Sustainability Analysis and Strategy to Increase Company Value

THESIS

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ABSTRACT

This article discusses the phenomenon of Livestreamers and Vtubers that are becoming increasingly popular in the digital entertainment industry. Livestreamers and Vtubers use virtual avatar technology to interact with live audiences through live broadcasts. The concept of avatars in the virtual world allows users to create unique and interesting digital representations. In addition, the article also discusses the internal conflicts that occurred between Vtubers and their agencies, as well as the social and reputational impact of the company after significant changes. Using a conflict management approach, this research identifies the sources of conflict and seeks constructive solutions. Case studies were conducted to analyze the change in a specific context and understand its impact. In addition, the article also discusses the theory of corporate sustainability in supporting the growth and sustainability of the Vtuber agency. Thus, this article provides an in-depth insight into the current trends in digital entertainment and their implications for the entertainment industry as a whole.

Keywords: Strategy, Sustainability, Corporate Values, Black Company

SUMMARY

Sustainability Analysis and Strategy to Increase Company Value

1. **Background**

This research explores the rapid rise of livestreaming in the entertainment industry, focusing on the emergence of VTubers—content creators who use digital avatars instead of real-life appearances. Originating in Japan with Kizuna Ai in 2016, VTubers have since gained global popularity, offering anonymity and creative flexibility. However, as the VTuber industry grows, agencies managing these talents face scrutiny regarding ethical practices and reputation management.

The study specifically examines the case of Nijisanji EN, a VTuber agency that has faced allegations of being a “Black Company” due to internal controversies, workplace issues, and lack of transparency. This label negatively affects the company’s reputation, employee relations, and public trust. The research aims to analyze the impact of this status, identify contributing factors, and propose strategies for reputation recovery and sustainable corporate management.

Addressing a research gap, the study provides a new perspective on how digital entertainment agencies handle reputational crises. It contributes theoretically by expanding literature on corporate ethics in the VTuber industry and practically by offering recommendations for agencies to rebuild trust and improve transparency. The findings are relevant for stakeholders in the digital entertainment sector, emphasizing the importance of reputation management in sustaining long-term success.

2. **Research Problem**

The research problem can be summarized into three, such as “Impact of Black Company Status”, “ Identifying Causal Factors”, “Image Rehabilitation”. These three problem aim to explore the relationship between company status, reputation management, and stakeholder trust in the context of Vtuber agencies, highlighting the challenges and strategies for addressing reputational crises.

3. **Research Aim**

The research aims to thoroughly analyze the impact of "Black Company" status on the reputation and social influence of Vtuber agencies, specifically focusing on Nijisanji EN, while assessing how this designation

affects perceptions among employees, fans, and business partners. Additionally, it seeks to identify and explore the internal and external factors that contribute to a Vtuber agency being categorized as a "Black Company," including the relevant conflicts and reputation challenges. Furthermore, the study intends to develop actionable recommendations and strategies that Vtuber agencies can implement to rehabilitate their image, restore trust with stakeholders, and improve sustainability practices in corporate management following a decline in reputation. Overall, these aims underscore the importance of understanding reputation management dynamics within the digital entertainment industry.

4. Research Method

The research employs a qualitative methodology to explore the complexities surrounding the "Black Company" status in the context of Vtuber agencies, particularly Nijisanji EN. Data is collected through a combination of literature review, case studies, and interviews with key stakeholders, which include industry experts, employees, and fans. This multi-faceted approach enables a comprehensive analysis of the internal and external factors affecting the agency's reputation and social impact. The study systematically categorizes and analyzes the collected data, focusing on identifying patterns and correlations that illuminate how the "Black Company" label influences stakeholder perceptions and agency performance. The findings aim to inform practices for reputation recovery and sustainability in the rapidly evolving digital entertainment landscape.

5. Research Result

The research findings indicate that the designation of Nijisanji EN as a "Black Company" significantly detracted from its reputation and adversely affected its relationships with stakeholders, including employees, fans, and business partners. Key factors contributing to this status included unethical labor practices, poor internal communication, and a lack of transparency, which led to heightened scrutiny and criticism from the public. The study revealed that the negative social impact of being labeled a "Black Company" resulted in decreased trust, diminished employee morale, and a shift in audience engagement. However, the research also identified several pathways for recovery, such as the implementation of transparent communication strategies, improved labor practices, and active engagement with the community. These steps are crucial for rebuilding trust and restoring a positive corporate image in the competitive digital entertainment industry. Overall, the findings underscore the importance of effective reputation

management and sustainability practices for Vtuber agencies to navigate reputational crises and foster long-term viability.

6. Conclusion and Recommendation

In conclusion, the research underscores the critical importance of reputation management for Vtuber agencies like Nijisanji EN, particularly in the face of being labeled a "Black Company." The findings illustrate that unethical labor practices and lack of transparency can severely impact stakeholder trust and corporate image. To address these challenges, the study recommends that agencies adopt comprehensive strategies that prioritize ethical practices, enhance internal communication, and foster transparency with stakeholders. Implementing these strategies is vital for restoring trust and rebuilding a favorable reputation. Additionally, agencies should engage proactively with their communities and adapt to the evolving dynamics of the digital entertainment landscape to ensure long-term sustainability and positive relationships with fans and other stakeholders. This approach not only addresses the current reputational issues but also positions Vtuber agencies for future success in a competitive industry.

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CHAPTER 1
INTRODUCTION

1.1. Background

In an era where technology is developing very rapidly, including in the world of entertainment, many people use the internet as entertainment (Mustika & Maulidah, 2023). On the internet media, people can listen to music for free, play games on platforms such as Steam, communicate with communities, and also watch videos from the YouTube platform. This then developed an idea that then emerged to create interesting and different entertainment from before so that it could be enjoyed by various age groups according to their favorite media interests, and that's when livestreamers emerged. Livestreamers do live video content where people from various places can watch events that are recorded live and can interact with the streamer directly. With the popularity of streaming in the entertainment world, most streamers have almost the same content, making it difficult for them to gain popularity and have to rack their brains to be unique and different from others in order to compete to stand out from other streamers (Nugraha, 2023).

With the many types of streamers that exist, the emergence of Vtuber certainly brings a unique and new interest where they use avatars as their personas instead of using their own faces as their identities, providing anonymity to the person using the avatar and free from doxing. The concept of Avatar itself is a digital representation of a person in the virtual world. In the digital world, especially in video games, an avatar is a representation of the user that can be customized according to each person's wishes. The avatar created can reflect a person's real physical appearance or can be created through creative imagination that is contrary to real life. In spiritual and religious concepts such as Hinduism, Avatar refers to the incarnation or manifestation of the gods on earth (Ananda, 2023; Diputra, 2023). The most famous example of a god is the incarnation of Lord Vishnu, such as Rama and Krishna, where in this context it is the form taken by the god to overcome a crisis to restore the balance of the world back to normal (Suwendra, 2018; Jati, 2018). In media such as films, books, and animated series, Avatar: The Last Airbender (2005-2008) is one of the popular examples in the animated series category, where the main character named Aang uses the concept of avatar as the reincarnation of the spirits of his predecessor avatars who can control the four elements of nature. From this context, the concept of avatar is used to describe a representation, entity, or manifestation that functions as an extension or embodiment of the user in a different reality (Pando, 2014).

The term Vtuber was first used by Kizuna Ai in Japan in 2016 and was called Vtuber by abbreviating Virtual Youtuber. Virtual Youtuber refers to a virtual avatar that forms a virtual character that broadcasts, using motion capture technology such as Vtube Studio and CG technology such as VRoid studio. The popularity of Vtuber then spread from Japan, Korea, America, and even entered Indonesia with their own unique Vtuber characteristics. Some famous Vtuber representatives such as Kizuna Ai from Kizuna AI Inc., Japan, Iron Mouse from Vshojo America, Kobo Kanaeru from Hololive Indonesia, Aza from VirtuaReal at Bilibili China, and many others. Due to the popularity of Vtuber, some streamers have even adopted this trend into their streaming activities in order to protect personal information and even many of the famous streamers have become Vtubers by leaving their previous identities to become Vtubers completely with new identities and are even willing to delete old accounts. Recently, not only doing regular streaming, Vtubers have also evolved into professional musicians such as singers and idols thanks to agencies such as Hololive and Nijisanji that have emerged where they gather various Vtubers to be combined into a management. Compared to independent streamers, Vtubers supported or operated by companies usually act as the talent behind their characters, but usually do not have the rights to their characters, streams, or social media channels. This is one of the causes of the problem with one of the talents from the UK branch of Nijisanji which then caught the attention of researchers to conduct an Analysis.

The role of companies in building a positive reputation and social impact is increasingly becoming a major focus for business sustainability (Sarnisa et al., 2022; Sjioen et al., 2023; Adrai & Perkasa, 2024). A good reputation and positive social impact not only reflect the company's overall performance but also affect relationships with stakeholders, including employees, customers, investors, and the general public. However, not all companies are able to maintain their reputation and social impact well, as in the case of Nijisanji EN. Nijisanji EN, an agency known in the Vtuber industry, has been in the public spotlight after being considered a Black Company due to various controversies and internal problems that have been revealed. From a lack of transparency in communication to cases of workplace bullying, the company faces major challenges in maintaining a positive reputation and social impact. The term "dark company" refers more to companies that employ office workers or factory workers excessively.

The social impact and reputation of a company after becoming a Black Company not only affects the image of the company itself, but can also have an impact on the employees who work in it, relationships with business partners, and trust from the wider community (Rachmad et al., 2023; Cindrakasih et al., 2024). Therefore, it is important to conduct an in-depth analysis of the consequences of this Black Company status, as well as identify steps that can be taken to improve the company's image and restore relationships with stakeholders. Through a deep understanding of this case, we

can learn from the mistakes that occurred and formulate the right strategy to achieve better sustainability and corporate value. Thus, an analysis of the social impact and reputation of a company after becoming a Black Company is very important in an effort to improve the company's image and rebuild trust from stakeholders and fans of each Nijisanji EN Liver. This study aims to analyze the development of Nijisanji EN starting from their high popularity to the time when their company experienced a rapid decline in shares and also the reasons why Nijisanji was included in the black company category.

1.2. Research Gaps

The research gap in this article refers to the lack of in-depth studies on the social and reputational impact of companies known as “Black Companies” in the context of the Vtuber and Livestreamer industry. While there are a number of studies that address the Vtuber phenomenon and conflict management issues in the digital entertainment industry, many of these studies have not explored specifically how the “Black Company” status affects the relationship between agencies and Vtubers, as well as the impact on audiences and fan communities.

In addition, this article highlights the need for a more comprehensive analysis of how companies can repair their image and rebuild trust with stakeholders after experiencing a reputational crisis. This is especially important in the context of changing social media dynamics and increasing fan engagement that could potentially affect the sustainability of Vtuber agencies. As such, this article contributes to the existing literature by offering a new perspective and systematic methodology to explore these issues, as well as providing a basis for further research in this area.

1.3.Problem Formulation

The problem formulations that can be studied in this research are as follows

as follows:

1. What effect does the “Black Company” status have on the reputation and social impact of a Vtuber agency like Nijisanji EN?

2. What are the factors that lead to a Vtuber agency being identified as a “Black Company”?

3. How can Vtuber's agency repair its image and rebuild trust with stakeholders after experiencing reputational decline?

1.4. Research Objectives

The primary objective of this research is to analyze the emerging phenomenon of Livestreamers and Vtubers within the digital entertainment industry, focusing on the

internal conflicts between these creators and their agencies, as well as the subsequent social and reputational impacts on the companies involved. This research aims to identify the sources of conflict through a conflict management approach and to explore constructive solutions that can enhance collaboration and satisfaction among stakeholders. Additionally, the study seeks to examine the application of corporate sustainability theory in supporting the growth and sustainability of Vtuber agencies, providing insights into how these organizations can cultivate positive brand reputation and long-term viability in an increasingly competitive market.

1.5.Research Contribution

1.5.1. Theoretical Research Contribution

The theoretical contribution of this research lies in the development of existing literature on "Black Company" in the context of the Vtuber and Livestreamer industry. By exploring the dynamics between agencies, Vtubers, and fan communities, this research offers a new perspective on how reputational issues can impact social and economic relations in the digital entertainment industry. In addition, this article introduces a conceptual framework that can be used to understand and analyze the effects of internal and external conflicts experienced by companies in the digital age. This contribution is expected to serve as a reference for further research that wants to explore similar phenomena in other fields.

1.5.2. Practical Contribution

The practical contribution of this research relates to providing recommendations and strategies for Vtuber agencies in improving their image and rebuilding trust with stakeholders. By analyzing case studies and identifying best practices in conflict management, this research provides concrete guidelines that agency managers can use to manage reputation and relationships with employees, fans and partners. This contribution can also assist Vtuber agencies in implementing more transparent communication policies and devising more effective sustainability strategies, thereby creating long-term value for the company and its community.

1.6. Contextual Overview of the Research

This research focuses on the growing phenomenon in the digital entertainment industry, specifically related to Livestreamers and VTuber. In this context, a VTuber is an individual who uses virtual avatar technology to reach an audience through live streaming, creating a unique interaction with their fans. With the growing popularity of streaming platforms and the use of virtual technology, many Vtuber agencies have emerged, each with different characters and content styles.

Indonesia and many other countries have seen a significant rise in the digital entertainment industry, along with increased internet access and social media

usage. While this industry offers many opportunities for creativity and expression, it also faces challenges related to reputation management. One significant challenge is the assessment of "Black Company" status, which refers to companies that have unethical work practices or exploit employees.

In the context of this research, a Vtuber agency like Nijisanji EN is used as an example to understand the impact of internal and external conflicts it may face. This research analyzes not only the contributing factors to the reputation as a "Black Company" but also how it affects business performance and relationships with stakeholders, including employees and fans. By utilizing the theoretical framework of corporate sustainability and reputation management theory, this research aims to provide deeper insights into the importance of both reputation and sustainability in the digital entertainment industry. This research is important in providing a clear picture of how agencies can manage reputational challenges and adapt to changes in the ever-evolving digital landscape.

The contribution of this research is expected to help Vtuber agencies and other stakeholders understand the dynamics at play, and implement actions that can improve their sustainability and image in this competitive industry.