.03	4.10
Std. Deviation	.71	.63	.77	.32	.49	.37

Note: Square root of AVE scores in the diagonal.

(EO = Entrepreneurial orientation; EB = Entrepreneurial Bricolage; DA = Differentiation advantage.

SCA = Sustainable competitive advantage; COG = Cognitive readiness), RM = Risk Management.

(Fuller et al., 2016). Hence, the above advocates that common method bias is not a severe issue.

As our measurement scales consist of both reflective and formative constructs, different measurement criteria were performed to evaluate their reliability and validity. Discriminant validity was examined by assessing the Heterotrait-Monotrait ratio (HTMT). As Table 2 shows all values of HTMT are below the 0.85 thresholds, representing satisfactory discriminant validity.

For indicator reliability, the results confirmed that the construct-to-item loadings were significant and above the recommended cutoff of 0.707. The Cronbach's alpha and composite reliability values were calculated at the construct level, and it was found that both values greatly exceeded the cutoff of 0.70 (Nunnally, 1978). Concerning composite reliability, Benitez et al. (2020) suggest that values over 0.70 indicate that more than 50% of the variance in the construct scores can be explained by the latent variable. Regarding convergent validity, the average variance extracted (AVE) was performed, and it was found that all values were above the 0.50 threshold. As a result, the reflective measures are valid as all items are good indicators of their corresponding first-order constructs (see Table 3).

This study suggests that risk management is formed by four constructs composing of "risk reduction", "risk readiness", "risk response", and "risk recovery" and as a result was excluded from CFA. With regard to the formative constructs composing risk management, multiple assessments were performed and summarized in Table 4. First, the constructs' Variance Inflation Factors (VIFs) were examined using PLS-SEM to eliminate the presence of collinearity. As Table 4 shows the highest VIF value is 3.994, below the recommended threshold value of five (Hair et al., 2017; 2022). In a more conservative threshold at 3.3. for VIFs (cf. Khan et al., 2016; Petter et al., 2007), we found that three items were slightly above the conservative cutoff (3.784, 3.883, 3.994), but it did not seem to create a multicollinearity issue (Cenfetelli and Bassellier, 2009). Next, concerning the items' significance, all items were retained as all respective outer loadings are greater the threshold value of $p < .05$ (Hair et al., 2017). Finally, as Table 4 shows, the weight of items of all constructs was greater than 0.10, above the recommended threshold value (Andreev et al., 2009; Hair et al., 2019). Overall, the findings imply that the formative scales are valid as all items are satisfactory indicators of their corresponding constructs. Consequently, it appears that both reflective and formative constructs confirmed acceptable psychometric properties.

3.3. Hypotheses testing

We have employed PLS-SEM using SmartPLS, the latest version 4, for testing the reflective-formative construct of RM. This approach was employed due to the density of the relationships (i.e., mediation and moderation) between the suggested constructs and the wider acceptability across the social science disciplines (e.g., human resource management, marketing management, international business research,

hospitality management, operations management, strategic management, supply chain management, and accounting management) (cf. Hair et al., 2019). SmartPLS and PROCESS macro have provided similar indices with slight variations; only the third number is recorded.

The normality test was performed by assessing the Kolmogorov-Smirnov statistic, and the aggregate scores for all substantive variables indicate that the scores were normally distributed. The findings also show the highest univariate skewness (1.321) and the highest univariate kurtosis (1.603) of each variable are well below the conservative criterion <2 , meeting the minimum requirements. To test the hypotheses, instead of the structural equation modeling (SEM), we performed a serial mediation model (Model 6, 10,000 bootstrap samples) employing Hayes' Process syntax macro (full results in Table 5). Since our research focuses on evaluating the overall impact of EO and EB rather than the effects of their dimensions, we treat all constructs as second-order factors with summated first-order indicators. Hence, we incorporate all control variables, including the method variance marker, in the model and link them directly to RM, DA, and SCA (see Table 6).

EO significantly affected the DA, thus supporting H_{1a} ($a_{12} = 4.0347$, $p < .001$). Similarly, a significant direct impact of EO on SCA was found ($c'_1 = 0.297$, $p < .001$), supporting H_{1b} . EO also significantly improved RM ($a_{11} = 0.418$, $p < .001$), supporting H_{1c} . Thus, our study findings suggest that the extent to which entrepreneurial-oriented R&CSFs seek to develop proactiveness and innovation may help them develop a better system to satisfy customers. Accordingly, it is more likely to lead to a DA, RM, and SCA. EB had a significant positive effect on RM ($a_{21} = 0.214$, $p < .001$), DA ($a_{22} = 0.124$, $p < .001$) and SCA ($c'_2 = 0.183$, $p < .05$), supporting H_{2a} , H_{2b} and H_{2c} . Thus, our findings show that R&CSFs making do with whatever is at hand can recombine existing resources to pursue unique opportunities; consequently, they are more likely to facilitate and improve DA, RM, and SCA. As hypothesized, higher RM also significantly increased DA ($d_{12} = 0.254$, $p < .001$), supporting H_{3a} . In addition, RM had a significant positive association with SCA ($b_1 = 0.233$, $p < .001$), providing support for H_{3b} . Thus, the more (less) R&CSFs that content effective RM anticipate and address risks as soon as they strike, the more (less) they would take advantage of differentiation and enhance SCA. The well-established link between DA and SCA was confirmed in this study ($b_2 = 0.212$, $p < .001$), supporting H_4 . The RM and DA were thus major drivers of SCA, followed by EB and EO.

The indirect effect of EO on SCA via RM ($a_{11}b_1 = 0.171$) based on 10,000 bootstrapped samples was significant as the 95% bias-corrected confidence interval was entirely above zero (95% CI Lower Limit (LLCI) = 0.121 and Upper Limit (ULCI) = 0.181) ($EO \rightarrow RM \rightarrow SCA$), supporting H_{5a} . The indirect effect of EO on SCA via DA was significant as the confidence as the 95% bias-corrected confidence interval was entirely above zero ($a_{12}b_2 = 0.069$, 95% CI Lower Limit (LLCI) = 0.020 and Upper Limit (ULCI) = 0.129) ($EO \rightarrow DA \rightarrow SCA$), supporting H_{5b} . However, the indirect effect of EO on SCA via DA and RM was not significant as the confidence interval included a zero ($a_{11}d_{12}b_2 = 0.000$, LLCI = -0.010 , ULCI = 0.013) ($EO \rightarrow RM \rightarrow DA \rightarrow SCA$). No support for H_{5c} was found. This shows that higher EO benefits will lead to higher RM and DA individually, and through each, consequently, SCA will be increased. EB had a significant indirect effect on SCA via RM ($a_{21}b_2 = 0.069$, LLCI = 0.021, ULCI = 0.131), and DA ($a_{22}b_2 = 0.069$, LLCI = 0.020, ULCI = 0.129), supporting H_{6a-b} . However, the indirect effect of EB on SCA via RM and DA was insignificant as the confidence interval included a zero ($a_{11}d_{12}b_2 = 0.003$, LLCI = -0.010 , ULCI = 0.013). No support for H_{6c} was found. While PROCESS Macro is an OLS-based regression analysis technique, equivalent results were observed when performing the analyses with covariance-based structural equation modeling (CB-SEM) in AMOS, which considers measurement errors (i.e., acceptable model fit $\chi^2 = 822.15$, $df = 311$, $\chi^2/df = 2.64$, CFI = 0.988, TLI = 0.987, RMR = 0.020, SRMR = 0.047, RMSEA = 0.033; comparable results for standardized coefficients for direct and indirect effects tested with a bootstrapping procedure). H_{7a-c} were evaluated with a moderated serial mediation model following the PROCESS syntax

Table 2
Discriminant Validity (HTMT_{0.9}) of reflective constructs.

	COG	DA	EB	EO	SCA	COG x EB	COG x EO
COG							
DA	0.464						
EB	0.626	0.128					
EO	0.394	0.502	0.398				
SCA	0.554	0.309	0.332	0.692			
COG x EB	0.053	0.02	0.156	0.167	0.098		
COG x EO	0.159	0.249	0.094	0.283	0.053	0.496	

Note: Cognitive Readiness (COG), Differentiation Advantage (DA), Entrepreneurial Bricolage (EB), Entrepreneurial Orientation (EO), Sustained Competitive Advantage (SCA).

Table 3
Scale Evaluation, convergent validity (n = 246) (reflective indicators).

Constructs	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted
Entrepreneurial Bricolage (EB)	0.914	0.926	0.930	0.626
EB1. We are confident of our ability to find workable solutions to new challenges by using our existing resources				
EB2. We gladly take on a broader range of challenges than others with our resources would be able to				
EB3. We use any existing resource that seems useful to respond to a new problem or opportunity				
EB4. We deal with new challenges by applying a combination of our existing resources and other resources inexpensively available to us				
EB5. When dealing with new problems or opportunities we take action by assuming that we will find a workable solution				
EB6. By combining our existing resources, we take on a surprising variety of new challenges				
EB7. When we face new challenges, we put together workable solutions from our existing resources				
EB8. We combine resources to accomplish new challenges that the resources were not originally intended to accomplish.				
Differentiation advantage (DA)	0.819	0.923	0.951	0.617
DA1. Compared to competing products, our products offer superior benefits to customers.				
DA2. Our services are unique and nobody but our company can offer them.				
DA3. We take great efforts in building a strong brand name—nobody can easily copy that.				
DA4. We successfully differentiate ourselves from others through effective advertising and promotion campaigns.				
Sustained Competitive Advantage (SCA)	0.895	0.907	0.923	0.706
SCA1. The innovations we introduced enabled us to enjoy a superior market position for a reasonable period				
SCA2. The new changes we introduced have been appreciated by our clients/customers giving us a distinct advantage for some time now				
SCA3. Our competitors could not easily match the advantages of the new products or services that we introduced				
SCA4. The new products or services we introduced were a stepping stone for further development				
Cognitive readiness (COG)	0.754	0.766	0.857	0.661
COG1: Our staff members have the appropriate knowledge (i.e., technical, business process, and organizational) to facilitate innovations				
COG2: Our staff members have the appropriate skills to facilitate innovations.				
COG3: Our staff members have the appropriate adaptability to facilitate innovation.				
COG4: Overall, our staff members have the appropriate skills to facilitate innovation.				
Entrepreneurial orientation (EO)	0.771	0.798	0.820	0.655
PR1: ... typically responds to actions which competitors initiate		... typically initiates actions which competitors then respond to		
PR2: ... Is very seldom the first business to introduce new products/services, administrative techniques, operating techniques etc.		... Is very often the first business to introduce new products/services, administrative techniques, operating techniques etc.		
<i>In general, the top managers of my firm have ...</i>				
PR3: Employees feel a sense of "ownership" for this organization rather than just being an employee.		... A strong tendency to be ahead of other competitors in introducing novel ideas or products		
<i>In general, the top managers of my firm favor ...</i>				
IN1: ... A strong emphasis on the marketing of tried and true products or services.		... A strong emphasis on R&D, technological leadership, and innovations.		
<i>How many new lines of products or services has your firm marketed in the past 5 years?</i>				
IN2: No new lines of products or services		Very many new lines of products or Services		
IN3: Changes in product or service lines have been mostly of a minor nature		Changes in product or service lines have usually been quite dramatic		
<i>In general, the top managers of my firm have ...</i>				
RI1 ... A strong proclivity for low-risk projects (with normal and certain rates of return)		... A strong proclivity for high-risk projects (with chances of very high returns)		
<i>In general, the top managers of my firm believe that ...</i>				
RI2 ... Owing to the nature of the environment, it is best to explore it gradually via careful, incremental behavior		... Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives		
<i>When confronted with decision-making situations involving uncertainty, my firm ...</i>				
RI3: ... Typically adopts a cautious, 'wait-and-see' posture in order to minimize the probability of making costly decisions		... Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities		

(Model 85, 10,000 bootstrap samples). It was hypothesized that the strength of the link between EO/EB on RM, DA, and SCA varies with cognitive readiness in that the links are more substantial for R&CSFs that possess the necessary resources, technologies, and staff capabilities as they particularly value EO/EB benefits in their decision-making. The model controlled for firm type, age, size, ownership, technology, and variance marker as a covariate.

The results confirmed a significant positive interaction effect of

cognitive readiness on RM (Interaction = .166, $p = .044$, LLCI: 0.003, ULCI: 0.329), confirming H_{7a} . Thus, while the impact of EO on RM is positive and significant, this effect significantly increases with cognitive readiness. As seen in Fig. 2, the result of the slope test shows that firms' EO has a more substantial impact on RM when cognitive readiness is vital, and the slope is relatively weak for cognitive readiness.

In addition, a significant moderated mediation effect of cognitive readiness was found. The index of the moderated mediation via RM

Table 4

Measurement model (formative indicators): Risk management.

Item(s)	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted	VIF	Weights	t-value	Items deleted
Reduction	0.881	0.884	0.918	0.737				
Redu1. Our retail/consumer service firm can identify long-term risks to human life from a major disruption.					2.606	0.295	1.228*	Retained
Redu2. Our retail/consumer service firm can analyze long-term risks to human life from a major disruption.					3.784	0.268	1.953*	Retained
Redu3. Our retail/consumer service firm has alternatives to reduce the effects of a major disruption when it occurs.					3.122	0.239	2.378**	Retained
Redu4. Our retail/consumer service firm staff understands the potential hazards that may cause major disruptions to our business.					2.923	0.315	1.841*	Retained
Readiness	0.810	0.813	0.875	0.638				
Read1. Our retail/consumer service firm has developed its operational systems to cope with major disruptions.					3.883	0.282	1.327*	Retained
Read2. Our retail/consumer service firm has proper capabilities to immediately respond to major disruptions.					3.994	0.219	1.103*	Retained
Read3. Our retail/consumer service firm has a "To-do" list and plan when major disruptions happen.					2.732	0.391	1.497*	Retained
Read4. Our retail/consumer service firm has can rely on a robust communication network when major disruptions happen.					1.486	0.286	1.944*	Retained
Response	0.894	0.897	0.934	0.825				
Resp1. In our retail/consumer service firm, actions are taken immediately before major disruptions happen to save lives and property.					2.290	0.464	2.189**	Retained
Resp2. In our retail/consumer service firm, actions are taken immediately during major disruptions to save lives and property.					1.932	0.219	2.971**	Retained
Resp3. In our retail/consumer service firm, actions are taken immediately after major disruptions to save lives and property.					1.775	0.466	1.127*	Retained
Risk Recovery	0.805	0.811	0.886	0.722				
Reco1. Our retail/consumer service firm is well connected to organizations responsible for recovery after a major disruption.					1.590	0.410	5.607***	Retained
Reco2. Our retail/consumer service firm keeps organizations responsible for recovery informed after a major disruption.					1.867	0.424	6.020***	Retained
Reco3. Organizations responsible for recovery inform my retail/consumer service firm after a major disruption.					1.596	0.388	4.809***	Retained
Reco4. Our retail/consumer service firm and other organizations responsible for recovery help each other to recover from a major disruption.					1.472	0.410	5.607***	Retained

Note: *p < .10, **p < .05, ***p < .01.

(EO→RM→SCA, Index: 0.109, LLCI: 0.001, ULCI: 0.117) and the moderated serial mediation effect via RM and DA (EO→RM→DA→SCA, Index: 0.169, LLCI: 0.08, ULCI: 0.011) were positive and significant. As illustrated in Figs. 3 and 4, the result of the slope test (cf. Aiken et al., 1991; Preacher et al., 2007) show that firms' EO has a more substantial impact on DA (Fig. 3) and SCA (Fig. 4) when cognitive readiness is vital, and the slope is relatively weak for cognitive readiness. Thus, the mediating effect of EO via RM and DA on SCA increases with increasing cognitive readiness. These results show the interaction effect of cognitive and EO on DA and SCA was significant, supporting H_{7b} and H_{7c}, respectively.

Regarding H₈, the results did not confirm a significant positive interaction effect of cognitive readiness on RM (Interaction = −0.16, p < .005, LLCI: −0.32, ULCI: −0.02), rejecting H_{8a}. Moreover, a significant moderated mediation effect of cognitive was not found. The index of the moderated mediation via RM (EB → RM → SCA, Index: −0.54, LLCI: −0.20, ULCI: 1.29) and the moderated serial mediation effect via RM and DA (EB → RM → DA → SCA, Index: −0.55, LLCI: −0.99, ULCI: −0.12) was

negative and insignificant. No support for H_{8b} and H_{8c} was found as the interaction effect of cognitive and EB on DA and SCA was insignificant. Fig. 5 illustrates the data analysis outcomes, including beta value and status of significance, and R² value for each relationship.

4. Discussion

Using data collected from 246 R&CSFs in Japan, our research results reveal that the strategic entrepreneurial posture of R&CSFs (i.e., EB and EO) positively influences the RM initiatives within them (H_{1c} and H_{2a}). On the contrary, conventional entrepreneurship literature emphasizes that the notion of EO tends to be resource-consuming, meaning that entrepreneurial behavior will, to some extent, be limited by the resource base of business firms. Further, it emphasizes that EB is inherently risky as it discusses how a business firm could become innovative and competitive by utilizing existing resources in a resource-constrained environment (cf. Senyard et al., 2014). However, in line with Mohammadi (2021) and Salunke et al. (2013, 2019), in somewhat of a

Table 5

Model coefficients for the mediation effects of RM and DA – Unstandardised direct & indirect effects.

			Consequent											
Antecedents			RM (M1)			DA (M2)			SCA (Y)					
Direct effects			Coeff	SE	p	Coeff	SE	p	Coeff	SE	p			
X1	EO	a_{11}	.418	.061	<.001	a_{12}	.034	.070	<.001	c'_{11}	.297	.081	.000	
X2	EB	a_{21}	.214	.043	<.001	a_{22}	.124	.054	<.001	c'_{12}	.183	.064	.004	
M1	RM					d_{12}	.254	.043	<.001	b_1	.233	.057	.000	
M2	DA							b_2	.212	.058	.000			
Constant			i_{M1}	.245	.712	.730	i_{M2}	.245	.712	.730	i_Y	.108	.703	.877
Firm Type (Type)			c_{11}	.0001	.108	.000	c_{12}	.000	.108	.999	c_{13}	-.001	.106	.986
Firm AGE (Log) (AGE)			c_{21}	.271	.104	.594	c_{22}	.271	.104	.010	c_{23}	.259	.103	.012
Firm Size (Log) (SIZE)			c_{31}	-.060	.146	.682	c_{32}	-.060	.104	.682	c_{33}	-.090	.144	.534
Ownership (OWN)			c_{41}	-.052	.103	.613	c_{42}	-.052	.103	.613	c_{43}	-.058	.102	.567
Technology (TECH)			c_{51}	.151	.103	.144	c_{52}	.151	.103	.144	c_{53}	.105	.103	.306
Variance Marker (MV)			c_{61}	.119	.066	.814	c_{62}	.119	.066	.070	c_{63}	.136	.065	.038
Cognitive Readiness			c_{71}	.133	.075	.078	c_{72}	.133	.075	.078	c_{73}	.115	.074	.123
			R ² = .241 F (7,4320) = 11.875, p < .001			R ² = .241 F (8,3902) = 37.491 p < .001			R ² = .366 F (9,4776) = 81.665 p < .001					
Indirect effects			Effect			BootSE			BootLLCI			BootULCI		
EO → RM → SCA			$a11b1$			.171			.028			.121		.181
EO → DA → SCA			$a12b2$			.069			.028			.020		.129
EO → RM → DA → SCA			$a11d12b2$			.0001			.005			-.010		.013
Total indirect effect						.062			.024			.018		.114
EB → RM → SCA			$a21b2$			.069			.028			.021		.131
EB → DA → SCA			$a22b2$			.069			.028			.020		.129
EB → RM → DA → SCA			$a21d12b2$			.003			.005			-.010		.013
Total indirect effect						.001			.006			-.012		.017

Note: EO = Entrepreneurial orientation; EB = Entrepreneurial bricolage; RM = Risk management; DA = Differentiation advantage; SCA = Sustained competitive advantage.

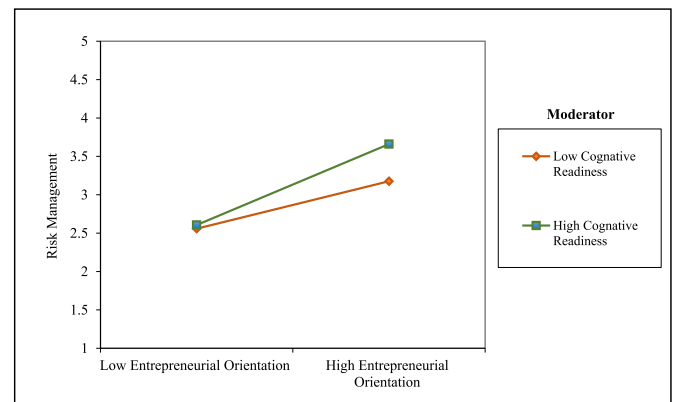
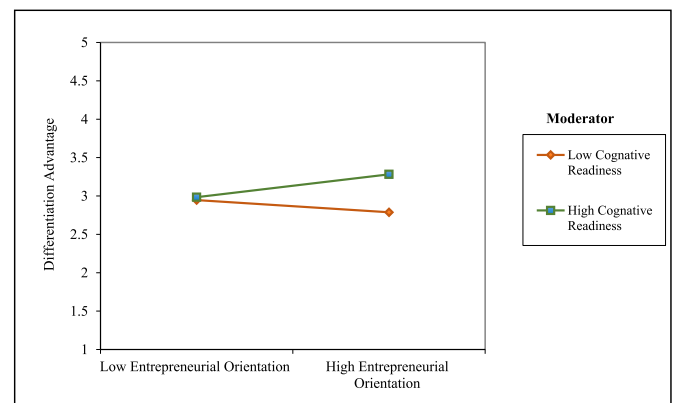
Table 6

Overview of results.

Hypothesis	Hypothesized path(s)	Result
H _{1a}	EO → DA	Supported
H _{1b}	EO → SCA	Supported
H _{1c}	EO → RM	Supported
H _{2a}	EB → RM	Supported
H _{2b}	EB → DA	Supported
H _{2c}	EB → SCA	Supported
H _{3a}	RM → DA	Supported
H _{3b}	RM → SCA	Supported
H ₄	DA → SCA	Supported
H _{5a}	EO → RM → SCA	Supported
H _{5b}	EO → DA → SCA	Supported
H _{5c}	EO → RM → DA → SCA	Rejected
H _{6a}	EB → RM → SCA	Supported
H _{6b}	EB → DA → SCA	Supported
H _{6c}	EB → RM → DA → SCA	Rejected
H _{7a}	Cognitive readiness * EO → RM	Supported
H _{7b}	Cognitive readiness * EO → DA	Supported
H _{7c}	Cognitive readiness * EO → SCA	Supported
H _{8a}	Cognitive readiness * EB → RM	Rejected
H _{8b}	Cognitive readiness * EB → DA	Rejected
H _{8c}	Cognitive readiness * EB → SCA	Rejected

departure, in this paper, we argue that although the entrepreneurial posture of R&CSFs may generate risks in certain situations, it also influences the development of a firm's resistance to risk. The findings also align with Gamage and Tajeddini (2022), who emphasized that risk-taking is integral to entrepreneurial-oriented tourism and hospitality firms operating in the competitive business environment.

The findings indicate that EO and EB contribute to creating an SCA in R&CSFs (H_{1b} and H_{2c}). However, the review of retail and service marketing literature reveals that although EO and EB have been considered critical factors in increasing organizations' competitiveness (Pati et al., 2021), the mechanism in which EO and EB create increased organizational competitiveness is largely omitted (Steffens et al., 2022). Our findings fill this void in extant literature by highlighting that EO and EB contribute to increased organizational competitiveness through

**Fig. 2.** The interaction of effects of entrepreneurial orientation and cognitive readiness on risk management.**Fig. 3.** The interaction of effects of entrepreneurial orientation and cognitive readiness on differentiation advantage.

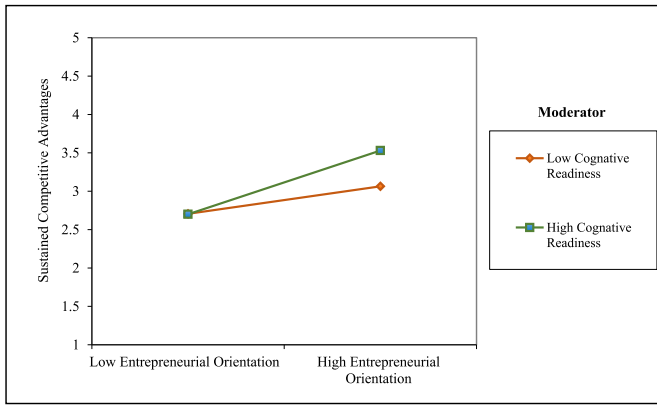


Fig. 4. The interaction of effects of entrepreneurial orientation and cognitive readiness on sustained competitive advantage.

effective RM (H_{5a} and H_{6a}) and creating a DA (H_{5b} and H_{6b}). This finding is mainly consistent with Teece's (2021) perspective of whether or not a competitive advantage is sustained contingent on how a business firm utilizes its resource portfolio. Further, this result contributes to the competitive strategy theory (cf. Porter, 1985) by assessing the mediating effect of DA and RM on the relationships among EO, EB, and SCA of retail and consumer service firms.

However, as expected, our findings did not support the double mediation effects of RM and DA on the relationships among EO, EB, and SCA of R&CSFs (H_{5c} and H_{6c}). This inconsistent finding may have stemmed possibly due to the unique cultural setting i.e., high levels of

uncertainty avoidance, seeking stability and predictability (Blocker and Flint, 2007). It would therefore pose a problematic paradox for managers in managing the R&CSFs to achieve an SCA in Japan. Because on the one hand, there are benefits to having an effective RM plan, such as allowing them to avoid uncertainty as much as possible. On the other hand, having a robust and rigid RM plan hampers employees' collective creative potential forcing them to follow a norm and hampering service innovation potential.

Contrary to our expectations, even cognitive readiness for change did not moderate the relationships among EB, RM, DA, and SCA (H_{8a} - H_{8c}). This may be mainly due to the long-term orientation that we would notice in Japan (Hofstede, 2001; Tajeddini & Trueman, 2012). Since business firms in Japan are great at taking the long-term view, the influence of employees' readiness to accept change may not play a vital role in mobilizing and recombining their existing resources to build and sustain a competitive advantage today.

5. Conclusion and recommendations

Drawing from a sample of 246 R&CSFs in Japan, this paper developed and empirically tested a configurational model delineating how entrepreneurial-oriented R&CSFs strategically combine existing resources to create an SCA while managing risks to differentiate their services and stay ahead of rivals. The outcomes revealed that the contingent effects of EO and EB on DA and RM positively influence the creation of an SCA for R&CSFs. The results further supported the proposed moderating effect of cognitive readiness for change on the relationships among EO, RM, DA, and SCA. Collectively, these outcomes have some important theoretical contributions and managerial

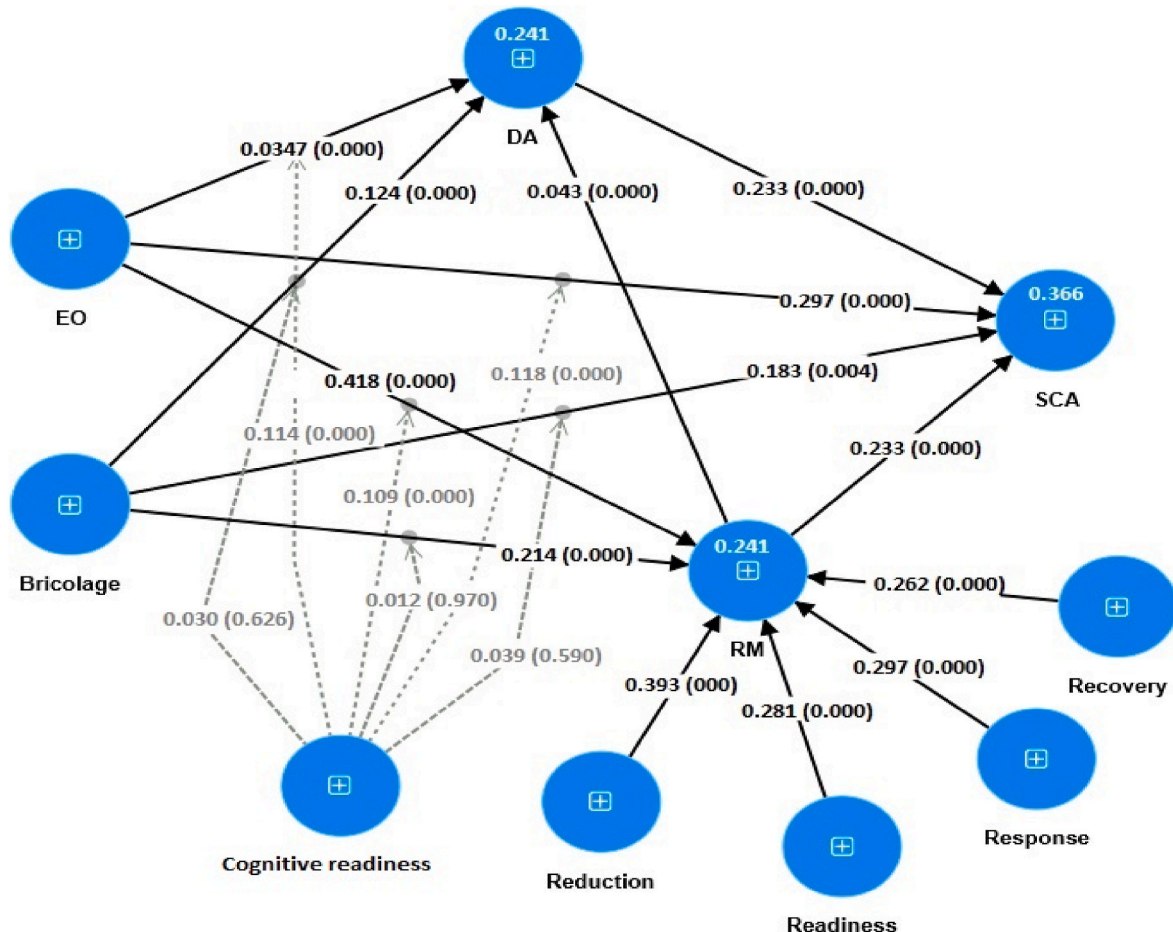


Fig. 5. The outcomes (beta value and status of significance, and R^2 value for each relationship).

implications.

5.1. Implications for theory

Our findings contribute to theory in four main ways. First, this paper adds to the bricolage theory and the DCV by conceptualizing EB, EO, and RM as dynamic capabilities that have the potential to add value to the SCA of retail and consumer service firms. Strong dynamic capabilities are necessary to the accomplishment of business firms today as the global economy has become more volatile, uncertain, complex, and ambiguous during this post-COVID-19 pandemic. However, previous research on EB primarily focuses on the manufacturing sector (Chen et al., 2022). This paper demonstrates the potential applicability of the DCV and bricolage theory to the retail and service marketing research domain, representing a novel manifestation of service innovation in the retail and consumer service firm context. Further, our findings will benefit R&CSFs in Japan. This is because, as Teece (2021) emphasized, dynamic capabilities are undermined by improving ordinary capabilities that rely on standard operating procedures that can be honed into best practices in most business firms in Japan, thus reducing their competitiveness.

Second, most prior studies on entrepreneurial initiatives of R&CSFs have examined the causal relationship between EO in enhancing business performance in normal circumstances. The entrepreneurial endeavors in resource-constrained business environments have received little scholarly attention in retail and service marketing literature (Grimmer, 2022). Nevertheless, today, most R&CSFs operate in a resource-constrained environment, mainly due to the challenges created by the global pandemic and growing environmental sustainability concerns (Grimmer, 2022; Ploeg et al., 2021). This paper addresses this void in prior retail and service marketing literature by providing novel insights into the potential of the strategic combination of EO and EB in achieving SCA in retail and consumer service firms. The findings suggest that when R&CSFs operate in resource-constrained contexts, management differences in strategic capabilities and resources (e.g., EB, EO, RM) determine SCA.

Third, this paper extends most prior studies on RM, which evaluated RM as a dichotomy concept between the existence/non-existence of an RM plan (e.g., Daud et al., 2011; Liebenberg and Hoyt, 2003) by conceptualizing RM as a multi-dimensional construct, thus giving a more comprehensive perspective of the RM initiatives of retail and consumer service firms. Further, by conceptualizing RM as a dynamic capability, our paper contributes to conventional RM literature that primarily focuses on the direct and bi-variate linkage between RM and organizational performance outcomes. Consequently, our paper provides an increased understanding and insights into the mediating impact of RM on the relationships among EO, EB, and SCA by considering all its dimensions.

Fourth, our paper contributes to the retail and service marketing literature by investigating the proposed configurational model in an under-researched research setting, namely Japan. Despite Japan being a country with consistent economic growth and a prominent player in international business, retail and service marketing research appearing in high-indexed journals taking Japan as the research context is sparse. However, conducting retail and service marketing research in Japan is vital due to its idiosyncratic high uncertainty avoidance culture and custom (Hofstede, 2001) albeit the country is among technological leaders. Nevertheless, Cowden et al. (2022) emphasized that uncertainty avoidance negatively relates to two elements of EO: risk-taking and proactiveness. Further, as Adomako and Tran (2022) and Lim and Ok (2021) noted, the relationship between innovation and firm performance tends to be stronger in collectivist cultures than in individualistic cultures. Consequently, a weaker or perhaps insignificant effect of EO on SCA would be reasonably expected in the Japanese content. Contrary to our expectations, we found that EO positively influences SCA in this study, as specified in hypothesis 7. On the one hand, the robustness of

our findings further confirms the universally accepted phenomenon: a positive influence of EO on firm performance. However, on the other hand, it befits scholars to continue to probe how cultural differences may change the nature of the EO and firm performance linkage.

5.2. Implications for practice

Our findings have several significant implications for managers of retail and consumer service firms. First, R&CSFs pursuing an SCA through novel approaches to service innovations must embrace an entrepreneurial mindset in their strategic decision-making. Since innovativeness, proactiveness, and risk-taking are essential elements in entrepreneurial behavior, to become competitive, R&CSFs must know how to recombine existing resources in creating service innovations, given that various resource constraints are prevalent in modern markets. Strategically recombining existing firm resources and capabilities to develop superior alternatives that offer distinctive customer benefits is likely to give R&CSFs a competitive edge that is likely to be sustained in the long run.

Second, as the results indicate, managers in R&CSFs could leverage EO and EB to identify new opportunities for value creation and create SCA. Thus, top-level managers are advised to leverage EB and EO to identify novel service-centered value creation potentials. Since the non-managerial level employees are the actual users of firm resources, they may better understand the potential new uses of resources that managers may not be aware of. Consequently, the top-level managers can facilitate internal brainstorming sessions as a platform that allows the non-managerial level employees to discuss the potential value-creation opportunities that emerge in applying existing resources. They can also introduce formal awarding ceremonies to encourage employees to discover potential service innovation opportunities using existing firm resources, such as recombining existing firm resources to capture emerging customer demands via service innovations.

Third, due to the long-term view most R&CSFs in Japan pursue, dynamic capabilities are undermined by overemphasizing ordinary capabilities to ensure the stability of the businesses in the long run (Teece, 2021), thus reducing their competitiveness in the rapidly changing western markets. However, they need to focus on better acting in the present. Our findings emphasize that executives should be mindful that EB and EO strategic capabilities might be promising alternatives to spark creativity, inspiration and infuse novel service ideas within Japanese R&CSFs that enable them to build and sustain a competitive edge in the long run.

5.3. Limitations and future research directions

With no exception, in this research paper, we have some limitations to be addressed in future studies. The first constraint is the nature of cross-sectional data, which does not allow us to recognize the dynamic nature of the causation between the key constructs used in the proposed configurational model. A longitudinal study would provide more conclusive and generalizable results when examining the causal effects. Second, quantitative data can only be used to determine the relationships among the constructs of interest. However, this type of data cannot explain why such associations exist. Instead, qualitative data could have ascertained the significance of the suggested relationships among the major constructs. Therefore, future researchers can use the mixed-methods approach to conduct a more comprehensive examination of the role of EO and EB in building and sustaining competitive advantage in retail and consumer service firms. Third, the use of single respondents in data collection may have caused the issues of respondent bias, or, in some instances, the respondent might not be aware of the actual situation of the business firm. However, this has partly been overcome in this paper by using top and senior managers as key respondents, as they are likely to be directly involved in strategic decision-making within business firms. Further studies could consider using multiple respondents as

key informants within a single business firm. Fourth, measurement scales used to measure EB, DA, and SCA in this paper were relatively less complicated but appropriate, given that they depict firm behavior rather than actual firm behavior. However, developing multidimensional scales for these constructs deserves further research. Finally, the study sample is limited to R&CSFs in Japan. Consequently, future researchers can test the proposed model in various R&CSFs with differing scales of operations covering different country contexts.

Declaration of competing interest

The authors report there are no competing interests to declare.

Data availability

The data that has been used is confidential.

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