FIRM INTERNATIONALIZATION

INTANGIBLE RESOURCES AND DEVELOPMENT

Edited by
Sophie Nivoix and Christian Marcon

Firm Internationalization

In a fast-moving, globalized world, companies need to develop contingent plans. This book, by analyzing the practical aspects of creating and using intangible resources for international development, offers original and relevant insights on this subject.

The book offers a comprehensive analysis of the theoretical and practical aspects of using and developing intangible resources when a firm expands its international business operations. The book also sheds light on the understanding of various dimensions of intangible resources and their impacts on the efficiency and sustainability of firms. To investigate these issues, the book addresses topics that have usually either not been given enough attention, hence not sufficiently investigated, or not yet been researched at all. It refers to a broad variety of issues, including theoretical and empirical aspects of the role of intangible assets in firm internationalization. These include the reticular resources implemented by international management, methods of mobilizing cultural resources internationally, as well as the specifics of small and medium-sized enterprises in various country contexts, particularly in emerging economies.

Firm Internationalization: Mobilization of Intangible Resources will be valuable reading for scholars, researchers, and academics in the fields of international business and strategic management in particular.

Sophie Nivoix is Professor of Management Sciences at the University of Poitiers, France, and a member of the CEREGE laboratory. She has been treasurer of Atlas-AFMI (Association Francophone de Management International) since 2008 and was responsible for the Master's degree in Law and Marketing at the Faculty of Law and Social Sciences at Poitiers from 2004 to 2020.

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Introduction

Sophie Nivoix and Christian Marcon

The geoeconomic history of the world has been marked by the emergence, the influence, and then the weakening and usually the decomposition of a series of world economies, in the sense given to them by Braudel (1979): "a fragment of the universe, an economically autonomous piece of the planet, essentially capable of being self-sufficient and to which its connections and internal exchanges confer a certain organic unity". This organic unity meant neither cultural and social homogeneity nor national homogeneity nor even a harmonious and balanced economic order, the Braudelian eco-worlds resulting from a chain of subordinations and unequal exchanges.

The commercial prosperity of these world-like economies, which is a necessary condition for the development and maintenance of their political power, was already based not only on their immense internal potential but also on the ramification of their contacts across borders, and on their ability to collect and organize resources on an international scale. These resources were both material (commodities, crafts, precious products, etc.) and immaterial (know-how, knowledge).

Through a dynamic that Braudel described as endogenous to capitalism (Braudel, 1988), the world-like economies have become a competitive village whose borders have crumbled, and globalization is not necessarily a phenomenon that has been sought but rather a phenomenon that has happened. The international has become the norm.

A perpetual construction

Geostrategic considerations, the evolution of means of transport and communication, societal changes, and climatic disturbances deeply affect the management of resources on an international scale. As processes are being disseminated throughout complex value chains, the principle of economic rationality, which has prevailed unchallenged for decades, is now completed with new considerations linked to the environmental and social impact of the mobilization of resources at the international level.

The managerial practices of internationalized companies are evolving. The very idea that international management can one day be "mastered" makes no sense.

What model could make this claim? But each fundamental contribution, each field study, lifts a part of the veil and allows the actors to move forward at a safer pace.

This book is characterized by the abundance of grounded case studies. How could it be otherwise in a field of research that constantly confronts us with human matter that is not homogeneous in time or space? Understanding local contexts, practices, and fundamentals to sharpen one's thinking in action is the ambition.

Mobilizing intangible resources

The central theme of this collective work is the mobilization of immaterial resources.

Mobilization involves calling on all the physical or intellectual forces of a person or a group of people to deal with a difficult situation and implies implementing measures for concerted action. In general, a group of people is mobilized to act in a coordinated manner—not a crowd, nor just a single individual. The analysis therefore takes place at the meso-economic level: that of a small number of people in direct interaction, which must do with the complexity of this interaction because, as stated by Dominique Wolton (2009), informing is not communicating. To inform means to transmit content: facts, data, instructions, etc. To communicate means to create a relationship with another person or institution, and indicates how to consider the information transmitted. Since communication is the matrix in which all human activities are embedded (Bateson and Ruesch, 1951), management is ontologically a communicative act. From this point of view, the international dimension creates an additional complexity because if communicating means taking part in the orchestra constituted by the collective (Watzlawick, Helmick Beavin, and Jackson, 1972) in which each one plays his contribution to the common music, the larger the differences between the cultures of the musicians, the more difficult the task of producing harmonious music.

The instruments of international management investigated by this book are intangible resources. Indeed, we seek to mobilize them because they are sources of competitive advantages even though the distance dimensions of management—cultural, administrative, geographical, and economic (Ghemawat, 2001), at the origin of psychic distance (Johanson and Vahlne, 1977) create difficulties.

Three approaches to the mobilization of intangible resources have been adopted in this work.

The first part of the book questions the contribution of reticular resources to the implementation of international management. Networks, which are a major factor in economic performance, in the creation of inter-organizational alliances, the detection of business opportunities, etc., are also a powerful factor of internationalization (Jack, 2010). The various viewpoints adopted illustrate the multiplicity of issues: the choice of the specific legal form of the network, the culturally rooted practice of the network, the management of a community of experts, network access to financial resources, and the cultural complexity of the network management of an international partnership.

The second part focuses on the methods of mobilizing cultural resources internationally. The central question, if any, is communication in an intercultural context, and it goes beyond the single issue of the technical mastery of the language of the exchanges, seeing that a large part of our language is silent in the sense of Edward T. Hall (1973). The authors explore here a method of approaching communication skills through serious games, the constitution of a managerial identity by mastering an International Management Language, the explanatory nature of intercultural variables in company mergers or acquisitions internationally, and finally the specific case of non-profit organizations.

The third and final part examines the particular situation of SMEs in emerging countries when they face the international market. SMEs have to deal with possessing fewer human resources and limited mastery of the rules of the international trade compared to large groups with a greater experience in these practices. SMEs also have to face a generally unfavorable institutional context, the weight of the family dimension, the importance of the perception of the manager in the choice of the mode of entry into foreign markets, and last but not least, the role of normative resources. However, the skillful mobilization of their intangible resources can enable them to meet the challenge.

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Part 1

Network resources for internationalization

In an increasingly connected world, the exchange of information and cooperation between companies and their partners are essential for international development. The ability of firms to weave a network and to integrate into it constitutes a major benefit, creating intangible assets that are difficult to quantify but are nevertheless very present in economic activity. The importance of reticular resources is perceptible in many dimensions, and the five chapters of this part of the book provide examples of this.

First of all, Romain Weigel analyzes in the first chapter the case of franchise networks as a mode of international entry based on resources. He develops the notions of the ownership effect and the location effect in relation to the relationships between a company and its partners abroad. The concepts of procedural proximity and relational proximity are also discussed, depending on the degree of connection between the actors of a network and the density of the network. The difference between geographical proximity and organized proximity can also be established beyond the Uppsala model and its psychic distance. This insight contributes to a better understanding of the network effect, which has been little operationalized in academic research.

The networks of entrepreneurs considered as resources are then presented in the second chapter by Nawal Daffeur and Christian Marcon. Taking the case of Algeria, the authors show the differences between formal networks, supported by official institutions or bodies, and informal networks. Reticular resources are deployed in personal, commercial, social, or informational dimensions, which help the foreign investor to better understand the local environment. Thus, information related to business opportunities becomes more accessible thanks to partners and experts, without whom the obstacles to international development prove to be more delicate, long-lasting, or difficult to overcome.

The third chapter analyzes the international promotion of the expertise of a research institute. Anne Rollet invites us to consider the management of the resources of a community of experts, which leads to an increase in the skills of the network at the national level, with a view to providing international services. The sharing of resources is articulated here with managerial innovation and organizational learning. It is also linked with the appropriation of knowledge and practices by the

actors while opening up possibilities for adaptation when the demand goes beyond the local framework.

Using a network can also provide access to financial resources, which would otherwise remain inaccessible. This is what occurs through crowdfunding in the study by Yousra Abdelwahed, Hanane Elzeiny, and Johannes Schaaper in the fourth chapter. This tool is linked to the notion of informational resources via the knowledge and interest of investors in this way of financing. The comparison between two countries (France and Egypt) from different continents provides keys to understanding the attitude of potential investors and their intention to take part in crowdfunding.

This first part ends with the chapter by Vincent Montenero and Philippe Very, whose work focuses on international partnerships in the automotive industry. Focusing on the case of Russia, the authors use a sociological reading grid to contextualize the resources linked to acculturation, within the framework of networks involving numerous suppliers, long-term contracts, high-quality requirements, and the need for innovation. We perceive the evolution of social representations according to sources of attraction or tension, such as head office–subsidiary relations, hierarchical structures, or resistance to change, for example. As a result, it is necessary to be attentive to the acculturative reactions of each partner of an alliance or acquisition throughout the process of their rapprochement. These conclusions also lead us to consider the cultural aspects, which are the subject of the second part of this work.

1 The choice of entry modality— an approach based on the concept of proximity

Romain Weigel

The analysis of the process of choosing a mode of entry into a foreign market is one of the central issues for any company wishing to operate internationally. However, the challenges of international operations have evolved in recent years, as shown by the revision of the Uppsala model (Johanson and Vahlne, 2009). In this respect, it seems relevant to propose new analytical frameworks. To renew the analysis of the choice of entry mode in international operations, resource-based approaches constitute relevant theoretical frameworks that are complementary to previous analyses, which are mainly based on transactional analysis. Furthermore, it appears that theoretical development is needed to rebalance the current gap between the number of published studies on the transaction cost theoretical framework and the resource-based approach (Brouthers and Hennart, 2007; Hennart, 2009; Teece, 2014).

To this end, we propose to focus on the internationalization operations of franchise networks. These operations are relevant because, in order to invest in new markets, franchise networks can choose to set up both direct modes of franchising, through the establishment of a subsidiary in the new market, and—through indirect modes of entry—the granting of master franchises (Burton and Cross, 1995; Duniach, 2005). While these firms have already been analyzed using the theoretical framework of transactional analysis (Preble and Hoffman, 2006; Zhao, Yadong, and Taewon, 2004; Alon, 2006; Aliouche and Schlentrich, 2011), the framework of the resource-based approach has been less used while this theoretical framework is used to analyze networks in their domestic market (Bradach, 1997; El Akremi, Perrigot, and Piot-Lepetit, 2015).

A model of the mode of entry choice based on the capability approach has already been proposed in the literature (Madhok, 1997). It changes the angle of analysis of these operations by focusing on the use of specific assets of firms through the bounded rationality of actors around two effects: the location effect and the ownership effect. However, this framework does not allow us to understand all international transactions. Indeed, our study proposes to compare the actions carried out by franchisors with the theoretical predictions of this resource-based model. From the eight transactions we analyze, only five are consistent with the theoretical predictions. Therefore, we propose to amend this model by taking into account work from the field of geographical economics and more particularly the notion

of proximity. This concept is subdivided into processual proximity and relational proximity, thus proposing a renewed framework of analysis that allows us to understand more precisely the actions carried out by the franchisors.

The objective of this chapter is to show that the notion of proximity makes it possible to enrich the conceptual frameworks of the choice of the mode of international entry by proposing an application to the case of international franchisors.

The chapter is organized as follows. First, we will review the literature on the choice of the international entry mode and we will show how the study of franchisors constitutes a relevant phenomenon to be analyzed. We will then highlight not only the relevance of the approach by resources but also the need to renew this approach by the processual and relational proximities, to apprehend the new challenges related to international operations. The methodological part presents the different international situations analyzed as well as the data collection. Finally, we will present and discuss our results.

1.1.   A model based on the resource approach

In this first part, we will review the treatment of the choice of entry mode in the literature and then we will specify the analysis of an organization: international franchisors. We will then present the initial model of the resource-based approach to show how the amendments we propose fit into the philosophy of the resource-based approach analysis.

1.1.1.   *The choice of entry mode for a franchisor*

The question of the choice of international entry mode is a central issue in the international strategy literature. Shaver's (2013) article and the response by Hennart and Slangen (2015) help to understand the interest in continuing to make contributions to the problem of the choice of international entry mode, in particular through the line of research that focuses on the process of choice of the entry mode carried out by managers of multinational companies. In order to follow this direction and enrich the understanding of the international entry mode choice process, we will proceed through a firm resource-based approach, which constitutes a relevant alternative conceptual framework (Teece, 2014; Klier et al., 2017). This theoretical framework is conceptualized in the model presented by Madhok (1997). This chapter is an endorsement of this approach and shows the relevance of a resource-based analysis in the process problem of entry mode choice. This model highlights the importance of the bounded rationality of actors in deploying a firm's specific assets in a foreign market. This approach is also in line with the eclectic OLI paradigm—Ownership, Location, Internalization (Dunning, 1980, 1981, 2000)—by emphasizing the importance of the ownership element (O) in the analysis of an internationalization process.

This approach appears to be helpful in understanding a particular organizational decision-making process: the internationalization of franchise networks. Indeed, these operations are specific since they involve implementing in a new market a

commercial retailing concept that has succeeded in the domestic market. As such, the question of the transfer of the ownership advantage (O) is at the heart of the choice of the mode of international entry of a network (Dunning, Pak, and Beldona, 2007). If the initial studies on this subject treated the internationalization of franchisors as a simple extension of the domestic market (Welsh, Alon, and Falbe, 2006), other models show that the development of these networks in foreign markets is part of a problematic choice of entry mode and that it is an avenue worthy of further research (Combs et al., 2011). This particular case highlights the classic choices of a company wishing to go international. Indeed, in order to approach a foreign market, a franchisor can choose to implement a wide range of entry modes, from the complete integration of a network in the new market—through the establishment of a subsidiary—to the complete outsourcing of a network through a contractual agreement—by resorting to signing master franchise agreements (Burton and Cross, 1995; Duniach-Smith, 2005).

Analyses of the internationalization of franchise networks focus mainly on the adequacy between the selected entry mode and the conditions of the markets. These studies show a negative relationship between the degree of commitment and the level of country risk for international franchisors (Erramilli and Rao, 1993; Contractor and Kundu, 1998; Alon, 2006), that is, the higher the level of risk, the more franchisors tend to opt for indirect modes of entry, which rely mainly on the third party partners' investment in the foreign market (Zhao, Yadong, and Taewon, 2004; Preble and Hoffman, 2006; Aliouche and Schlentrich, 2011). Other studies focus on the resources of franchisors in an international operation (Hitt et al., 2000; Altinay and Wang, 2006; Doherty, 2009) but these studies focus on the process of choosing a partner without necessarily interrogating the choice of the associated entry mode. As such, we believe that the business resources approach offers an updated analytical reading of entry mode choice based on franchisors' resources.

1.1.2.   *Conceptualizing the resource approach*

In order to propose a new grid for analyzing the choice of international entry mode, it is important to go back to the foundations of the model to understand in more detail the modifications necessary to make it correspond to the challenges of the internationalization operations of today's companies.

One of the fundamental assumptions of Madhok's (1997) model is that minimizing transaction costs is not always the best strategic response to a given situation. It is necessary to compare the gains from minimizing the costs of transferring a capability to the new market with the losses in value due to the transferability conditions of the specific asset responsible for the competitive advantage in the new market. In sum, minimizing transfer costs does not always lead to maximizing the value of the competitive advantage. Two determinants are therefore retained to articulate the theoretical framework: the state of the capabilities that are the source of the competitive advantage and the state of the host market. The combination of these two determinants provides an analytical model through the elaboration of two effects: the ownership effect and the location effect.

1.1.2.1.   *The ownership effect*

The ownership effect offers similar results to the transactional approach by changing the angle of analysis. Opportunism is no longer the focus of reasoning. The main issue in the transfer of competitive advantage lies in the bounded rationality of the actors and their ability to maintain the value of the competitive advantage outside the firm's boundaries. In order to take this assumption into account, it is necessary to return to the characteristics of know-how and tacit knowledge. The nature of a firm's know-how comes from its connection with the idiosyncratic routines of the firm. The more tacit a know-how is, the more it is based on the company's routines. The value creation process of tacit know-how is closely linked to the company's routines. The risk of eroding its value outside the company's borders is therefore very high, whatever the opportunism of the partner. Indeed, the main constraint in the effective application of this advantage is the limited rationality of the partner's agents, which will not allow them to apprehend the conditions for the success of this advantage. The use of direct modes of entry with high levels of control and commitment by the firm is therefore the answer to this bounded rationality, not the opportunism of the partner. Conversely, explicit know-how is know-how whose value creation process is based on identified routines and can be apprehended by people outside the company despite the bounded rationality of the actors. In this framework, the use of indirect modes of entry with low levels of control and commitment depends on the ability of the partner's actors to maintain the competitive advantage despite their bounded rationality. The risk of erosion of the value of the competitive advantage outside the firm's boundaries is characterized by the ownership effect. This effect represents the ratio between the tacit and explicit elements of the know-how behind the competitive advantage. The more the know-how is based on tacit elements, the higher the ratio and the greater the risk of erosion of the value of the competitive advantage during a transfer outside the company. Conversely, the ownership effect is relatively weak when a majority of the elements of the competitive advantage are explicit, with the tacit–explicit ratio then being low.

1.1.2.2.   *Location effect*

In the same way, the location effect takes on the logic of the analysis resulting from the consideration of the level of uncertainty of the host country. It takes into account the adequacy of the company's competitive advantage with the host country. The competitive advantage is built on the routines of the company, but in a particular context, it is represented by the routines of the domestic market. Therefore, the match between the host country routines and the competitive advantage of the firm is a major issue in the choice of the mode of entry into a foreign market. By retaining the hypothesis of bounded rationality, the approaches adopted in light of the resources of the companies make it possible to understand the contradictions observed between the projected results occurring according to the theory of transaction costs and the empirical observations. When deploying a competitive

advantage in a new market, the first constraint for the preservation of the value of the firm's competitive advantage is the bounded rationality of its own agents. Because of their bounded rationality, they cannot grasp the complexity of the new market and preserve the value of the competitive advantage. The effective deployment and exploitation of a firm's competitive advantage by its own employees is not the norm. They may have difficulty understanding the routines of the host market and fail to translate the competitive advantage into the new context. In order to preserve the value of the competitive advantage, the differences between the domestic and host markets must be incorporated. The more different the host market is from the domestic market, the higher the share of tacit routines and the higher the localization effect. A high localization effect implies that the risk of eroding the value of know-how through a direct entry mode is high. Under these conditions, entry modes with low levels of control and commitment allow to overcome the constraint of bounded rationality of the firm's actors by relying on a partner who has knowledge of the host market routines. Unlike the results arising from a transactional approach, external agents are therefore better able to preserve the value of the firm's competitive advantage. Conversely, when the host market is relatively close to the domestic market, the location effect is weak since the tacit–explicit ratio is low. As a result, direct modes of entry, with control and commitment, are appropriate responses to this type of market. In this way, it is not the level of uncertainty in the country that directly explains the choice of mode, but its impact on the capacity of the agents of the exporting company to understand the functioning of this market.

1.1.3. Presentation of the model

By crossing the two identified effects, four analytical situations emerge that make it possible to understand the problems of international development through the preservation of competitive advantage. Two situations are consistent with the transactional analyses.

Situation 1 represents the case where a positive ownership effect is associated with a negative network effect. Both effects induce the same entry mode to preserve the value of the competitive advantage: indirect entry modes.

Situation 2 is characterized by a negative ownership effect combined with a positive network effect. Both effects are in the same direction and lead to the use of a direct entry mode into the new market to reduce the risk of erosion of the value of the competitive advantage.

Two other situations appear to explain the rationale behind the strategic decisions of international companies, and they constitute the contribution of the resource approach.

Situation 3 presents both negative ownership and location effects. This situation allows us to explain failures not expected by the external analysis of markets and, in particular, the risk of failure to use indirect modes of entry with low levels of control and commitment in distant and risky markets.
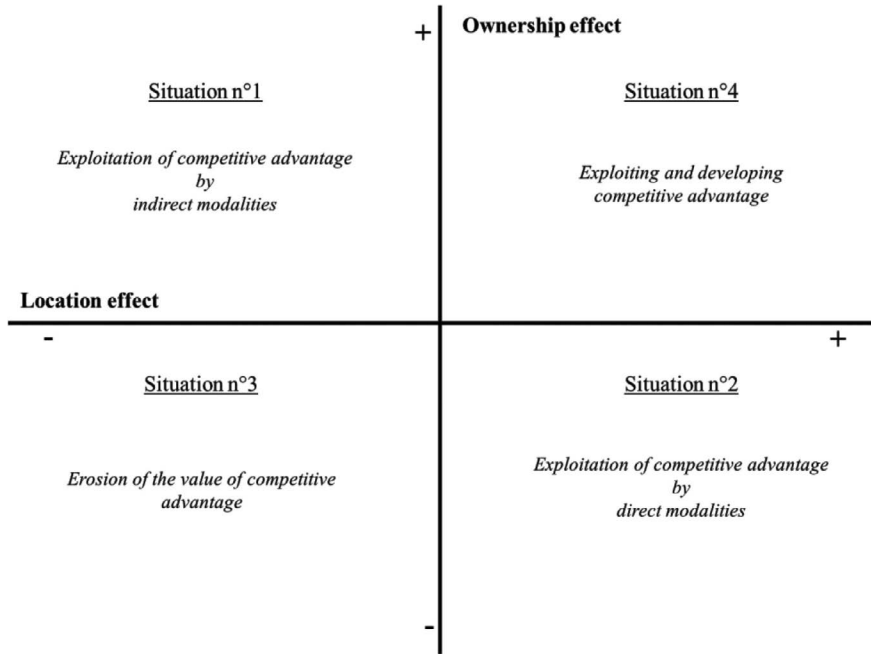
Figure 1.1 Initial analytical situations

In situation 4, the ownership effect indicates that the exporting firm has a competitive advantage based on explicit know-how that is transferable to an external partner. The location effect indicates that the development conditions of the host market do not constitute obstacles to the deployment or exploitation of the competitive advantage by the company's agents. Therefore, whatever the chosen mode of entry, the risk of erosion of the value of the competitive advantage in the new market is low.

Figure 1.1 represents the four analytical situations.

1.2.   An extension through the notion of proximity

Although this model based on the capacity approach offers an interesting reading of the analysis of the choice of entry mode, it now seems important to update it. After having presented the amendments to the Uppsala model, we will show how these modifications allow a reading of the two previous effects through the notion of proximity.

1.2.1.   The limits of the Uppsala model

In order to show how to enrich the Madhok model (1997), it is necessary to return to the evolution of the Uppsala model. Johanson and Vahlne amended the initial model

to take into account effects other than psychic distance. They returned to the basics of the 1977 model: commitment and learning (Johanson and Vahlne, 2006, 2009). In an internationalization process, companies are looking for opportunities to exploit in order to ensure their growth, whereas the identification of opportunities in a market is a function of the level of commitment of a company in that market. In this case, a company already present in a market is in a more favorable position than a newcomer. The authors then change their vision of the company. It is no longer considered an independent entity but an entity in relationships with multiple business partners with which it forms a connected and sustainable whole. Access to information in a market therefore no longer depends on psychic distance but on the presence of the company's partners in this market. In place of psychic distance, the authors substitute a "network effect". This effect constitutes a response to the limits of the psychic distance of a company. The difficulties linked to the psychic distance of a market can be overcome by a company thanks to the presence of partners in this market.

The consideration of these results relativizes the impact of the variables classically used to define the distance between two markets, and constitutes an interesting avenue for refining the framework of analysis by resources. However, although the authors have provided a theoretical answer to the limitations of the original model, this network effect is very little operationalized in the academic literature. To our knowledge, one of the only attempts to operationalize the network effect was carried out through the impact of the presence of companies from the same country and industry as the exporting company in the target country (Métais, Véry, and Hourquet, 2010). It is now important to propose analyses that take into account network issues rather than objective, cultural, or geographical distances. In this context, taking into account work from other disciplines is an interesting avenue of research to mobilize in order to take these new issues into account.

1.2.2.   *Proximity*

The work of geographical economics is a relevant avenue to be mobilized because it deepens the dimensions of the distance between two entities. Indeed, in this analytical framework, spatial distance is only one element. In order to have a finer vision of the phenomenon, it will be necessary to also take into account non-spatial dimensions. For this purpose, the notion of proximity will be used to highlight non-spatial differences between two individuals or two organizations. This approach allows a critical reading of the effects of location and ownership by taking into account the limits identified earlier.

The distance between two individuals can be analyzed through two types of proximity: geographical and organized. Geographical proximity takes into account not only the notion of physical distance but also the quality of infrastructure, transport times, and communication costs. Organized proximity allows us to take into account the other forms of proximity and is apprehended through two logics: the logic of similarity and the logic of belonging (Gilly and Torre, 2000). One of the riches of the analysis of this current is to put forward the neutral nature of these two proximities. They represent an analytical whole whose different elements must

be activated according to the studied object; certain situations lead to taking into account the organized proximity to the detriment of the geographical proximity, and vice versa. This appears particularly relevant in the logic of the revision of the analyses of internationalization processes, which tends to attenuate the importance of geographical distance in favor of organized distance.

The logic of similarity analyzes situations of interaction between individuals or organizations according to the individual characteristics of each actor and proposes a notion of processual proximity, that is, understanding the capacity of the partners to understand and exchange the processes at the origin of the competitive advantage. The processual proximity proposes a finer level of analysis than the sole consideration of the level of explicitness of the capacities linked to the franchisor's trade proposed by the ownership effect. The processual proximity is concerned with taking into account the existing working capacities of the partner, in other words to ensure that the way of working of the entity responsible for the market is in adequacy with the capacities of the franchisor's trade of the network. Beyond the formalization of the core capabilities of the franchisor's business, one must question the adequacy of these capabilities with the structure of the partner so that a strong formalization of capabilities does not ensure an optimal implementation of the competitive advantage by a partner.

The logic of belonging takes into account the network of individuals or organizations. This dimension of organized proximity measures the degree of connectivity between actors and takes into account the potential for interaction or joint actions and the capacity of actors to set up relationships. The underlying idea is that the existence of social links facilitates this networking and, in the framework of an organization, it is a question of the organization's networking capacities. This dimension of organized proximity corresponds to relational proximity (Gilly and Torre, 2000). It allows us to deepen the localization effect by taking into account not only the number of potential partners on a market but also determinants less emphasized by the academic literature, such as the mastery of the language of the target market by the person in charge of the international operation, as well as the personal network of the manager. This is consistent with the amendment of the notion of psychic distance (Johanson and Vahlne, 2009). In the same way as for processual proximity, relational proximity has an impact on the choice of the modes of franchising for the new market: a strong proximity allows the use of modes of entry with high levels of control and commitment; on the other hand, a weak proximity implies the use of modes with low levels of control and commitment in the market. Finally, this proximity is in line with recent analyses of cultural distance, highlighting the changing impact of this distance over time (Beugelsdijk et al., 2018). Indeed, this relational proximity needs to be analyzed regularly as the addition or deletion of connections in the network modifies the networking capabilities of organizations.

1.2.3.   *Proposal*

Following the example of recent works in management sciences, particularly in marketing (Bouba-Olga and Grossetti, 2008; Bergadaà and Del Bucchia, 2009;

Dufeu and Ferrandi, 2013), we propose to take into account the notion of proximity to present an analytical framework and to bring new insights to the processes of the internationalization of firms. As we have shown previously, the logic of similarity is part of the ownership effect, and the logic of belonging allows us to go beyond the limits of the location effect. In this way, it is possible to distinguish two relevant proximities to analyze the process choosing an international entry mode: processual proximity and relational proximity.

In the same way as for Madhok's model, these two proximities intersect and offer the four analytical situations as explained previously (Figure 1.1). Two situations (1 and 2) outline the exploitation of the competitive advantage. Situation 3 outlines an example of probable failure and finally situation 4 outlines an example of the exploitation and development of competitive advantage.

1.3. Methodology

In order to understand the relevance of this revisited model, we have studied cases of the internationalization of franchise networks. We will first present the international situations studied and then the data collection carried out to analyze them in light of the analytical frameworks used.

1.3.1. Description of the international operations studied

Operation 1

For the first network in this organizational situation, we focus on two international developments, in Spain and Mauritius. In Spain, a network implemented a master-franchise strategy (indirect entry mode) with partners having the same profiles as those of the French franchisees. This did not work, and the development was limited to one unit, which was bought by the brand and was a failure. For Mauritius, the franchisor also implemented a master-franchise strategy but selected another type of partner with the aim of exploiting the network's franchising capacities under another brand, adapting the concept to local specificities. The network now has two outlets owned by its partner and three franchised outlets; this is a simple exploitation of a competitive advantage, as the network abroad does not improve the overall competitive advantage of the network.

Operation 2

This estate agency network is of American origin. Founded in 1971, it arrived in France in 1993 by taking control of two networks that represented about 50 franchised agencies. Today, the network has 350 franchised agencies in France, but no business units belong directly to the network. The method chosen for the development of this brand on the French market is master franchising (indirect mode). The originality of this development lies in the particularity of the master franchisee, who is a former employee who held the position of auditor and developer of the

network on the North American market. The French entity builds with the rest of the entities of the group the global competitive advantage of the network, and it is a question of the exploitation and development of its competitive advantage.

Operation 3

The third network analyzed is a retail franchise established in South Africa through a master franchisee (indirect mode) that has developed four outlets in this market. However, although it calls itself a master franchisee, it actually owns the units developed in the market. The master franchisee does not therefore face the specific management problems of franchisees. This situation corresponds to the exploitation of a competitive advantage by the local master franchisee.

Operation 4

The fourth network analyzed is a fast-food network developed worldwide through the same entry mode: master franchising (indirect mode). We will focus on one market in particular: Russia. It is a highly developed entity that is an integral part of the franchisor's global strategy, so it is a question of exploiting and developing its competitive advantage.

Operation 5

The fifth network in this organizational situation is a network of independent commercial vehicle distributors. It is not a franchisor but a network of dealers. Although this company is not a franchise network, the development issues it faces have significant similarities with the franchise networks in our study. This Dutch company applies the same development strategy in all European countries: it consists of developing a subsidiary responsible for managing the independent distributors in each country (direct mode). The French subsidiary is fully involved in developing the competitive advantage of the global network.

Operation 6

The sixth network is a group of independent distributors with more than 1,500 outlets, of which about 50 are outside France, mainly in the French overseas departments and territories, through a direct entry mode. These non-metropolitan outlets constitute a region that is managed in the same way as a metropolitan region. It is the exploitation and development of the competitive advantage of a network.

Operation 7

The last network is in the fast food business. The market on which we are going to focus is a part of the Chinese market managed by a master franchisee (indirect mode). In the same way as for the fifth network, this master franchisee is currently

only developing its own shops. After five successive openings, the development has slowed down with the closure of three points of sale, and the development can be characterized as a failure.

1.3.2. *Data collection*

Numerical data were collected in order to situate the companies in the initial model since the location effect aims to highlight the obstacles to the exploitation of the host market by the employees of the exporting company, in this case the employees of the franchisor. To approach this notion in a numerical way, we refer to four indicators regularly used in the academic literature, which are grouped in two dimensions: the distance dimension and the risk dimension. The distance dimension between the two countries is in line with the work on psychic distance in the Uppsala theory (Johanson and Vahlne, 1977) by taking into account the geographical distance as well as the cultural distance between two countries (Angué and Mayrhofer, 2010). For our work, the geographical distance was taken into account from a distance calculator available on the Internet, based on the distance between the two countries' capitals. The cultural distance was taken into account from a database containing 71 countries on the four original dimensions of culture, identified by Hofstede (1984), available on free access. It will be taken into account implementing the calculation procedure of Kogut and Singh (1988) whose score assesses the relative difference between the country of origin and the target country. The lower the score, the smaller the cultural differences between the two markets; a score close to zero indicates cultural similarity between the target and host countries.

This element highlights that the consideration of cultural differences, notably through the work of Hofstede, remains one of the most widely used distances in the international strategy literature (Beugelsdijk and Mudambi, 2013; Shenkar, Luo, and Yeheskel, 2008) and imposes itself as a consensus to be included in the work of this academic field. The calculation procedure used remains one of the most cited and used measurement tools in the literature dealing with the internationalization of firms (Harzing and Pudelko, 2016).

The risk dimension of markets was measured through two indicators: the proposed Euromoney Country Risk (ECR) classification and the World Bank's proposed Ease to do business (EtdB) classification. The first classification is regularly used in the academic literature to capture political and economic risks (Cosset and Roy, 1991). This index assigns an overall score based on nine dimensions: political risk (25%), economic performance (25%), debt level indicator (10%), debt default risk (10%), credit assessment (10%), access to bank finance (5%), access to short-term markets (5%), access to capital markets (5%), and ease of exit (5%). The index assigns an overall score ranging from 0 to 100, with 100 being the best score. The EtdB index ranks markets on ten factors: ease of opening a business, processing of licenses, employability of workers, registration of property, obtaining credit, protection of investors, payment of taxes, trading across borders, robustness of contracts, and closing a business. The higher the ranking, the better the environment for business development.

For the ownership effect as well as for the two proximities (processual and relational), the study was based on an analysis of the professionals' discourse based on a typology of franchisors' know-how (Table 1.1) (Weigel, 2016, 2020). To position the networks on the ownership effect, we identified the level of explicitness of the franchisor's know-how at the time of the international operation in question. The analysis of the processual proximity was based on elements allowing us to characterize the capacity of the partner to implement the practices of the franchisor, notably through the size of its structure and its experience in network management. The relational proximity was approached from the qualification of the existing relations in the market by the interviewees.

Table 1.2 lists the interviews and their duration. For the interviews that we were not able to record, a summary of the notes taken made it possible to include them in the analysis. The data collection stopped when we noted the theoretical saturation of the data, which showed that taking into account new actors did not allow us to gather new information to understand international operations. The total volume of transcribed interviews was 39,796 words.

These interviews were conducted using an interview guide based on the typology of the franchising profession presented in Table 1.1.

Table 1.1 Presentation of franchisor know-how

Know-how	*Associate capacities*
Know-replicate	Distribute
	Normalize
	Train
Know-equip	Communicate
	Finance
	Install
	Supply
	Information system
Know-pilot	Animate
	Control
	Develop

Table 1.2 Presentation of the interviews

Hierarchical positions	*Status of interviews*	*Treatment of interviews*	*Duration of interviews*
Global director	Face to face	Transcribed	2h
Asian continent director	Visio	Transcribed	45 min
International manager	Face to face	Transcribed	45 min
Manager of a sub-franchisor entity	Telephone	Note taking	30 min
Manager of a sub-franchisor entity	Face to face	Transcribed	1h
Manager of a sub-franchisor entity	Face to face	Transcribed	1h
International animator/developer	Visio	Transcribed	1h15
International animator/developer	Face to face	Note taking	30 min

1.4. Results

The results of our study highlight the difference between the prescriptions of the initial model and the success or failure of international operations. In order to position the international operations on the axis of the location effect, we have used the numerical data presented in the methodology section. To position the operations on the ownership effect, we relied on the level of formalization of franchisors' practices.

Table 1.3 presents the elements obtained for all the international transactions in order to situate the companies on the location effect axis in the initial model. France was used as a base for international situations 2 and 5, which are foreign establishments on French territory (information for the United States and the Netherlands are also presented to be able to compare them with the French indicators), as well as for international situation 6, which is an establishment in the French West Indies.

As for the ownership effect, an analysis by international operation was carried out taking into account the degree of formalization of franchisor practices based on the categorization of the franchisor's profession presented in Table 1.1. The level of formalization of the three core capabilities of the franchisor's business is the variable that qualifies the level of the ownership effect.

The analysis of this second effect shows a particular characteristic of the sample: all the companies are positioned in the relatively weak impact part of the ownership effect. This property is certainly due to the specificity of the franchising business. Indeed, it is a business where the formalism of operating procedures is extremely important, which is not necessarily the case for companies with other organizational forms.

With regard to the positions on the ownership effect and the location effect, it is possible to situate all international operations on the initial model of the resource approach (Figure 1.2).

These results show that of the eight operations presented, five conform to the predictions of the initial model. Operations 1.1 and 3 present an exploitation of competitive advantage through an indirect mode of development, in accordance with the foundations of the theoretical situation 1. Operations 2, 5, and 6 also present a situation in line with the predictions of the model: an exploitation and

Table 1.3 Figures to calculate the distance between countries

Country	Cultural distance	Distance in km	Range EtdB	Score ECR	Location effect
Spain	0.25	1,000	33	66.7	Positive
Mauritius Island	1.1	9,000	32	49	Negative
France	—	—	26	75	—
The United States	1.63	6,900	7	75.66	Positive
South Africa	1.14	9,000	73	57	Negative
Russia	0.89	2,500	51	52	Negative
The Netherlands	1.6	500	27	78	Positive
French West Indies	—	7,000	—	—	Positive

+ **Ownership effect**

Situation n°1

Operation 1.1	Operation 3	Operation 4
Indirect modality	Indirect modality	Indirect modality
Exploiting	Exploiting	developing
competitive	competitive	competitive
advantage	advantage	advantage

Operation 7
Indirect modality
Failure

Situation n°4

Operation 6	Operation 2	Operation 5
Direct modality	Indirect modality	Direct modality
Exploiting and	Exploiting and	Exploiting and
developing	developing	developing
competitive	competitive	competitive
advantage	advantage	advantage

Operation 1.2
Indirect modality
Failure

Location effect

-   +

Situation n°3   Situation n°2

-

Figure 1.2 International operations in the initial model of the resource approach

development of the competitive advantage of the network through a direct or an indirect mode as suggested by the theoretical situation 4.

The three other international operations show the limits of this model and the need to amend it. Indeed, operation 4 clearly shows that a firm can exploit and develop its competitive advantage through an indirect mode despite a negative location effect supposed to prevent partners from effectively implementing the firm's competitive advantage. Finally, transactions 1.2 and 7 are also indicative of the limitations of this model as they show failures even though the chosen entry mode corresponded to the theoretical prescriptions. In the case of operation 7, it is a question of development through an indirect mode on the Chinese market, which did not work. For operation 1.2, it was the development through an indirect mode in a market with a positive location effect that failed. In order to understand these last three operations, the use of the notions of processual and relational proximity seems to be an interesting avenue of response and research.

1.5. Discussion

The notions of proximities seem an interesting avenue to enrich the analysis because they allow to change the angle of analysis and to take into account more precisely the notion of bounded rationality at the core of the approach by the capacities; they also lead to take up the elements of the evolution of the Uppsala model.

The operations that are in adequacy with the predictions of the initial model are also in conformity with the predictions of the revisited model, with the positions on the axes of processual and relational proximity being the same ones as on the axes of property effects and localization effects. For the other operations, however, the readings are different.

In the framework of international operation 7, the contribution of the proximities is an element that allows a more critical reading of the development. Although the French company was already established in many foreign countries, the case of the Chinese market was special because of the profile of the Chinese investor in this operation. This investor had no previous experience in developing a restaurant in the Chinese market. Therefore, even if the franchisor has many formalized processes, the partner does not have the skills to operate them properly. If the ownership effect, through the notion of knowledge explicitation, appeared to be positive, the notion of processual proximity appears to be negative. The actors in question do not have the necessary resources to properly exploit the know-how of the original franchisor. Moreover, in this operation, the notion of relational proximity emphasizes the importance of the relationships—formal and informal—that the company that wants to deploy itself has in the target market, rather than the notion of market distance. In this context, the company also faces a weak proximity since it has few relationships in this market. Thus, when reading the notions of proximity, the company would be more in situation 3 of the amended model, a situation that puts forward a high risk of failure in the deployment of this network whatever the entry mode. Through this reading grid, it is possible to define more precisely the expectations of the exporting company toward its partner, in order to reduce the difficulty on the notion of processual proximity.

Operation 1.2 is the failure of development through master franchising in a European country. Once again, the more precise analysis of the actor responsible for the development in the Spanish market shows that it was an actor ready to become a franchisee and not a franchisor. In this context, the processual proximity between the actors of the international operation was low. As the knowledge of the market and potential contacts of the franchisor on the Spanish market show that the relational proximity was rather positive, this international operation is located in situation 2 of the amended theoretical model. Through this new reading, it appears that a direct mode would have been more appropriate with the partner in question.

Finally, transaction 4 is an international success story as the entity in the Russian market was an integral part of the continued development of the network's competitive advantage despite being located in a country with a negative location effect. In this case, the selected basic mode allowed the competitive advantage to be properly exploited with a partner having a strong processual proximity, and the experience allowed the company to bridge the initial relational proximity deficit to finally arrive at a state of close relational proximity as well, and thus to implement a global development of its competitive advantage on this market, corresponding then to situation 4 of the amended model.

Figure 1.3 shows the change in the analysis of international operations from the amended model.
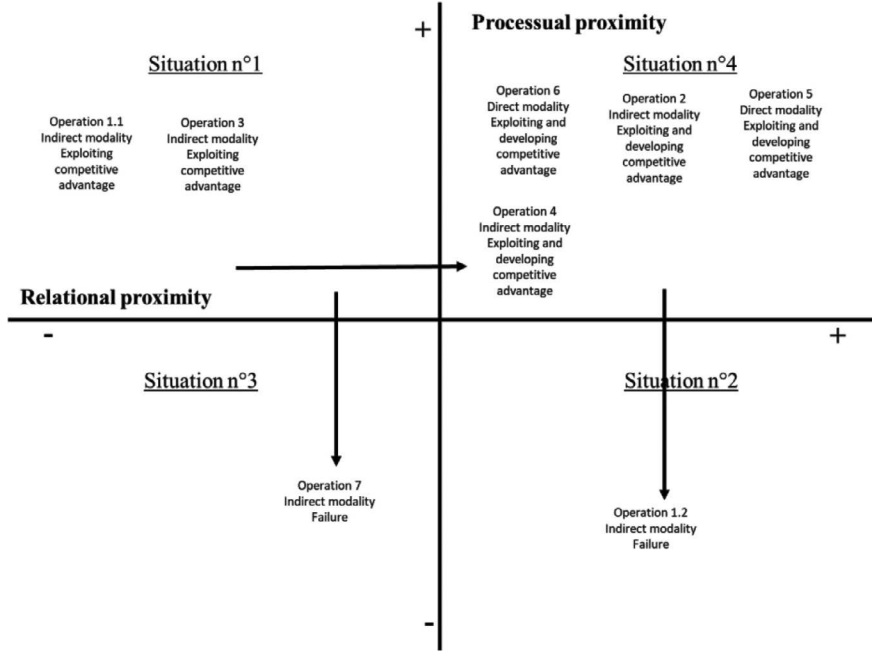
Figure 1.3 Analysis of situations with the renewed grid

1.6.   Conclusion

The notion of processual proximity provides contributions on the academic and managerial levels. Indeed, if the results of the property effect concerning the state of the know-how remain a major factor for the determination of the success of an interaction between two actors, the processual proximity shows that it is necessary to question the adequacy of these capacities with those of the partner in order to understand the processual proximity between the two actors. The latter is then determined on the one hand through the level of explicitness of the know-how of the exporting company and on the other hand according to the working capacities of the partner. This enriches the theoretical knowledge of the determinants of the choice of entry mode. In this framework, the intensity of the processual proximity is a determinant of the choice of the entry mode. The case of two firms with strong proximity represents a situation that reduces the risk of erosion of the value of competitive advantage by modes with relatively low levels of control and commitment, involving a partner. In contrast, low proximity implies the use of modes with high levels of control and commitment, using the franchisor's resources to maximize the value of the competitive advantage in the new market. From a managerial point of view, the notion of processual proximity highlights the importance of the choice of the partner in the foreign market and offers guidance for choosing the right partner for a company.

The consideration of relational proximity constitutes a theoretical advance because it takes into account a large panel of elements that can influence inter-organizational relations and takes into account observed elements that did not conceptually fit into the framework of analysis, in particular the case of a French multinational company that developed two different brands in the same country under two international franchising modes. The relational proximity makes it possible to take into account the personal competences of the manager or the management team, for example, the mastery of the language of the target country can constitute an element improving the relational proximity of a signboard toward the partners of a foreign market. Similarly, this notion makes it possible to take into account the recruitment process of personnel who have already developed franchise networks in another sector of activity in the host country. Through the recruitment of key players who already have the knowledge of setting up such networks, the relational proximity of the company to the new market is also strong, regardless of the number of companies from the same country of origin present in the target market. This notion of relational proximity appears then as a conceptual notion allowing to take into account relevant elements for the case analysis. It offers a more detailed reading of the development of international operations from both an academic and managerial point of view.

Taking into account these two proximities constitutes a new analysis grid integrating the organizational stakes of an internationalization strategy identified by the approach based on the resources of a company. However, in order to apply this analysis grid, it is necessary to ask the question of their operationalization. As far as processual proximity is concerned, beyond taking into account the level of explicitness of the franchisor's capacities, it is necessary to analyze their adequacy with those of the partner. From a quantitative point of view, if there are measurement scales that allow the level of explicitness of a company's processes to be put forward, this is not the case for taking into account the adequacy of these processes. Consequently, this proximity must be the subject of exploratory qualitative work in order to understand more precisely the dimensions of the relevant elements to be retained in order to understand the adequacy of the capacities of the two companies in the particular case of the international expansion of a franchise network or another form of network of independent distributors. The operationalization of relational proximity also requires reflection because this proximity is intended to replace the notion of distance between two markets. Although imperfect and regularly criticized, the indicators used to express the distances between two markets have the merit of existing and of proposing coherent approximations of distance since all the markets are examined through the same indicators. In the framework of relational proximity, it is no longer the context of the country that is to be taken into account but the relations of the exporting company with its partner or partners. In the same way as for processual proximity, there are no statistically validated measurement scales allowing the measurement of this dimension. Therefore, a qualitative work is necessary to identify precisely the different dimensions of this proximity and to propose a relevant proxy to measure it.

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2 Local practice of a business network for a foreign investor

The case of an Algerian business network

Nawal Daffeur and Christian Marcon

For several decades now, research on network economics, network management, network sociology, etc., has enabled authors to highlight characteristic reticular dynamics. Sometimes simply observed and described, sometimes mapped and measured with the help of increasingly sophisticated software, often problematized in terms of operational appropriation by the actors of the company in search of managerial or commercial efficiency and/or innovation, information sharing, implementation of real network strategies, etc., these dynamics are characterized by a combination of apparent cultural invariants, which are often highlighted, and local characteristics specific to the cultures in which network action is practiced.

In an article published in the Entrepreneurship Review, Elidrissi and Hauch (2012) wrote:

"*we believe that research on entrepreneurial competencies needs to pay more attention to the practices of actors in managing networks and relationships during the internationalization process*". If network competencies, as Elidrissi and Hauch argue, play a role in the detection and exploitation of international opportunities, any work that contributes to nurturing and strengthening said network competencies is a contribution to the internationalization of firms.

Some network cultures are now fairly well documented. We are thinking in particular of Anglo-Saxon practices and Chinese Guanxi (Liu and Boutin, 2012 for example), on which a very large number of researchers have worked. On others, knowledge is more scattered, or rare. This is notably the case for the Algerian culture of the professional network, which appears as an unthought of network analysis, as our literature review on the subject shows.

Considering Algeria's desire to encourage foreign investment on its soil and the inevitable temptation for non-Algerian investors to respond to this call, it seems to us that there is a great risk, when one is not familiar with the practice of the "Algerian style network", of making mistakes with serious strategic consequences, as we know that between the texts and the reality of practices, what the law says and what people do, the gap is sometimes quite significant, in Algeria as elsewhere in Africa and in the world. The works of Coviello and Munro (1997) on small software firms, on the one hand, and of Chetty and Holm (2000) on small- and medium-sized industrial firms, on the other hand, have helped to show that the social networks of entrepreneurs, heads of small- and medium-sized firms, guide

them in their internationalization processes, particularly in the choice of markets and modes of establishment.

Not building a local network, not knowing the role of the local partner from the second phase of the internationalization process, as highlighted by Coviello and Munro (1997) (*Active Involvement and Evaluation*), means putting the process in difficulty by reinforcing, to its disadvantage, the informational asymmetry between the firm and its competitors, whether they are new entrants or already in the area. Hence the importance of a good understanding of the local network culture, a factor that favors the constitution of a network of partners likely to accompany internationalization.

The aim of this chapter is precisely to begin to shed light on the practice of networking by Algerian entrepreneurs, a practice marked by the culture of the "*maarifa*". To do so, we will proceed in three steps. We will contextualize our study with a literature review that should allow the reader to situate and understand the scope of the study's results (1). We will then present the case study in detail: the field of observation and the research approach used (2). Finally, we will present and comment on the results of the study (3) before concluding on the contribution of the work carried out, which the reader may choose to view as knowledge contribution or advice for the use of future investors in Algeria.

2.1. Contextualization: a look at the concept of the entrepreneurial network

Individuals' knowledge is often reduced because they have incomplete information (Macneil, 1978, 1980; Saleille, 2007).

2.1.1. The system analyzed: from the networking process to the formal network of entrepreneurs

Jack (2005) defines the entrepreneur's networking process as:

> A process, taking place over time, a dynamic relationship that involves shifting networking is a latent contacts to manifest ties, transferring relationships to the entrepreneurial situation, identifying entrepreneurial requirements and locating an individual within the network who can help with the actual need.

Thus defined, the entrepreneur's networking process appears as a skillful balance, undoubtedly unstable, between spontaneous actions and strategic calculation on the one hand, seizing the opportunities of the moment and putting the construction of a professional network under tension over a long period of time on the other.

In reality, it is not *a* network that the entrepreneur builds. For Szarka (1990), the entrepreneur is embedded in *three* types of social relationship networks (Mitchell, 1973; Szarka, 1990; Saleille, 2007): the personal network, the commercial network (business network), and the communication network (informational network).

Julien and Lachance (2006) add a fourth network to this already complex system, which they call the social network.

For our purposes, it is appropriate to focus on the issue of entrepreneurial networks, or business networks as Szarka calls them. Parker (2008) defines formal business or entrepreneurial networks as groups of entrepreneurs coming together to share information and experiences. These groups usually choose to adopt a formal form (e.g., association), which encourages informal communication and exchange by providing a respectable formal reason for meeting. For Birley (1985), such an organization, which brings together entrepreneurs, is defined as a formal body whose participants are themselves formal interlocutors (Birley, 1985; Lefebvre, 2016). As for choosing the most appropriate name to describe these business *networks*, researchers propose a whole series of names that demonstrate the diversity of the dynamics observed in the field: "business associations" (Bennett, 2016), "formal business and occupationally-based professional (OBP) networks" (Lawton-Smith and Saverio, 2010; Smith and Saverio, 2012), "learning networks" (Bessant and David, 1999), "clusters" (Porter, 2000), "industrial districts" (Marshall, 1890; Chabaud and Ngijol, 2016).

This type of network relationship does not cover all situations. To take just one example, Sue Birley (1985) was among the first to discuss the role of formal networks, which were still relatively unknown to entrepreneurs. By "formal networks," the author meant "*all local, state, and federal agencies, such as banks, accountants, lawyers, real estate agents, the Chamber of Commerce, or the Small Business Administration (SBA)*" (Chabaud and Ngijol, 2016). In this spirit, the entrepreneur's formal network is thus made up of institutions with which he builds a relationship because he works with them. This is another understanding of the entrepreneur's network, which is not the one we will refer to in this paper. In contrast to this institutional vision of the network, there are many authors who see the network, whether or not it chooses to be institutionalized, as a relational space above all: "system of inter-individual relations" (Dujardin, 1988), "interweaving of psychological and social links that unite human beings within a group" (Comité National de l'Organisation Française), "relational system between individuals linked by the same origins and the same interests" (Goldfinger, 1994).

Overall, in the literature on entrepreneurial networks, the distinction between formal and informal networks is often based on the professional or personal nature of the contact with which the entrepreneur is in contact. The entrepreneur's network, usually considered informal, is made up of contacts belonging to his personal sphere: friends, family, and former colleagues. This chapter will focus on the formal networks of entrepreneurs.

2.1.2. *The vast task of analyzing formal networks of entrepreneurs*

The act of creating and maintaining interpersonal networks with other entrepreneurs with a view to creating shared value is now widely presented as likely to have a positive effect on the entrepreneur's activity and therefore on the company's results. In fact, the link between the entrepreneur's networking activity and the

company's performance or growth has been the subject of numerous articles in recent years, articles that have emphasized the positive role of network affiliation by entrepreneurs.

The economic modeling proposed by Parker (2008) shows that formal networks improve the performance of member entrepreneurs and promote efficiency and social welfare in a broader approach. According to the author, the formal entrepreneurial network is an effective way to facilitate information sharing, which benefits not only individual entrepreneurs but also society in general. Nevertheless, according to Parker's (2008) analysis, Jack's (2010) meta-analysis as well as Jack's meta-analysis updated by Lefebvre (2016), little research has been undertaken in the field of formal business networks in terms of structure and implications for firm performance, as well as entrepreneurial effectiveness (motivations, choices, individual behaviors, types of linkages, and content of exchanges).

Studies of interpersonal networks, known as professional social relations networks, have come to constitute a large corpus of work with research undertaken from several angles of approach. The institutional approach, for example, has studied the influence of institutions on organizations and the impacts that different institutional frameworks have had on business operations (North, 1990; Scott, 1995; Peng, 2002).

The cultural approach has focused largely on descriptions of national cultural values (Hofstede, 2001). A combination of the two approaches has been used in the analysis of relationships in the Eastern and Asian regions (Michailova and Hutchings, 2006). The structural approach proposes approaches and criteria for observing, measuring, and evaluating interpersonal networks (Burt, 1995). The impact of interlocking directions, political connections, and other interpersonal relationships in market activities (Hutchings and Weir, 2006a, 2006b) has also been studied quite extensively.

2.2.   The case study of the "Forum des Chefs d'Entreprises": an exploratory approach of a network of Algerian entrepreneurs

2.2.1.   *The "maarifa", which is largely absent from the existing management literature*

Among the African countries that present many challenges and opportunities for international companies and their managers, one in particular interests us: Algeria. Algeria is increasingly attracting international interest, presenting a multitude of advantages and opportunities to exporters and investors, characterized by a considerable potential in the stock of direct investment abroad, which is only at about €27 billion. Nevertheless, it is a country with a great cultural diversity, which raises questions about its practices of networking.

Having a fine and correct appreciation of interpersonal networks and connections that permeate all aspects of professional and social life appears to be a critical success factor in addition to, and even beyond, the purely economic variables of the entrepreneurial act given the recognition of the limited nature of rationality in

the formulation of a choice (Simon, 1959). In this respect, the intercultural competence of international managers considering doing business with Algeria or setting up a business there needs to be well prepared for the "*maarifa*", the practice of networking in the Algerian way.

"*Maarifa*", in Arabic, means "knowledge", in the sense of knowledge. However, in Algeria, this term is very often associated with what in France is called "piston", which the CNRS Linguistic Treasury (CNRTL dictionary) defines as "a method of obtaining an advantage by recommendation, support". The practice of *maarifa* is thus associated with quick, even easy access to different elements that include knowledge (in the initial sense) but also all sorts of advantages and passes. It has been practiced for decades in all sectors, especially administrative "*from the oil company to the corner hardware store*" (Trabelsi, 2014). Often linked to corruption and nepotism, the use of *maarifa* is ingrained in the life of every Algerian to get an appointment for an X-ray at the hospital, or to find a job, or even to retrieve a simple administrative paper. The *maarifa* is almost a way of life. It is a "*positive discrimination for the most favored*" (Pipes, 1996). This practice is disliked by people who try to live by the law but are forced to resort to it because of family obligations that force them to help their relatives.

In such a cultural environment, it is understandable that the Algerian entrepreneurial networks are impregnated by the practice of *maarifa*. It would be quite extraordinary if it were otherwise. These networks would otherwise have to be outside the ground, outside Algerian society—which they cannot be. In these conditions, an importer or a foreign investor, wanting to work with Algerian partners, must absolutely understand how the networks of local entrepreneurs work.

The practice of *maarifa* is easily comparable in some respects to the researched practice of *wasta* in the Middle East (Cunningham, Sarayah, and Sarayah, 1994; Hutchings and Weir, 2006a, 2006b) in contrast to the lack of research on *maarifa*. To some extent, too, *maarifa* can be compared to *guanxi*, practiced in China, which relies on pervasive interpersonal connections in Chinese business and social activities (Wright et al., 2002; Hutchings and Weir, 2006a, 2006b).

The practice of networking in *Algeria*, on *the* other hand, has been very little studied. In Algeria, the number of entrepreneurial networks has been growing steadily over the last ten years, but the entrepreneurship literature has not kept pace with this development in terms of the number of research studies and articles devoted to the analysis of Algerian entrepreneurial networks. The literature review that we conducted via the usual international research databases only identified a small number of articles devoted to the subject, and still in a rather marginal manner. Thus, Zerarga and Sadoud (2015) attempt to understand the relationship that exists between certain individuals and the phenomenon of SME creation through the social network of strong and/or weak ties available to the entrepreneur, and Hider (2018) deals with the dynamics of networks in each stage mobilized by entrepreneurs in the process of creating businesses.

Our study therefore aims, through a qualitative interview survey, to better understand the phenomenon. We set out to interview entrepreneurs from a major Algerian entrepreneurial network on their practice of *maarifa*, the definition they give

to it, the word they consider the most appropriate to designate the practice of an *Algerian* entrepreneurial network, the scope of entrepreneurial networks, and the interest of an exporter or a foreign investor in speaking with these networks.

2.2.2.   Problem and research project

The social and temporal dimension of relationships and their evolution (the structure and activities of the network, the use made of it by the member entrepreneurs) makes the analysis of networks complex. In this context, considering the elements of analysis resulting from the review of the literature devoted to the networks, in particular the role of these in the success of companies, we engaged in a comprehensive study of an Algerian network of entrepreneurs, "the Forum des Chefs d'Entreprises" (usually designated by its acronym: FCE), through the interview returns of five leader entrepreneurs, network members of at least four years standing. The objective of this exploratory survey is to contribute to a first understanding of the effects of business networks in Algeria. In doing so, we are testing a study approach that could be deployed in other African networks, particularly in the Maghreb.

The central question of our analysis is the following: for entrepreneurs who have chosen to join it, how do they see being part of the FCE entrepreneurs' network as a key success factor for their company?

At the end of the complete study, if it turns out that the method used is relevant (in the sense that it both is scientifically valid and allows for the extraction of fruitful information for an in-depth analysis), it could be reproduced for the study of other cases located in other countries, and therefore other cultures, making an international comparative approach possible in the long run.

2.3.   Concept and theory mobilized to support the research process

Our research is mainly based on the theory of social capital on the one hand and the concept of embeddedness on the other.

2.3.1.   Based on social capital theory

"Social capital is the set of real and potential resources linked to the possession of a durable network of more or less institutionalized relationships of mutual knowledge and recognition—in other words, belonging to a group". (Bourdieu, 2006)

The theory of social capital, developed and described by Bourdieu, Coleman, and Putnam, refers to the ways in which people access and use the resources contained in social networks (Bidart, 2008). Social capital is defined as a means of accessing resources that the individual does not possess but that a relationship can provide. The relationships created within the framework of networks allow access to resources in terms of information, knowledge acquisition, or skills (Lefebvre, 2016). Our analysis therefore focuses on what circulates between the members of the FCE network through the flows of opportunities and resources that they exchange, according to their profiles as entrepreneurs and networkers.

The notion of social capital is, in fact, increasingly used in the analysis of entrepreneurial networks. For Lin (2002), in general, the individual wishing to establish relationships is motivated by the desire to secure and maintain his or her access to resources, and to be able to access new resources. For an entrepreneur, the stakes are clearly high. This is why our investigation focuses on networking activity within a closed network of entrepreneurs and requires an analysis of the social capital built up or consolidated within this framework. The members of the network are studied in their capacity as holders of resources or as members likely to give access to them, which leads the researchers to think of the inter-member relations within the network as constituting part of the social capital of the members.

More specifically, we will focus here on the concept of *organizational social capital*, characterized by the existence of goals and values shared by the members of the organization, as well as the involvement of the members in the achievement of collective goals, and the existence of a relationship of trust between them (Baret, Huault, and Picq, 2006). We justify our choice by the idea supported by Coleman (1988, 1994) according to which dense and redundant networks make it possible to obtain resources useful for action such as trust, norms, and values.

2.3.2.   *The use of the notion of embedding within its networks*

The entrepreneur's behavior is irreducibly embedded in the networks of social relations that shape it (Plociniczak, 2003). Granovetter (1985) described this ineluctability as follows:

> Individual actors do not act or decide like atoms outside of any social context, nor do they slavishly adhere to fates written for them by the intersection of the social categories to which they belong. Their attempts Rather, intentional actions are embedded in the concrete system of social relations.
>
> (Granovetter, 1985, p. 487)

According to Plociniczak (2003), the possession of a network of durable relations in the place of the establishment of companies offers a better embedding in its immediate relational environment, which thus makes it possible to acquire the recognition of the actors. The author places particular emphasis on the norm of reciprocity, which drives the networks, and the repeated exchanges, which create a norm of trust and reciprocity in these networks of relations on which companies that have succeeded in establishing themselves can rely.

> A study by Grossetti and Bes (2001, 2003) provides a good example. Of the 130 contracts signed between an industrial partner and a research laboratory that the authors studied, 44% were between managers in a network relationship. "This is the result of the prior existence of a relational chain between the two managers who will later sign an agreement or a contract. The chains can be more or less long: from one (when the two managers know each other personally before committing their respective organizations to a collaboration)

to six (maximum observed)". In other words, nearly half of the origins of the research contracts studied are found in embedding in a network of relationships. The origins of the networks are found by the authors first among professional relations (49% of contacts), then relations related to teaching (40% of contacts), and finally more marginally non-professional relations (family, childhood, friendship, associations: 19% of contacts). In the French context, the market and institutional logics combined remain dominant, but nearly one contract out of two is based on this trust and the assurance of the partner's behavior that the network logic provides. We hypothesize that in the Algerian context, which is dominated by the *maarifa*, the role of embeddedness in the networks is more decisive.

2.4.   Research Methodology

2.4.1.   *The nature of the approach*

Our research approach is mainly comprehensive, without excluding recourse to reflection and procedures of abduction.

2.4.2.   *The network studied: the FCE*

Algeria has several professional associations, clubs, and employers' and trade unions' organizations of an economic nature. These different networks have been listed in the form of a catalog developed by the Ministry of Industry, Small and Medium Enterprise and Investment Promotion and informed by the organizations and agencies that are listed and have agreed to respond. This catalog includes about 30 networks (at the last update in June 2011). There are currently many more, but it is difficult to count them and to give an unofficial total.

The FCE, with which the study was conducted, has more than 2,000 members. The network also includes the JilFCE, which is a section dedicated to business leaders who are below 40 years of age. The FCE is the largest employers' organization in the country. It is also the most controversial because of the proximity of some members of the network—including its former president—with the government and leaders of the regime of the former president of the republic Abdelaziz Bouteflika. Our choice, mainly justified by the centrality of this network, all the more likely to provoke *maarifa*, was reinforced by the possibility that we had, by playing on this same *maarifa*, to carry out our investigation with this network.

The Forum of Business Leaders is an economic association created in October 2000 by business leaders whose aim is to contribute to the establishment of entrepreneurship in the Algerian national economy and to promote the interests of Algerian companies. The association obtained approval for its status as a trade union on February 04, 2019. The association is open to private Algerian companies, foreign companies under Algerian law and public companies.

The Forum is structured as follows: a general assembly, an executive council, a president, a strategic orientation council, a general secretariat, commissions, wilaya delegates (Algerian administrative division), and honorary members in the

largest capitals in the world. Membership is based on the age of the entrepreneur at the time of joining the network: joining the FCE section if he is over 40 years of age, or the JilFCE section for entrepreneurs under 40.

2.4.3. Corpus and approach used

We process the information obtained from five Algerian entrepreneurs who are members of the same network of entrepreneurs (FCE/JilFCE), and most of them also have the profile of managers of SMEs.

The entrepreneurs interviewed were first contacted by e-mail by the FCE's Communication Unit, which directed them to a dedicated platform offering them a questionnaire as part of a quantitative approach. At the end of this questionnaire, they had the possibility to accept to participate in the qualitative study approach by agreeing to participate in a semi-directive interview. It should be noted that at this stage, we resorted to the *maarifa, that* is to say, that our approach was helped by the influence of some entrepreneurs who recommended us to other entrepreneurs to conduct interviews.

The interviews were conducted between January 01, 2018 and September 30, 2018. They lasted between 20 minutes and 60 minutes. The transcript of the interviews accounts for 44 pages of verbatim.

The five entrepreneurs interviewed are managers of their own companies, members of the FCE, or JilFCE network for at least four years. Some of the entrepreneurs interviewed hold positions of responsibility within the network: member of the executive board, president of a commission, and member of a commission.

Through these interviews, we mainly sought to understand six things:

- Does membership in the FCE network allow the entrepreneur to better understand the local market for his business?
- Does membership in the FCE network strengthen the entrepreneur's self-confidence?
- Are the opportunities that a company can detect and seize in its local environment linked to the level of involvement of the entrepreneur in the FCE network?
- What recommendations are made to foreign entrepreneurs wishing to invest in Algeria?
- Does the entrepreneurial network contribute to a better understanding of the local business environment? Is this reason enough to join a network?
- How do the respondents view the "Maarifa"?

The third part presents the results of the study.

2.5. Results of the study

2.5.1. Does membership in the FCE network allow the entrepreneur to better understand the local market for his business?

Joining the network undeniably allows the entrepreneur, and therefore his company, to better understand the local environment in which it is established. The

knowledge of the local market of the company is made possible thanks to the various events organized within the network (the FCE morning and *afterwork events*, conferences, etc.), the objective being to train and transmit information on various topics, and especially to allow the entrepreneurs to exchange and share convivial moments with people forged in certain trades, of a high intellectual potential, which are usually inaccessible.

Nevertheless, the entrepreneurs insist on the fact that it is necessary for them to be involved in the network in order to have the most relevant information available to them.

If they are members, the network gives certain assistance to the entrepreneurs thanks to access to information (e.g., on the current finance laws and various regulatory texts). This early access to information allows the entrepreneur to prepare himself in advance in order to understand his market. Thanks to the exchanges within the network, entrepreneurs can avoid mistakes and, therefore, failure thanks to the feedback from their peers.

"*Really it's real life, because we exchange with people who have been through the same thing and they say no don't do that because I did it and I didn't succeed . . . We get free advice*".

For example, if an entrepreneur expresses a desire to invest in a specific wilaya or region, he or she will contact the FCE network delegation in the region in question to obtain the necessary information (what are the opportunities or difficulties? where to set up?). A trip to the region for a possible information meeting can be organized to guide this entrepreneur.

Understanding one's environment, one's market, is the most important reason put forward by the respondents for joining the network, but it is not the only one, according to the entrepreneurs. Indeed, with the network and through the different Commissions (a Commission numbers 20, 30, or 40 actors in the same field), the entrepreneur has the possibility to prepare a submission to the Ministry. The network is made up of people of high intellectual level; it has many experts who help in the construction of the content of its information database, who can knock on the door of a Ministry to ask for a regularization or to ask for facilitations in a given market.

Thus, the network plays a dual role: *intuitu personae* information exchange and exerting a coordinated influence strategy on government services.

3.2.   Does membership in the FCE network positively affect the entrepreneur's self-confidence?

Four entrepreneurs agree that joining the network has impacted their behavior as leaders. They say they are more involved:

I have created a blog dedicated to entrepreneurship. I contribute at least once a month with an essay. I am available through social networks. I also answer calls from young people who want advice on how to undertake a task.

These impacts can be explained by the various exchanges with successful peers. The network has also allowed entrepreneurs to be more attentive to what is being done on a daily basis, to be up to date with regulations for example, and thus avoid mistakes: "*it is always inspiring to meet champions, people who succeed*".

Involvement in the network has enabled some entrepreneurs to become important players, to have the opportunity to express their views on issues, to participate in the development of recommendations that improve legislation, for example. The entrepreneur becomes "*an aid to the legislator and the network becomes a tool for decision-making or legislative and regulatory guidance*". By exchanging ideas, entrepreneurs improve their communication skills, especially when it comes to addressing the public.

Finally, the network allows the entrepreneur to meet people who are more knowledgeable than him, to know how to move in this environment, to know an additional layer in civil society, to meet businessmen and international people, and to benefit from their expertise and relationships. The entrepreneur feels more mature. The membership is perceived as a *personal enrichment*. The fact of belonging to the FCE network, of presenting oneself as a member, reinforces the credibility of the entrepreneur toward different actors. "*It is better 100, 1,000, 10,000 times to be a member than to be alone!*"

2.5.2. Are the opportunities that a company can detect and seize in its local environment linked to the level of commitment of the entrepreneur who represents it in the FCE network?

Among the entrepreneurs interviewed, four make a particular effort to be involved in the network. To define an entrepreneur as committed, we took into consideration certain parameters: frequency of participation in the various events organized by the network, and holding a position of responsibility within the network (being part of a Commission, being a delegate of a region, or being part of the Executive Council).

For all of them, the network is above all a tool to get information. In this, the professional network "in the Algerian way" is close to other network cultures. It allows the entrepreneur to be involved in a good business relationship and puts him in contact with potential customers, partners, suppliers (any actor likely to be positioned on the value chain of the company represented by the entrepreneur). Through discussions within the network, the entrepreneur can detect business opportunities (calls for tender, for example). The network reduces the asymmetry of information, which is considered the key to any decision. The contribution of the network is mainly to have information in time and to learn to work together to defend common interests.

The network enhances the reputation of the member entrepreneur. The entrepreneur and his company are associated with the network, which positively affects his reputation. The functions and activities of the entrepreneur are therefore better considered, more "*taken seriously*". The network gives credibility to the member

entrepreneur and therefore to the company he represents in relation to the different actors (customers, suppliers, partners, etc.).

Through the organization of the network, and therefore the different Commissions, the member entrepreneur can submit an information request in relation to a given market or in relation to a difficulty he is facing (difficulty in accessing an opportunity or resource). If the request is legitimate, the network will intervene on his behalf. From this point of view, commitment to the network benefits from effective recognition, illustrating a reticular leverage effect (Marcon and Moinet, 2018).

Through the different events organized by the network, and the exchanges that result from them, the entrepreneurs become each other's clients or providers. These events are considered as enriching for the entrepreneurs who participate in them, not only in terms of the information delivered but also in terms of the meetings (access to people who are important for their activities and who are difficult to reach outside the network).

Nevertheless, membership in the network alone cannot explain the success of the entrepreneur. Being part of the network is a link in the chain. Indeed, the network does not have a direct impact on the company's results, even if the search for business opportunities is taken for granted within the network. It is rather the training provided as well as the enriching feedback and experiences of peers within the network that are considered very important in the individual training of the entrepreneur and in the construction of his or her own experience. "*The network comes as a continuation of the entrepreneur's activity, it is not the basis of a business, but a place where they can exchange information, discuss their problems*".

Belonging to a network means above all getting to know people of quality and meeting important decision-makers and politicians at conferences so as to be able to give one's own vision of reality and of one's own activities and thus orient their decisions. The network offers the possibility for members to share an offer, a sponsorship request, or other request via a mailing to all members. To this end, the FCE network has designed an online platform that brings together all members with a description of the activity of each. The idea is that each entrepreneur uses this platform in his search for a service, product, or other, the objective being to create a connection and an interaction between members so that each one finds his account there.

The FCE network has contributed to the resolution of a good number of problems thanks to the exchanges with the leaders within the network or within the framework of an event organized by the network (e.g., CEOs of banks, meeting with other networks such as the MEDEF, meetings with ministries, assemblies, and delegations).

The entrepreneurs emphasize that beyond the search for business opportunities, it is very important to invest and make oneself useful within the network, to give of oneself and one's time: "to *evolve alone is possible, but you are very limited. It is necessary to be in this group logic, to work together and defend our interests in common*".

A position of responsibility within the network allows one to intervene more on the macroeconomic level related to the problems that companies in general face in

Algeria than on the personal business of the entrepreneur. The network allows the meeting of people at the national and international levels, with, at the heart of these meetings, discussions on business opportunities and investments.

2.6.   What recommendations should be made to foreign entrepreneurs wishing to invest in Algeria?

The entrepreneurs all suggested the importance for a (future) foreign investor to join a network, even if the nature of the expected benefits of this integration varies according to the respondents. Thanks to the accelerated learning process that can be achieved through the sharing of experiences of other members who are already active in the same market, the information available on this market, and the investment opportunities identified, the integration of a network constitutes a saving of time, which generates a feeling of serenity and confidence that is a prerequisite for targeting Algeria. However, other parameters must be taken into consideration: preparing for bureaucracy or avoiding falling into certain traps such as corruption. Foreign entrepreneurs must think about adapting their business models to the Algerian environment and avoiding duplicating the models developed in the other countries of the Maghreb, namely Morocco or Tunisia, because the way of doing things is different in Algeria. A foreign investor must think of consulting people with legal knowledge (a lawyer and a notary). This is confirmed by an entrepreneur interviewed:

> You have the official version and the unofficial version in every country in the world. The official version is the law and the unofficial version is advice and tips. This version gives you a methodology of work, the law gives you the rigor, the way.

The foreign entrepreneur must also think of taking Algerian partners.

2.7.   Does the entrepreneurial network contribute to a better understanding of the local business environment? Is this reason enough to join a network?

The five entrepreneurs interviewed are positive: the entrepreneurs' network contributes to a better understanding of the local environment of the company. They insist on two essential aspects: the network is a source of *relevant* information and a force, in particular a force that imposes itself and exerts influence on various economic actors and in particular the public authorities: "*with the network one is more likely to be heard by the public authorities on a difficulty than when one is alone*".
    But whether this is a good enough reason to join a network is a matter of debate.

2.8.   The view of the interviewees on the *Maarifa*

We heard different voices praising the benefits of network membership for entrepreneurs except that for four of the interviewees, it is very difficult to associate

the word *maarifa* with the practice of networking. The entrepreneurs interviewed define the network as the practice of *maarifa*, but in reality, in their comments, they distinguish two types of *maarifa*. *Maarifa* in the strict sense is a practice that is associated with unfair access to something, whereas in the network the practice of *maarifa* is associated with (or underpinned by) the competence and quality of the work of the one who benefits from it in order to achieve prosperity in his business. The *maarifa* only ensures access to something like a market, but it does not ensure success in the market. The entrepreneurs interviewed express this in different ways, but their opinions converge.

- For one of them: "*The maarifa is what there was before in Algeria when there was no network. Maarifa, today its real name is the network. The maarifa is not an end in itself, it is not pejorative*".
- Another entrepreneur explains: "*Today maarifa is network, tomorrow it is lobbying*".
- A third entrepreneur believes that *maarifa* should be institutionalized: "*Do you think maarifa can be institutionalized? I really think that maarifa can be institutionalized. When you take for example secret societies like Bones and Skulls . . . that's it*".
- Finally, according to others, *maarifa* is always linked to the piston as opposed to the network. The network is being part of a community and that exists everywhere in the world. *Maarifa* does not support skills.

The concept of *maarifa* has taken on a negative dimension over time in the popular language. These excerpts from the verbatim testify to the analytical distance taken by the entrepreneurs interviewed in their connection between the logic of *maarifa* and the practice of professional networking:

> Each of us has evolved around our network, our family (wife, uncle, father, mother . . .), that as a maarifa. I would say that this is a good thing for the nation, not for business. As a citizen of this country, I know what maarifa means and what it connotes, a negative connotation.
>
> The maarifa, for an average Algerian, is always attached to the job. In today's world, we have realized, especially in large groups, that the maarifa has solved major problems,
>
> Positive maarifa is about information. There is no reason to limit one's network if the goal is information seeking. So maarifa for entrepreneurs in the sense of 'information' is necessary and should be limited to information seeking and not action. Action sometimes has positive and sometimes negative aspects.

2.9.   Conclusion

The group of entrepreneurs we interviewed, although relatively small in number at this stage, nevertheless provided a relative (and rather surprising) homogeneity

of responses. If we cannot see in it a sufficient theoretical saturation of the characteristics of the practice of *maarifa* in a formal network, at least we can see the emergence of common aspects and specific aspects.

According to our analysis, and to take up Szarka's approach (1990), the practice of *maarifa* in this formal Algerian network is in a way "channelled" by taking into account the skills and professional qualities of the person who benefits from it. If the latter, by virtue of his or her qualities, skills, and undoubtedly his or her behavior within the network, proves to be worthy of it, then the *maarifa* will enable him or her to enrich his or her personal network by frequenting people of higher rank (economic and political), to solidify relationships with these people, and more broadly with all of the members of the network through the creation of trust, which appears here to be the outcome of network membership rather than a prerequisite for access to the network.

The *maarifa* in this Algerian professional network does not seem to be based on directly generating business opportunities through a kind of favoritism game but more essentially through a reduction in informational asymmetry. As a result, it allows for more informed decision-making and more collective actions, better supported by higher ranking actors, and therefore more efficient actions. According to Szarka, the practice of *maarifa* in a network of entrepreneurs constitutes the recognized core of informational dynamics.

The *maarifa* also has characteristics of Parker's (2008) formal business network in that its members seek, and claim to find, efficiency gains in their entrepreneurial activities once they have made a personal investment.

When the study is fully completed, a broader understanding of the practice of *maarifa*, compared to the practice of the "French-style" entrepreneurial network, should, we believe, contribute to our knowledge of formal business networks, their network structures, and the performance gains they generate, a topic which Jack's (2010) meta-study invites us to work on.

From the point of view of questioning the practice of African international management, our study confirms that the cultural dimension of the network remains inescapable and that the model of "Algerian style network" cannot be considered as transposable without precautions elsewhere in Africa. What the *maarifa* allows, we hypothesize, is due to a minimal Algerian cultural homogeneity which, if it does not eliminate the factors of difference between entrepreneurs, is at least sufficient to authorize information sharing within a formal network framework (the FCE), provided that everyone respects the tacit rules that make it possible to frequent it and that all agree on a form of national preference.

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3 Valorization of expertise of an Agricultural Technical Institute on the international stage

Opportunities and managerial innovation

Anne Rollet

In a globalized world facing climate change, initiatives in Integrated Pest Management (IPM) and alternative production give us hope for a future where fewer pesticides are used in farming. Certain specialists in agricultural experimentation have mastered these new techniques, and while implementation may be limited by geographical location for the time being, these specialists will proceed to participate in a global conversation, due to their international relevance, and could contribute to the transfer of skills.

Searching for opportunities is a central tenet of company performance analysis, and as early as 1920 featured in Knight's reflection that entrepreneurial judgment favors risk-taking and value creation. In the current polluting, fragile economic environment, innovation is indispensable and must take into account the complex structures—such as value chains, ecosystems, and networks—in which sustainable business strategies develop. Depending on their management style, organizations endeavor by formal or informal means to encourage their personnel to engage in this strategic watch (Lesca, 1994), gaining access to rich and diverse information.

Opportunities aiding the fight against global warming are partly dependent on IPM expertise held by such stakeholders as the French Agricultural Technical Institutes (ITAs). While the activities of these institutes focus largely on the immediate local environs, the possibility exists for their implementation on an international level. The organizations have a state-ordained mission:

> Specialised by production sector, the Institutes of agricultural sectors are located throughout the French territory. The various ITAs come together to form the Association of Agricultural Technical Coordination (ACTA), whose network is recognised by the public authorities. Developed and run by farmers, ITAs are centers of applied research, technical support, experimentation, expertise, training and information. They have an operational imperative to adapt to the field and as such, play an essential role in the creation and dissemination of technical progress in agriculture and the subsequent outcomes. Their aim is to meet the needs of the different sectors via the production and dissemination of technical and scientific benchmarks and tools.
>
> (https://agriculture.gouv.fr/les-instituts-techniques-agricoles-ita)

As stakeholders in the various sectors and territories, ITAs are sources of agronomic skills and services, acting to support the range of sustainable competitive advantages available to companies operating in the bioeconomic sector.

The central question can be formulated as follows: What antecedents are necessary to ensure that ITA expertise can be effectively valorized at international level? This then gives rise to three sub-questions: by what means can ideas be generated and selected to identify opportunities? What conditions are necessary to encourage management innovation so that expert knowledge can be valorized? What experience does the ITA have within its local area that could be relevant for expertise valorization at an international level? The responses to these questions are in keeping with the antecedents of managerial innovation (Khosravi, Newton, and Rezvani, 2019), being concerned with the detection of effective and efficient innovations in management. The case study focuses on an ITA known as Alpha, where personnel wish to focus on valorizing their expertise through a diversification strategy based on the provision of services in order to earn resources for self-financing.

This chapter begins with a theory section outlining the opportunities for international valorization of local bioeconomic expertise, resulting in a conceptual model, which is contextually appropriate to the expertise that an ITA holds. The methodology outlines the specific features of the Alpha ITA and the statistical methods used: Multiple Correspondence Analysis (MAC) and Hierarchical Ascendant Classification (HAC). The results describe the emergence of a best-practice group for the management of the global–local paradox. The discussion addresses the complexity of interactions at the local and international levels in the face of global warming relating specifically to the expertise of agricultural experimentation specialists in the bioeconomy.

3.1.   Opportunities for the exploitation of local expertise in bioeconomics at an international level

First, the generation and selection of ideas aimed at the search for opportunities are examined, and details are given of the antecedents of the types of managerial innovation that encourage the international valorization of expertise. Then the creation of a conceptual model encompassing the specific features of the ITA, its governance, and areas of activity is proposed.

3.1.1.   *Opportunity, generation, and selection of ideas*

A significant volume of research has centered on opportunities, insisting on the necessity that these be constructed by the entrepreneur. "Given the same bundle of resources, the 'services' that this bundle of resources renders typically will be different depending on idiosyncratic *deployments*. Intra-industry heterogeneity due to creative resource deployments spurs differences in productive opportunities and financial performance" (Penrose, 1959, p. 78). Opportunities can thus be seen to reflect the unique features of the entity that deploys them. This "entrepreneurial function" (Foss et al., 2008) aligns with several other historical concepts, such as

judgment (Knight, 1921), innovation (Schumpeter, 1934), and *alertness* (Kirzner, 1973). While exploring the notion of entrepreneurial vigilance, Foss et al. (2008) highlight the importance of subjectivity: "Differences in the preferences, knowledge and expectations of individuals" generate heterogeneity in "entrepreneurial judgment".

The difference between the expression of ideas and the creation of opportunities is not always clearly understood, as Julien (2010) illustrates: "For an idea to become an opportunity, it is enough for the entrepreneur to believe that it will be well-received by the market, and to put resources in place to proceed, even if this idea is doomed to failure or is countered by a bad situation" (p. 26). The generation of the idea involves intuition and imagination, and relates to the "ability to obtain, evaluate, absorb and transform information" (p. 32). The market plays a central role, serving to maximize—or not—the value of creating or developing an activity. With regard to the search for opportunities, Julien (2010) identifies two situations: the speed of reaction time and the time taken to calmly implement an idea. Reference is then made to various concepts such as strategic watch, formation of an idea, and alignment.

The idea may come from a person or network that activates their social capital to leverage additional resources (Julien, 2010). In this manner, opportunities can be seized informally—where each employee might consider themselves involved in the task—or on a more formal basis, with the establishment of a strategic monitoring committee, for example. "Strategic foresight is a proactive information process by which a company listens anticipatively (or prospectively) to weak signals from the socio-economic environment, with the creative aim of opening up opportunities and reducing the risks associated with market uncertainty" (Lesca, 1994, p. 31). Such investment generates a multitude of ideas that must be prioritized to best match the request of the company agreeing to consider all logical consequences, including disruption, or focusing only on fruitful improvements.

Operationally, the process of idea selection involves the use of specific tools and methods. As such, it is possible to observe two distinct approaches: multiple-criteria spreadsheets in a logico-mathematical style, and debates between experts. Parmentier and Le Loarne-Lemaire (2019) weighed up five criteria for evaluating ideas: "novelty, feasibility, relevance, specificity and context". Ininou and Loilier (2019) favor a method that combines the two approaches to evaluate the value potential of opportunities and ideas for exploration. The research involves deep reflection at the heart of a firm, and the findings result in a logico-mathematical matrix that brings together several indices regarding feasibility, technique, applicability, financial gain, transversality, risk, and effort required for implementation. Expert discussions take place upstream and downstream of this matrix, adaptable to situations where breakthrough innovations or improvements are taking place. Similarly, the grids used in business intelligence practices (Lesca, 1994) can be mobilized to aid the process of prioritization. At present, new technologies offer research and interaction capabilities that can facilitate the generation and selection of ideas.

Any investment made in search of opportunities should lead to innovations that foster competitiveness. While there have been many typologies of innovation since

Schumpeter (1934), the focus here will be on new ways of working that serve to make the most of existing expertise. The question will be raised of a management undertaking to create a dedicated committee for the valorization of expertise.

3.1.2. *Antecedents of managerial innovation, and commitment from management to prioritize the valorization of expertise*

The committee dedicated to identifying opportunities will have three characteristics: it has a formal structure, is made up of members from stakeholders in relation to the organization, and is focused on the valorization of expertise.

Establishing a formal committee denotes clear determination on the part of the company's management team. The activities of the committee for the valorization of expertise depend on the instructions from the sponsor, focusing on analysis that may lead to breakthrough innovations (diversification strategies, new services being created from scratch) or incremental innovations (improvement, simplification, better use of assets, etc.).

The committee can be made up of members from different stakeholder organizations (Malherbe, 2017), representative of the organization's ecosystem (Freeman, 1984), in order to better understand the complexity of the environment. Each one of the participants will have a sound reason for participating in the committee. They may wish to improve their knowledge and reflexivity (*Argyris*, 1995), to have exclusive access to information (notwithstanding the potential confidentiality conditions imposed), to benefit from a boost to their reputation, and to broaden their network. The company establishes the committee by diversifying the technical and soft skills of members (Mignon et al., 2017); typologies such as Belbin's *Team Roles Model* can serve as a basis for aligning the various personalities. It would be wise to consider the profiles of the participants in relation to the whole innovation process, including its operationalization. Hence the insistence of Vaghely and Julien (2010, p. 82) on the need for the presence of a catalytic influence—the role as catalysts of understanding, and creators of knowledge*:* "Information catalysts share information within the organization; they synthesize this information and provide timely, rich information for input into the decision process". They relate this activity to the skills of boundary spanners (Barner-Rasmussen et al., 2010) in moving organizations forward.

An *ad hoc* committee of experts can work for the well-being of a sponsor, even if the results do not provide direct or immediate remuneration for each individual. In this manner, Kin et al. (2019) show the emergence of an expert community during a prospective reflection convened within an inter-organizational group. Coupling a propitious environment with a series of meetings around common concerns, stakeholders were encouraged to engage actively, sketching out several shared projects for the benefit of the community, reaching above and beyond the task initially requested.

Setting up a committee dedicated to the valorization of expertise increases efficiency when searching for innovation opportunities associated with existing skills and requires minimal financing. To this end, it is appropriate to examine the

antecedents of frugal business management, which enables the discovery of one or several methods of managing current business performance with more efficiency and efficacy.

Managerial innovation has been the subject of several definitions, and that of Van de Ven (1986, p. 591) is undoubtedly the most comprehensive. Moreover, it is positioned far upstream of operationalization*:* "An innovation is a new idea which can be either a recombination of old ideas, a scheme challenging the present order, or a unique approach which is perceived as new by the individuals concerned". Birkinshaw, Hamel, and Mol (2008, p. 829) insist on "the generation and imple-mentation of a management practice, process, structure, or technique, that is new to the state of the art and is intended to further organisational goals". However, in order to respond to our issue, we will study only the antecedents in the upstream phases of innovation. Similarly, the debate between technological and managerial innovation will remain unaddressed.

Nonetheless, even if the issue remains a focus on the upstream and the period prior to the seizing of opportunities, it is necessary to specify what kinds of mana-gerial innovations could support the valorization of expertise. It is then possible to raise two examples:

- The use of an exchange platform promoting inside the company the dissemina-tion of knowledge and potential pooling of expertise and, outside the company, communication and monitoring on the service benefit with customers;
- The definition of a collective brand policy can facilitate economies of scale by offering a standardization of certain support processes, including cost account-ing, the drafting of quotations, or providing expert reports to the customer.

In a theoretical reflection aimed at achieving managerial innovation, Wolfe (1994) proposes a division of the initiation phase into four segments: "Idea conception, awareness, matching, and appraisal". More recently, Perry-Smith and Mannucci (2017, p. 56) distinguish four phases: generating ideas ("The process of generating different creative ideas and selecting the most promising one"), developing ideas ("The process of systematically evaluating the novel idea's potential, clarifying and developing it"), promoting the idea ("The active promotion of the novel idea aimed at obtaining the green light for pushing it forward and, consequently, the resources in terms of money, talent and political cover to implement it"), and im-plementing the idea ("The process of converting the idea into a tangible outcome that can subsequently be diffused and adopted"). Focused reflection on opportuni-ties, such as this research proposes, concerns only the first steps of the generation and development of ideas.

The synopsis put forward by Khosravi, Newton, and Rezvani (2019) on the antecedents of managerial innovation shines a light on the existence of a multitude of elements interacting systemically. In addition to environmental and managerial factors, they list the moderator variables applicable in line with the expected prof-its. For each issue, the most relevant antecedents should be selected, and one of the key aspects of the probe is the understanding that the presence of a formalized

committee dedicated to the valorization of expertise is a powerful symbol of management commitment.

3.1.3. Specific features of the Agricultural Technical Institutes when encountering international opportunities

International expansion is commonly illustrated by one of three approaches characterized by the Uppsala Model (Johanson and Vahlne, 1977); the Born-Globals Model; or the International New Ventures Approach (Meier and Meschi, 2010). However, the specific features of an ITA imply that expertise is dependent on the geographical area, both in its function and in the assets mobilized.

In bioeconomics, the importance of the local setting is often mentioned. With regard to location, the work of A. Marshall is pioneering: "The role of space as a generator of economic benefits can, then, be analysed according to whether geographical proximity can be combined with other forms of proximity with economic agents, to facilitate coordination between them" (Zimmermann, 2008, p. 105). The international competitive advantage of a product may depend on a unique value linked to the territory. Certain products that possess an official quality symbol linked to their place of origin, such as food items, can benefit from international renown. More generally, in the agri-food sector, the relationship to the locale is often distinctive, and Saives, Desmarteau, and Kerzazi (2011) acknowledged five business models promoting different forms of territorialization.

The creation of a service can be linked to local specificities (agricultural advice adapted to the regional practices, etc.), and it is interesting to see whether this service can be valued outside the territory in and for which it was created. Johansson and Lindberg (2011) indicate that some innovations, aimed at resolving local problems through collaboration with local stakeholders, can achieve enduring success and growth, and may be successfully adapted to other contexts. In a similar manner, aligning locally anchored human resources within a company with those whose preoccupations are national or international can allow them to offer a more comprehensive range of services. As such, in the cooperative banking sector, Marsal (2017, p. 148) points out that "local management expertise complements that of the executive directors, who specialize in driving strategy at the national or international level".

Strategies for internationalization may be constrained, depending on the legal structures and objectives of the organizations. Thus, the desire to internationalize competitive hubs (Bardet and Guiderdoni-Jourdain, 2016) is limited, in that they may develop services in the international arena but they remain implanted on French territory.

To boost their self-financing, the ITAs may sell their services to international business customers on the condition that their members are not disadvantaged. Within the legal jurisdiction of statutes of the solidarity or mutualist economy, the boards—directors and president—of local experimentation centers could therefore exercise their veto rights and refuse to respond to international business

customers. These different elements illustrate that this approach does not resemble the conventional logic of internationalization. For the ITAs, international expansion is not directly linked to a strategy of implantation but more with considerations of a financial and cultural nature on organizational and inter-organizational levels, where legitimization from regulatory, political, and scientific institutions is essential.

The committee for the valorization of expertise brings to life the commitment of the national union of ITAs whose aim is to instill a culture of innovation. In this context, three antecedents of managerial innovation (Khosravi, Newton, and Rezvani, 2019) seem crucial to generate a meaningful dynamic:

- Customers and Markets: Communicate the expertise, the response to the demand of members and customers from the local experimentation centers, with international business customers.
- Organizational culture: Communicate the expertise, and show that the issues faced by members from the local experimentation centers are relatable to international issues.
- Inter-organizational culture: Communicate the expertise and networks of local and international partners (see Figure 3.1).

The conceptual model schematizes ITA governance linking national unity with local experimentation centers, expressing willingness and ability to respond to universal issues.
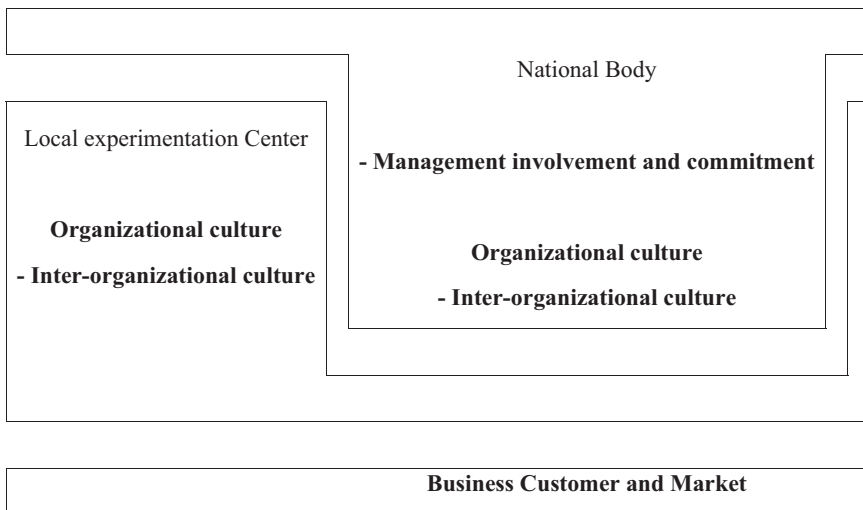

Figure 3.1 Conceptual opportunity model and potential for adding value

Source: Author's elaboration.

3.2.   Methodology

First, the characteristics of Alpha ITA are discussed, and then the interview conditions, coding, and statistical analysis are detailed to illustrate the opportunities for valorizing expertise.

Research to address the topic was based on an interpretative design mobilizing two essential validation criteria: idiography and empathy (Perret and Séville, 2007). The purpose of the research is to identify skillset and performance indicators from local experimentation centers. Emanating from the researcher's strong local connections, the research, following an audit commissioned by the national body, allowed an insight by abduction (Dumez, 2013) into opportunities for valorization that had been previously overlooked.

The methodological approach was designed to:

- Qualify and quantify the importance of internationalization in the business activities of local experimentation centers;
- Illustrate the process of generation and selection of ideas through a primary logico-mathematical approach based on qualitative data from a case study;
- Outline the prerequisites favoring the transition from the generation phase to that of the development of ideas, by carrying out a typology of interviewees involved in the proposal of new services: contractual research for business customer enterprises.

A case study was conducted (Dumez, 2013) to understand "(a) a contemporary phenomenon in its real-life context, especially when (b) the boundaries between phenomenon and context are not clearly evident" (Yin, 1981, p. 59). This approach makes it possible to understand the specific complexity of bioeconomic experimentation, while promoting free spaces for exchange, conducive to the open expression of feelings.

Using the complete transcript of the interviews already conducted, the data were organized according to the principles of thematic content analysis (Bardin, 1998), retaining the content verbatim and corresponding to the themes listed in the conceptual model and to those considered important by the interviewee. Because it was essential that the tools mobilized in these upstream phases of managerial innovation were easily distributed *a posteriori* to Alpha members interviewed, a simple method, of a descriptive quantitative type, was deployed (ACM, CHA).

3.2.1.   *Characteristics of the Alpha Agricultural Technical Institute*

Alpha ITA brings together experimentation centers headed by a national unit with a strategy for pooling and valorizing resources. The bases are anchored in the locale; they are organized around governance involving a president (local plant growers) and a manager (experimental engineer). Staff at the local experimentation centers are engineers and agricultural, agronomic, and horticultural technicians, all fully committed to improving sustainable agricultural methods.

These local experimentation centers receive funding from three main channels: membership fees, regional and national tender budgets, and business customers (manufacturing crop treatments or equipment; established locally, nationally, or internationally) who purchase services.

For strategic reasons, Alpha established a committee for the valorization of expertise in December 2019, by gathering together a group of internal staff members and external experts. The members of the committee undertake to reflect on themes imposed by the Alpha Board or perhaps intervene *ad hoc* on issues that may arise. In order to avoid any conflicts of interest, members are not remunerated but are compensated for time spent on related activities. A three-year work plan leaves the experts some flexibility regarding their methods. An essential element is to create an atmosphere conducive to discussion and create the conditions for reasonable exchange involving a relationship of trust based on shared ethical assumptions, in order to support Alpha in its mandate for growth. The committee is a wellspring of proposals, the results of whose work are presented to the Board—President, Director, and elected Members—which is the sole decision-maker.

3.2.2. *Interviews and coding*

At the request of Alpha's national unit, a sales audit was carried out by the researcher from September 2018 to November 2019, focusing on the quality of deliverables provided to customers when selling services like contractual research for business customers, and the potential of its product/service portfolio.

The audit was based on semi-structured interviews with four types of stakeholders: six business customers (CL), ten members of the local experimentation center's management team (DIR), seven local experimentation centers' presidents or vice-presidents (PRE), and eight experts (managers of the national unit or members of the scientific committee) (EXP). The 31 interviews were conducted using an interview template based mainly on open questions. Each one lasted about an hour and a half, and was conducted by telephone, except for two local experimentation centers, where the auditor conducted the visits in person. All interviews have been transcribed in full. In order for the exchanges to be as truthful as possible, the director of the national body accepted that all exchanges remain confidential. To preserve anonymity, each interview is coded according to the category of the interviewee and given a serial number.

After the audit interviews, it became clear to the researcher that reflection on international activity was at the forefront of daily life in the local experimentation centers. This surprising fact (Dumez, 2012) was recorded by the researcher in their report focusing on the specific nature of international management and interactions between local and international activity. Concomitantly, Alpha wished to create a committee for the valorization of expertise.

Investigating opportunities for valorizing centers' expertise on the international stage, therefore, involved new methods of data analysis. This was achieved by reusing qualitative management data for a supplementary analysis to examine an aspect that had not yet been considered (Chabaud and Germain, 2006, p. 205).

With regard to the classification of the parameters necessary for the study, arbitration was required. Indeed, certain information, such as features specific to local geography or the ever-present relationship with the national body, ruled out the possibility of differentiating the discourses usually seen in an analysis of the ACM type. Thus, the final decision retained only the two perspectives of international and local, and then the statements were categorized according to the conceptual model:

- Perspectives on international activity (three categories, seven sub-categories):

  - Market and customers: response to demand from international business customers;
  - Organizational culture: obstacles to international expansion, the issue of international activity related to competition or outside of competition;
  - Inter-organizational culture: membership of a network, participation in European projects and publications, or conference attendance.

- Perspectives on specifically local activity (two categories, two sub-categories):

  - Market and Customers: funding from regional bodies;
  - Organizational culture: the place of members in the day-to-day activities of the local experimentation center.

Each interview was attributed a code to indicate adherence or non-adherence to each subcategory. For example, if an interviewee mentioned the sub-category "regional funding", the keyword "Reg" was written in the corresponding box, and on the contrary, if the sub-category was not mentioned, the keyword "PasReg" was written.

The audit interview guide was not designed to tackle specific questions of either international interest or location-specific activity, and expressions are therefore used freely by the interviewee to illustrate the points they raise. In this context, it may be the case that certain participants omitted to mention their participation in European projects because this was not a central element when demonstrating their expertise.

The purpose of the study is to distinguish the positions of each interviewee with respect to the international opportunities available to Alpha. Primarily, it is a case of highlighting the axes that characterize the two selected dimensions: those that mention internationalization and those relating to locally specific activity. Next, the interviewees can be divided into different classes to identify behaviors showing their attitude toward international activity and the opportunities it represents. The analysis was carried out in two stages using the "R 3.6.3" software. To obtain these results, an ACM was first performed, and then the analysis was followed by a CAH adapted to the qualitative data (Husson, 2018).

Because the case study (Dumez, 2013) required triangulation, the results and comments of the ACM and the CAH were discussed with Alpha employees and researchers working on bioeconomic issues. In accordance with the conditions of

validity of interpretivism (Perret and Séville, 2007), the researcher sought to meet the dual criteria of ideography and empathy. As such, because the results have benefited from an idiographic assessment, the information can be used to better understand the appropriateness of scientific expertise to address the potential of the international market. An empathic validation means that this document, specifically written for the national unit, can be disseminated internally.

3.3. Results: a selection of ideas to identify opportunities

The results are presented in three points: first, to qualify and quantify the place of international activities in the daily lives of the local experimentation centers; second, through an ACM, to identify the categories and sub-categories regarding local and international activity—the most salient examples; and finally, through a CAH, to characterize homogenous classes of participants.

3.3.1. The omnipresence of internationalization

The first finding, entirely unexpected by the researcher, concerns the importance of internationalization, despite the ITA's primary mandate being to engage in local development. The most prominent dimensions are "lack of international publication" (26), "no impediment to going abroad" (22), respond to an "international business customer" (20), and taking into account "membership" (20) (see the Appendix).

International activity is central to the dynamics of each local experimentation center be it in terms of demand from business customers: "the Germans are asking us to work on this for their French range" (local experimentation center manager), or in relation to day-to-day pressure in handling international issues: "Poland could really ruin us, but on the other hand Italy is not at all problematic" (local experimentation center manager). The types of expertise that can influence IPM are often discussed in relation to global issues and are part of the shared values at Alpha.

The second unexpected finding relates to the verbalization of sentiment regarding "obstacles to international expansion": "I do not know enough about potential international business customers" (Expert) or: "It is above all the [English] language that poses a problem for my colleague" (local experimentation center manager).

3.3.2. The emergence of the global–local paradox

The ACM distinguishes two main axes of focus (Figure 3.2) and three secondary axes to illustrate the attitudes of interviewees in their relationships at the local level as sources of current expertise, and then at the international level.

The first axis, "management of the global-local paradox" (27.38%), illustrates the "importance of international publications and symposia" (13.60) associated with the "obstacles to have international activity" (12.86). A local experimentation center manager, Dir 7, has a profile representative of an interviewee on this axis
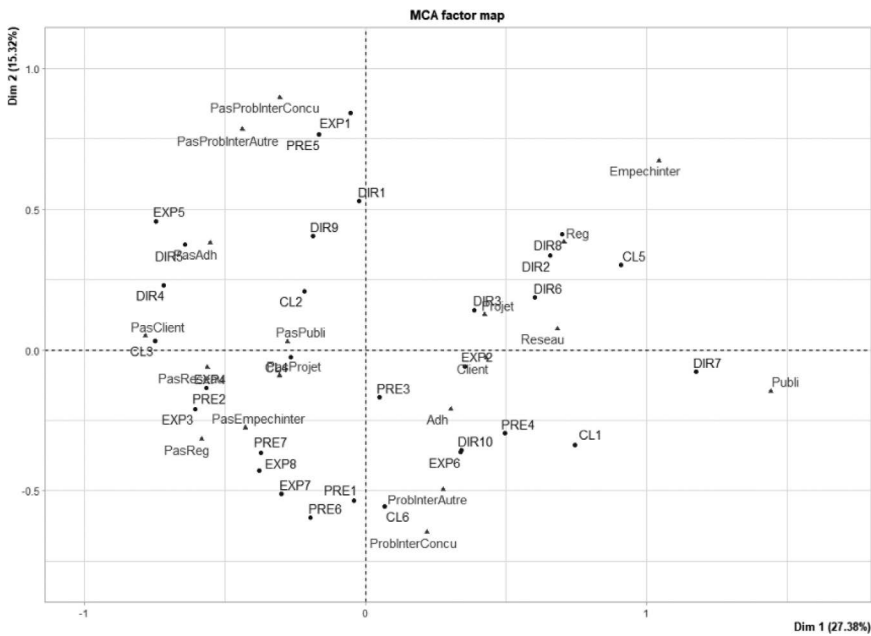
Figure 3.2 ACM Board

Source: Verbatim comments from 30 interviews, March 2019–August 2019, R and Factoshiny software

(16.25), and he discusses the presence of an obstacle but has overcome it through publishing internationally.

The findings show that while Alpha strives to achieve commercial success in the local environs and is firmly implanted in its geographical location, the staff achieve freedom through scientific communication at an international level.

The second focus area, "importance of international expansion" (15.32%), characterizes the divide between interactions in which international activity is not mentioned, either in terms of competition (24.53) or in relation to other themes (17.23), while on the other hand, some remarks commonly address international issues concerning competition (17.72) or other themes (10.88).

The third axis, "importance of European projects" (12.90%), illustrates the contrast between mentions of "participation in European projects" (20.45), "writing international publications" (24.05), and those discussing non-participation in European projects (14.77). A local experimentation center manager, Dir 6 (22.69), emphasizes the role of European projects in boosting its reputation.

The fourth axis, "taking stakeholders into account" (12.30%), concerns two types of stakeholders: members of the local experimentation center, and international business customers. In the decision-making process, some interviewees mention neither the consideration of members (21.01) nor that of business customers (21.73) while other remarks mention international business customers (11.95)

and members' continuing interest (11.55) in the day-to-day activities of the local experimentation center.

The fifth axis "importance of funding by the regional authorities" (10.54) emphasizes the directive nature of these budgets, even if the financial sums involved remain confidential: "When the region authority provides funding for trials, something is expected in return" (local experimentation center manager). While for all local experimentation centers the regional authority is a primary contributor, some centers seem to focus on budgets granted regionally (17.59) while others shift the focus elsewhere by opening their options to include a multitude of other donors (14.48).

3.3.3.   *Three types of behavior with regard to international opportunities*

The ACH distinguishes three categories of individuals that are homogeneous in their approach to internationalization (see the Appendix).

Class 1 "Non-international contributors" includes verbatim illustrating the non-expression of the aspects "partner network" (3.52), "international competition issues" (2.8), and "European project" (2.4). Internationalization is not referenced in accounts of their expertise.

Class 2 "Contributors taking into account the international dimension but not considering publications or symposia" characterize individuals working toward "participation in European projects" (2.73), by the construction of "networks" (2.3) and by "international issues" whether they are related to competition (2.17) or not (1.8). Internationalization is part of the daily life of the local experimentation center but without especially dedicated scientific investment.

Class 3 "Contributors handling the global-local paradox" brings together verbatim comments (local experimentation center manager, business customer) highlighting the importance of international publications (3.73) and awareness that focusing on a local presence may lead to obstacles (2.88). The international market is then perceived as a profitable opportunity, both currently and in the future, for both commercial and scientific expertise.

3.4.   Discussion

The discussion focuses, on the one hand, on the global–local paradox and, on the other hand, on the valorization of expertise in the context of global warming.

3.4.1.   *Opportunities and the global–local paradox*

The analysis of the Alpha case revealed a global–local paradox in the valorization of expertise (ACM) and resulted in the identification of three distinct modes of behavior, including a cluster characterized by the ability of its members to manage these two opposites simultaneously (CHA). This paradox is best illustrated by two examples, the first example being the convergence with local demand of

international business customers which highlights a dual need: international excellence, and adaptation to the specific features of the local geographic areas in question. A competitive offer requires an opening of a transactional space: "often it takes several of us to manage this complex situation. We like to share expertise" (business customer 1). The second example is inherent to ITAs' *raison d'être*: that of being rooted in the territory but with a duty to inform members of the local experimentation center about conditions for competitiveness on the international stage. One group of contributors, conscious at once of their limitations and their inherent potential, has found a solution to manage the paradox: the writing of world-class publications.

Smith and Lewis (2011, p. 387) refer to the paradox in the following definition: "Contradictory yet interrelated elements (dualities) that exist simultaneously and persist over time; such elements seem logical when considered in isolation, but irrational, inconsistent and absurd when juxtaposed". Institutions, coordinating competitiveness and legitimacy, are often confronted with these trade-offs, as illustrated for competitiveness clusters by Bardet and Guiderdoni-Jourdain (2016). Faced with the paradox, Van de Ven and Poole (1989) identify four modes of behavior: (1) acceptance, with appreciation of the differences between the tension points involved, (2) spatial separation, (3) temporal separation, and (4) synthesis. Acceptance, by promoting the establishment of a virtuous circle based on collective dynamics, allows the company to continue its business as well as it possibly can.

Although not specifically addressing paradoxes, the literature on the antecedents of managerial innovation emphasizes the value of a systemic approach to dealing with the situation as a whole (Khosravi, Newton, and Rezvani, 2019). However, the complexity of bioeconomic activity is specific because working with its products and its processes generates risks beyond those attached to the market (Rollet, 2000) such as perishability and seasonality. In addition, the specific features of ITAs, such as the obligation of self-financing, coordination of the pooling of R&D for agricultural professionals, anchoring in a territory, and imposed frugality, serve to increase the level of complexity. The conceptual model, based on the opportunities offered to ITAs for the valorization of expertise, was based on a multifactorial approach: management commitment, organizational and inter-organizational culture, business customers, and markets.

The application to the Alpha case has proved its relevance, yet it is now necessary, in order to better understand the paradox, to address other conditions necessary for innovation. The Alpha case study, therefore, demonstrated the existence of a group of interviewees able to manage the global–local paradox by verbalizing at once the "obstacles" and the means to overcome them. The mentioning of negative factors such as "poor grasp of the English language" relates to cognitive aspects seen as critical pre-requisites by Krueger and Kickul (2006). The latter are necessary for acceptance of the paradox: contributors who are aware of the obstacles at international level and who mention them are those who overcome these obstacles to envisage international activity. These cognitive aspects contribute to international "intentionality". Moreover, during the interviews, those interviewed, when

unintentionally placed in a situation of ignorance in relation to international expansion by the researcher, were often keen to be given a referral or contact.

In the light of this willingness to learn, it is illuminating to examine the roles of stakeholders (Freeman, 1984) such as the national body, business customers, the European Union, and the regional authority. All of these stakeholders can aid the propagation of "entrepreneurial intentions" to promote verbalization and subsequent management of the paradox. In this way, business customers highlight the potential of co-development. Indeed, the globalization of markets generates opportunities that lead to open innovation (Chesbrough, 2003), and implies acquisition of tools to best manage it. The European Union serves as a stimulus, subject to the cost of entry: presenting oneself as a provider on a European project implies significant investment of know-how and time, which can contribute to pooled resources managed nationally. Territorial development can only be envisaged by the region when part of the global economy. Territory-specific intelligence can be deployed in order to ensure an incentive role in a dual top-down and bottom-up logic (Pelissier, 2009), and also promotes, through guided tender responses, awareness of international potential for local contributors.

The pooling of resources and the standardization of methods are embraced as a result of national unity as a consequence of a desire to valorize expertise. In observing the practices of an exemplary group, frugal managerial innovation practices adopted by these pioneering local experimentation centers can be identified and disseminated. Working within a dynamic of solidarity, competitiveness, and legitimacy, it can, in agreement with local centers and regulatory bodies, strengthen its commitment to IPM innovation.

3.4.2. *Valorizing expertise by focusing on the universal nature of the fight against global warming*

Research on Responsible Innovation was initiated in 2001 by the European Commission. It seeks to bring science and citizens closer together in a logic of inclusivity. The aim is to address challenges (health, climate change, etc.) in a diverse, inclusive, anticipatory, transparent, and responsive manner. Von Schomberg (2012) was at the origin of one of the first definitions:

> Responsible research and innovation is a transparent, interactive process by which societal actors and innovators become mutually responsive to each other with a view on the (ethical) acceptability, sustainability and societal desirability of the innovation process and its marketable products (in order to allow a proper embedding of scientific and technological advances in our society).

More responsible bioeconomic practices within a territory can be transposed or adapted to another place and can contribute to saving the planet.

The valorization of IPM expertise is part of a paradigm of frugal activity. However, while the commitment of managers, innovation-oriented culture, and the

potential offered by international clients are general antecedents of managerial innovation (Khosravi, Newton, and Rezvani, 2019), the reflection is positioned here, upstream, on the generation and selection of opportunities promoting frugal innovation, and focuses on the transition from the generation to the development of ideas (Perry-Smith and Mannucci, 2017). Innovation is therefore envisaged in relation to one or more new, more efficient managerial organizations: "Management innovations can involve changing organizational form, applying new management practices and developing human talent with the effect of leveraging the firm's knowledge base and improving organisational performance" (Volberda, Van Den Bosch, and Heij, 2013, p. 2), and it could influence "its performance in terms of innovation, productivity and competitiveness" (Volberda, Van Den Bosch, and Heij, 2013, p. 1). The desired future involves valorizing existing expertise in a frugal manner.

Alpha's national body can credibly engage in this way on international issues in the bioeconomy through its mastery of IPM, where the ability to respond with finesse to local needs generates positive externalities. Composed of experts and highly motivated, the local experimentation centers' staff members represent a strategic asset of excellence that can form part of the international scientific community. In accordance with the definition proposed by Von Schomberg (2012), the ITA will then participate in the collective construction of opportunities in social innovation, in terms of acceptability, transparency, interactivity, sustainability, and integration.

Acceptability can be promoted through the leveraging of external resources (Servajean-Hilst, Poissonnier, and Pierangelini, 2018). The formalization of a committee oriented toward the valorization of expertise can shed light on the perception of complexity and improve listening for signals given by the representative stakeholders.

Transparency can be improved by the harnessing of shareable tools (Mignon *et al.*, 2017, p. 210). These tools need to fall into the interviewee's frame of reference, but on a more general level, it is essential that they facilitate the appropriation and dissemination of conditions for the seizing of opportunities.

Interactivity can also mean building on shared RRI projects. Within Alpha, the collective writing of a book on IPM has supported a culture of responsible innovation and enhanced international recognition for current scientific expertise.

Sustainability sits well with frugal managerial innovations. Improvement of management methods can combine intra- or inter-center expertise in order to better respond to business customers and institutional donors. The ACTA can encourage exchanges between ITAs, by mobilizing digital technologies and the best practices of exemplary experimentation centers, to improve or invent platforms for collaboration.

The integration of scientific and technological advances benefits by taking advantage of the potential of representatives on frontier zones (Barner-Rasmussen et al., 2010). The latter are to be identified within each local experimentation center, the national body, and the various committees to stimulate the capacity to re-envision and re-evaluate a service delivery based on expert resources, taking

into account potential changes in demand from local interviewees (horticulture members and business customers), and becoming open to international challenges.

3.5.   Conclusion

Discussing the antecedents necessary for the valorization of ITA expertise in the international arena involves a response to several sub-questions relating to opportunities, managerial innovation, and the specific nature of the expertise of ITAs in the context of global warming.

Focus on the valorization of expertise has enabled identification of the presence of frugal managerial innovation as an antecedent, based on the model proposed by Khosravi, Newton, and Rezvani (2019). Several elements have made it possible to understand the interactions between local and international activities in the specific context of ITAs: organizational and inter-organizational culture, demand from business customers, and management commitment. This research focuses on the first two phases of managerial innovation, idea generation and development (Perry-Smith and Mannucci, 2017), and looks at potential stakeholder roles. The management team's commitment to establish a formal committee to valorize expertise by mobilizing external resources (Servajean-Hilst, Poissonnier, and Pierangelini, 2018) is crucial.

The fieldwork has shown that an ITA, despite being anchored to its geographical location, can achieve valorization of its expertise in the international arena. While statistical analysis identifies several types of behavior, it appears that verbalization of salient tensions promotes the acceptance of paradoxes (Smith and Lewis, 2011). The national body plays an essential role, and can support the committee's proposals for valorizing their expertise, thereby taking advantage of examples to encourage their dissemination. Other stakeholders such as the EU can also play a role in stimulating an appetite for projects, or the regional government in triggering a regional intelligence approach (Pelissier, 2009). A commitment from management can emphasize the effectiveness of IPM against global warming by recommending criteria for research in responsible innovation.

The theoretical contribution concerns two aspects. First, the verbalization of historical events (Krueger and Kickul, 2006), which may prove to be obstacles, promotes the behaviors necessary to manage paradoxes (Smith and Lewis, 2011). Second, the fight against global warming as responsible innovation (Von Schomberg, 2012) makes it possible to express a shareable "orientation towards innovation" (Khosravi, Newton, and Rezvani, 2019), in order to facilitate cohesion and trade-offs in the early phases required for managerial innovation (Perry-Smith and Mannucci, 2017).

At the operational and managerial levels, this work emphasizes the benefits to an ITA of the presence of a dedicated committee when assessing international opportunities. In methodological terms, two descriptive tools are used, the ACM and the ACH, in order to promote engagement from interviewees and conduct research in an empathetic and idiographic manner. Identifying committee members capable of handling the global–local paradox enables management teams to

discover best practices, and to bring them to discussions regarding other management situations.

Limitations are inherent in case studies, which involve inter-disciplinary discussions to include other case studies, in addition to comparisons between sub-units of a system. One avenue for further reflection would examine the role of the committee in the valorization of expertise and its participation in the operationalization of managerial innovation. This new investigation would therefore imply both epistemological and methodological interrogation.

Appendix: statistical data

Table 3.1 Variable contributions

Denomination "French"		Dim 1	Dim 2	Dim 3	Dim 4	Dim 5
PasReg	Without Funding from regional body	7.535629	3.97729927	0.017301031	1.22848745	14.4837980
Reg	With Funding from regional body	9.150407	4.82957769	0.021008395	1.49173476	17.5874690
Adh	With Consideration for Members from Local Experiment Center	2.417630	2.04758816	4.333686676	11.55427009	1.0329986
PasAdh	Without Consideration for Members from Local Experiment Center	4.395691	3.72288756	7.879430321	21.00776380	1.8781793
Empechinter	With Obstacles to international activity	12.862346	9.56364851	0.969860236	2.79215445	13.8799539
PasEmpechinter	Without Obstacles to international activity	5.261869	3.91240166	0.396761005	1.14224500	5.6781630
PasProbInterConcu	Without International Competition Issues	1.574753	24.53403737	0.008778996	0.39744629	5.0374905
ProbInterConcu	With International Competition Issues	1.137322	17.71902699	0.006340386	0.28704455	3.6381876
PasProbInterAutre	Without International Issues—other than competition	3.010200	17.23289907	4.724881266	0.55711873	3.4964818
ProbInterAutre	With International Issues—other than competition	1.901179	10.88393625	2.984135536	0.35186446	2.2083043
Client	With International Business Customer	4.854285	0.03784155	0.089397174	11.95188051	5.4402449
PasClient	Without International Business Customer	8.825973	0.06880282	0.162540316	21.73069184	9.8913543
PasReseau	Without International Network	7.041917	0.15514797	6.554661614	0.17078704	4.3889461
Reseau	With International Network	8.550899	0.18839396	7.959231960	0.20738426	5.3294345
PasProjet	Without European Project	2.206190	0.34572620	14.769670077	10.33605830	0.5516437
Projet	With European Project	3.054725	0.47869782	20.450312414	14.31146534	0.7638144
PasPubli	Without International Publication	2.615965	0.04872373	4.624516548	0.07767793	0.7602477
Publi	With International Publication	13.603020	0.25336342	24.047486049	0.40392522	3.9532883

Table 3.2 Individual contributions (CL = business customer, DIR = director, PRE = president, EXP =expert)

	Dim 1	Dim 2	Dim 3	Dim 4	Dim 5
CL1	6.554323757	2.38390647	6.10603214	2.6000193	8.598449177
CL2	0.548684666	0.92599571	0.09156400	4.6725812	13.322128011
CL3	6.576469374	0.02389620	0.03735827	0.4311712	0.001781220
CL4	0.829473258	0.01426236	0.42579920	8.3546131	2.588592590
CL5	9.718668912	1.91252936	6.22533877	0.5782677	0.071311094
CL6	0.054791238	6.51483068	0.14836488	1.4126765	0.002208622
DIR1	0.006700529	5.88269669	1.53983693	14.3335573	0.096264910
DIR2	5.097260568	2.38143548	0.89286296	0.4664311	1.162269308
DIR3	1.751044452	0.43027843	5.59796064	1.9072838	7.418669295
DIR4	6.055740979	1.10616997	3.89871386	2.9362593	0.041803924
DIR5	4.842393472	2.94213976	0.33880025	5.7276284	0.418716519
DIR6	4.288318096	0.72767600	22.68581216	0.2515572	0.339663907
DIR7	16.250630513	0.12281766	0.28276659	0.4501298	1.593572869
DIR8	5.742947835	3.58325595	3.75071706	0.4032645	0.859291311
DIR9	0.405910750	3.45755022	3.47898424	0.0435025	11.582345149
DIR10	1.376591933	2.69064887	0.10215612	0.3878459	4.208982509
PRE1	0.020159823	6.00799236	1.24074663	0.5475763	0.461840046
PRE2	4.322119894	0.92754172	4.06447701	2.0372458	1.703641569
PRE3	0.029927819	0.59460922	5.13430414	0.5332784	4.496688660
PRE4	2.907505855	1.84655407	5.40312487	1.1986177	2.633957911
PRE5	0.327315505	12.37799702	4.38783315	0.1919633	18.000327336
PRE6	0.454065401	7.46688781	0.79380169	0.9557072	1.228154546
PRE7	1.624791526	2.82276234	2.03884494	1.3313112	4.900861560
EXP1	0.035405003	14.93325077	1.15982685	6.6227572	0.900441204
EXP2	1.475940284	0.07079274	10.10143925	5.0760914	8.584887354
EXP3	4.322119894	0.92754172	4.06447701	2.0372458	1.703641569
EXP4	3.764521159	0.37617455	1.04917465	1.9027299	0.489761197
EXP5	6.518873361	4.41462477	1.55726086	1.9463247	1.665953433
EXP6	1.358601384	2.76622192	2.41319584	13.6800521	0.032553198
EXP7	1.053719273	5.50712523	0.88174465	7.9003214	0.688202855
EXP8	1.684983487	3.85983395	0.10668039	9.0819887	0.203037148

Table 3.3 Representativeness of the axes

Dim 1	Dim 2	Dim 3	Dim 4	Dim 5	Dim 6	Dim 7	Dim 8	Dim 9
27.376159	15.320827	12.898271	12.298135	10.539227	8.009044	7.316617	4.104039	2.137681

Table 3.4 ACM variables most present in the script

Rank	Denomination (French)	Variable name in English	Script showing this variable	
			Number	%
1	PasPubli	Without International Publication	26	83.87%
2	PasEmpechinter	Without Obstacle to International Activity	22	70.97%
3	Client	With International Business Customer	20	64.51%
3	Adh	With Consideration for Members from Local Experiment Center	20	64.51%
5	PasProbInterAutre	Without International Issues—other than competition	19	61.29%
6	ProbInterAutre	With International Issues—other than competition	18	58.06%
6	PasProjet	Without European Project	18	58.06%
8	PasReseau	Without International Network, International Partner	17	54.84%
8	PasReg	Without Funding from Regional Body	17	54.84%

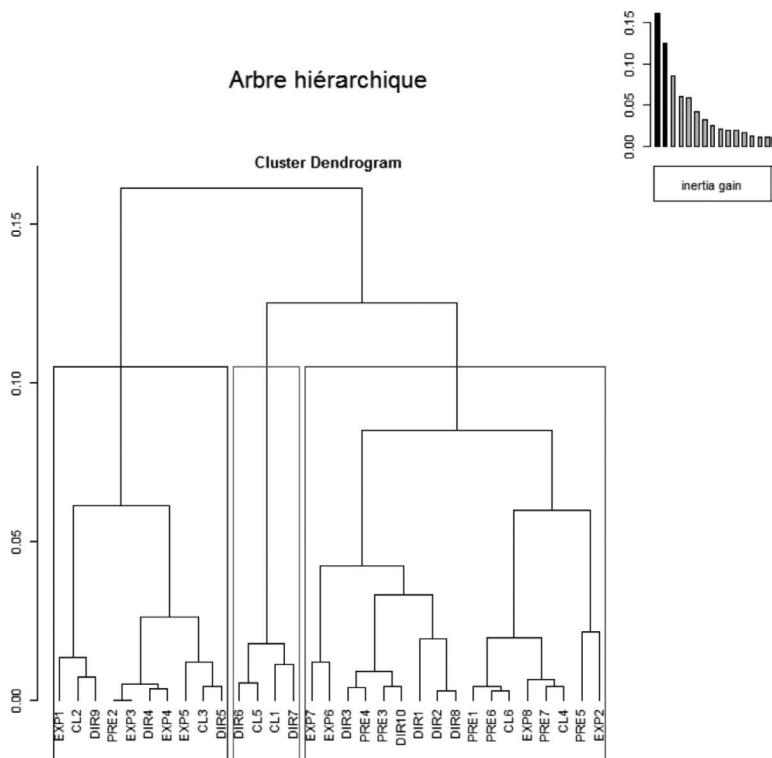*Source of Appendix*: ACM on R Software Dataset

Figure 3.3 CHA statistical data (hierarchical tree)

Table 3.5 Category description by variables and modalities

Denomination (French)	Variables	Category 1	Category 2	Category 3
Empechinter	With obstacle to international activity	−1.51	−0.69	2.88
PasEmpechinter	Without obstacle to international activity	1.51	0.69	−2.88
Pas ProbinterAutre	Without international issues other than competition	2.3	−1.8	−0.502
ProbinterAutre	With international issue other than competition	−2.3	1.8	0.502
PasProbinterConcu	Without international competition Issues	2.8	−2.17	−0.626
ProbinterConcu	With international competition issues	−2.8	2.17	626
PasProjet	Without European project	2.4	−2.73	0.626
Projet	With European project	−2.4	2.73	−0.626
PasPubli	Without international publications	1.56	1.54	−3.73
Publi	With international publications	−1.56	−1.54	3.73
PasReseau	Without partner network =	3.52	−2.3	−1.13
Reseau	With partner network =	−3.52	2.3	1.13

Source of the Appendix: CHA on the dataset, R Software and Factoshiny.

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4 Crowdfunding potential

A two-country study of awareness and intention toward crowdfunding

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Crowdfunding is a method of entrepreneurial financing that is alternative to traditional methods, and which has been developed through the Internet. Crowdfunding allows entrepreneurial projects to start without resorting to traditional bank financing. The objective of this research is to compare the growth potential of crowdfunding in Egypt and France. Two exploratory quantitative surveys, administered simultaneously in 2019 to 243 Egyptian and 533 French respondents, show that there is a difference between the two countries in terms of awareness and intention to participate in crowdfunding. We also establish a correlation between awareness of crowdfunding, the intention to participate in crowdfunding, and its growth potential. Finally, we conclude that there is a real growth potential for crowdfunding in both countries.

4.1. Introduction

According to the Central Agency for Public Mobilization and Statistics, the youth unemployment rate in Egypt in 2014 reached an all-time record high of 13.40%, but in 2019, it had decreased to reach the lowest record rate of 7.50%. The high unemployment rate was due to the small number of SMEs and the inability of the governmental sector to provide jobs for all young jobseekers. Therefore, increased attention was given to promoting entrepreneurial firms as a possible solution for the country's poor economic conditions and high unemployment rate.

Research shows that entrepreneurial firms contribute positively to economic development through job creation and innovation. Entrepreneurship is seen in many countries as important for the development of the economy. It has a long time been considered a significant factor for economic growth and social development because it provides many job opportunities, offers a variety of consumer goods and services, and generally increases national prosperity and competitiveness (Zahra, 1999). For this reason, efforts to encourage entrepreneurship are increasing.

However, funding is a major obstacle especially for early-stage, high-potential firms. The main issue that may restrain the development of startups is the lack of access to financing (Nieman, Hough, and Nieuwenhuizen, 2003), and not receiving adequate funding may hamper startups and threaten their survival. Entrepreneurs may face an inherent problem, which is to attract outside capital, given the lack

of guarantees, insufficient cash flows, and the presence of information asymmetry in respect of investors (Cosh, Cumming, and Hughes, 2009). Given this situation, they have started to rely on the Internet to directly seek financial help from the general public (the "crowd") instead of approaching financial investors such as business angels, banks, or venture capital funds (Lambert and Schwienbacher, 2010). This type of funding is called crowdfunding and might be considered as an innovative solution for this funding problem.

According to Wardrop et al. (2015), access to finance is one of the most pressing challenges faced by European SMEs, and crowdfunding could be a solution. It is seen to fill an investment gap and can play a complementary role to traditional finance. However, others see that the role of crowdfunding could be more than just "complementary"; it could be an alternative source of finance (Zhang et al., 2016).

Start-up crowdfunding is the use of small amounts of capital from many individuals to finance a new business venture. Crowdfunding makes use of the easy accessibility of vast networks of people through social media and crowdfunding websites to bring investors and entrepreneurs together, with the potential to increase entrepreneurship by expanding the pool of investors beyond the traditional circle of owners, relatives, and venture capitalists.

Crowdfunding platforms offer project founders the possibility to request funding for their projects and the realization of their ideas from a variety of Internet users active on these open online services (Mollick, 2014). It is a new way of sourcing finance in which money borrowers can call on the general public to fund their new ideas and projects. It has quickly gained popularity in many countries (Belleflamme, Lambert, and Schwienbacher, 2014) and has helped entrepreneurs to establish their startups. Crowdfunding has been one of the main trends in capital raising for startups in their early stages. According to the World Bank, crowdfunding is now growing into a billion-dollar industry worldwide, and the crowdfunding industry is now headed to account for more start-up funding than the venture capital industry. The global crowdfunding market was valued at US$10.2 billion in 2018, and it is expected to reach US$28.8 billion by 2025 (QYR report, 2019).

In Egypt, the government has used crowdfunding through the Long Live Egypt Fund, established by the current Egyptian president in 2014, to crowdfund seven development programs through citizens' donations. The Egyptian government has also successfully raised funds for the Suez Canal expansion through selling investment certificates to millions of Egyptians, which proves the success of this way of fundraising in Egypt at the macro level.

In France, the government developed a legal framework for crowdfunding in September 2013 to make crowdfunding a regulated activity (Sannajust, Roux, and Chaibi, 2014). According to the European Crowdfunding Network, in 2015, 80 crowdfunding platforms were active in France, and the value of the activity increased from €6 million in 2014 to €146 million in 2016 and reached €208.6 million in 2018.

This study will discuss crowdfunding in both Egypt and France at the micro level and its potential to become an everyday option for Egyptian and French entrepreneurs and investors. As the crowdfunding market in Egypt, as well as in France,

starts to grow, the objective of this study is to provide a descriptive analysis exploring the crowdfunding potential in both countries and the awareness and intention of people to participate in it.

Crowdfunding is a new and still evolving phenomenon that has begun to flourish in several countries as an alternative source of finance (Borello, 2015), yet governments and the public in many countries are not aware of this new funding approach. In order to increase crowdfunding's potential, it is necessary that people be involved and have a positive attitude toward crowdfunding. The starting point in the development of a positive attitude is the cognitive aspect (awareness) associated with it, followed by the intention to participate in it, which is the behavioral aspect. The aim of the study is to evaluate and measure people's, including crowd investors and entrepreneurs, awareness of and intention to participate in crowdfunding in two different countries: Egypt, a developing African country, and France, a developed European country with different cultural backgrounds. This study indicates the potential of crowdfunding in these two different contexts.

This study seeks to answer the following questions:

1. To what extent are Egyptians and French aware of crowdfunding as a funding mechanism for startups and creative ideas?
2. Do Egyptians and French have the intention to actively participate in crowdfunding?
3. What is the growth potential of crowdfunding in Egypt and France?
4 How do the awareness and intention of Egyptians and French to participate in crowdfunding affect its potential?

The results of our study will help entrepreneurs and investors to understand crowdfunding. It may encourage entrepreneurs to request funds through crowdfunding and investors to raise capital. The study will also help to increase the development of new crowdfunding platforms in both countries. Understanding the potential of crowdfunding, the awareness by people of it and their intention to participate in it, is important if crowdfunding is to become a more common and reliable form of funding in Egypt and France. Examining the differences between Egyptian and French people in the same study will help transfer the successful experience of crowdfunding in either country to the other. Results from this study will provide an important message to policymakers in Egypt and France on the importance of crowdfunding, its potential, and what may limit its development.

4.2.   Literature review

Crowdfunding is a new, emerging way for entrepreneurial and project funding. It relies on the meeting of non-professional investors and entrepreneurs via Internet platforms. In crowdfunding, a large potential group of investors each donate a small amount to fund the total amount a borrower requires, and the transaction is facilitated and regulated by crowdfunding platforms, which act as financial intermediaries (Belleflamme, Lambert, and Schwienbacher, 2014; Mollick, 2014).

The literature differentiates between four forms of crowdfunding: donation-, equity-, lending-, and reward-based crowdfunding. Donation-based crowdfunding refers to a classic fundraising objective for a non-profit or charity cause with no monetary or material reward in return (Gleasure and Feller, 2016). In the equity model or equity-based crowdfunding, the fundraiser receives an equity stake or stocks in return for their investment (Belleflamme, Lambert, and Schwienbacher, 2014). In equity crowdfunding, the investor invests in the company (Leimeister, 2012). Lending-based crowd funding is derived from the typical banking model but without a financial institution involved. Lending can be with fixed interest rates (Allison et al., 2015; Bouncken, Komorek, and Kraus, 2015) or free of interest (Leimeister, 2012). The reward model is the most common form of crowdfunding (Belleflamme, Lambert, and Schwienbacher, 2014). It can be divided into two sub-models: the patronage model and pre-purchase or pre-order model (Tomczak and Brem, 2013). In the patronage model, the investor receives either a gift or a product from the fundraiser depending on the monetary contribution (Tomczak and Brem, 2013). In the pre-purchase or pre-order model, the investor orders the product before production with a price advantage or in a special version, helping the fundraiser to acquire the necessary production capital (Belleflamme, Lambert, and Schwienbacher, 2014).

The success of crowdfunding depends for the most part on the activity of the crowd either as investors or as entrepreneurs; therefore most of the literature on crowdfunding focuses on individuals and investigates the behavior of funders and fundraisers. The most important trait of crowdfunding is that people are the key players who make possible the generation of new ideas and the creation of a new service-product so the crowdfunding requires an active participation of all the people involved in promoting the new initiatives (Rossi, 2014).

4.2.1.   *Crowdfunding potential*

Although crowdfunding has become nowadays a popular financing channel worldwide, the success rate of crowdfunding projects on most platforms is often less than 50%. Thus, to increase the success rate of fundraising projects and the potential of crowdfunding, project owners should try to attract more funders and understand their funding intentions. Becoming involved in crowdfunding means that there are specific groups of people who are involved in supporting crowdfunding ventures (Berndt, 2016). The crowdfunding potential in any country depends on the involvement of people and their positive attitude toward crowdfunding. According to Solomon et al. (2013), the development of positive attitudes, in general, raises the acceptance of new products and services.

Many theories propose how attitudes are formed, including the ABC or the Tri-component model, the Theory of Planned Behavior (Ajzen and Fishbein, 1980), and the Theory of Reasoned Action (Solomon et al., 2013). Attitude theories are widely used not only in marketing but also in other fields of behavior such as understanding the intention of students to engage in entrepreneurial activities (Malebana, 2014). Many researchers believe that there are three components in any attitude, which are cognition, affect, and behavior. According to the tri-component model

of attitude, cognition refers to the beliefs a consumer has about an attitude object, affect refers to the way a consumer feels about an attitude object, and behavior involves the person's intentions to do something with regard to an attitude object (Solomon, 2013). Furthermore, the Hierarchy of Effects Model (Palda, 1966) suggests that the cognitive aspects of attitudes include awareness and knowledge; the affective components contain liking and preference; and the behavioral aspects contain conviction and purchase.

Our research focuses first on the cognitive component of an attitude, which includes the awareness and knowledge a person has about a product, service, brand, concept, or idea. In order to assess the potential of crowdfunding, it seems important to us to study its cognitive aspect. El Talla et al. (2017) show that as crowdfunding is a new concept, it needs more attention and promotion in the community, especially in poor communities with high unemployment and less work opportunities. Increasing the awareness toward crowdfunding in the community might help to increase crowdfunding potential. Our study will be based on the Hierarchy of Effects Model, and will try to assess how the cognitive aspects of crowdfunding might result in actions (Solomon, 2013).

Our research focuses also on the behavior component of attitude, which involves intentions to do something. This aspect is also important to assess the potential of crowdfunding. Here, our study will use the Theory of Planned Behavior, where intentions are considered good predictors of behavior. The Theory of Planned Behavior suggests that the most important immediate determinant of action is a person's intention to perform or not to perform that action (Ajzen, 1991).

4.2.2. The Hierarchy of Effects model

Lavidge and Steiner (1961) proposed a model of consumer response to advertising that began with two components: awareness and interest. Palda (1966) summarized these reactions as "cognitions" in the familiar "Cognition-Affect-Conation" model. Beginning this "hierarchy-of-effects" model, cognitive response was seen as an important variable for understanding and predicting attitudes. The Hierarchy of Effects model (Palda, 1966) suggests that the cognitive aspects include awareness and knowledge. This cognitive aspect of attitude is important to estimate the future use of crowdfunding. For this reason, in our research, we will focus on the cognitive component of crowdfunding.

Lutz (1975) demonstrates that changes in brand attitudes are positively correlated with changes in the cognitive aspect of attitudes, which offers considerable potential for brands. Beliefs (cognition) include the awareness that a person has about a product, service, brand, or idea. The Hierarchy of Effects theory is used to understand not only the attitudes of people but also their future actions, which will help to understand the potential of this new financing method.

Lu, Chang, and Chang (2014) suggest that a high brand awareness leads to positive attitudes. Studies show that if consumers are more familiar with a brand, that is, their brand awareness is high, their confidence toward the brand will increase (Laroche, Kim, and Zhou, 1996), they will be more likely to trust that brand (Smith

and Wheeler, 2002), and they will have a positive attitude toward that brand. Applying the hierarchy of effects, Laroche, Kim, and Zhou (1996) suggest that consumer's attitude toward a specific product is positively affected by his or her familiarity with that product.

Crowdfunding relies heavily on social interaction. Leonardi and Meyer (2015) show that simple awareness of others' interactions serves as a social lubricant that facilitates knowledge transfer and encourages people to interact. Therefore, the population's awareness is a determinant of crowdfunding development since the creation and growth of crowdfunding communities depend on awareness (De Leon and Mora, 2017), so the crowdfunding awareness could be used to predict crowdfunding potential.

4.2.3.   *The Theory of Planned Behavior*

According to the Theory of Planned Behavior, intentions are good predictors of behavior when the behavior is under volitional control (Ajzen and Fishbein, 2005). This theory is an extension of the Theory of Reasoned Action, which was developed by Ajzen and Fishbein in 1980 (Ajzen, 2005). Ajzen and Cote (2008) regard the Theory of Planned Behavior as the most influential and popular framework for the prediction of human behavior.

The central factor in the Theory of Planned Behavior is an individual's intention to perform a given behavior. Intentions are assumed to capture the motivational factors that influence a behavior, and are indications of how hard people are willing to try and how much effort they are planning to do so as to perform the behavior. According to the Theory of Planned Behavior, the stronger the intention to engage in a behavior, the more likely the behavior will be performed. However, this will exist only if the behavior in question is under volitional control, which means that the person can decide to perform or not perform the behavior by himself or herself. (Ajzen, 1991). In our research, we regard crowdfunding contribution behavior as a planned behavior.

The Theory of Planned Behavior further suggests that intention to engage in a behavior is affected by several subjective positions: one's attitude toward the behavior, perceived behavioral control, and perception of subjective norms (Ajzen, 1991). Attitudes are the overall evaluations of the behavior by the individual, capturing the extent to which he or she views the behavior favorably.

Perceived behavior control is the individual's perception of how easy or difficult the performance of a certain behavior is, capturing the extent to which he or she views himself or herself as having the capacity to perform it. Subjective norms are the individual's beliefs about whether significant others think he or she should engage in the behavior and are assumed to capture the extent of perceived social pressures exerted on individuals to engage in a certain behavior.

Shneor and Munim (2019) regard crowdfunding contribution behavior as a planned behavior. They find that an extended Theory of Planned Behavior model holds for reward crowdfunding and that both financial–contribution intentions and information sharing intentions can predict a positive crowdfunding behavior. They define financial–contribution intention as an individual's intention to provide

monetary backing to a crowdfunding campaign. Information sharing intention is seen as an individual's intention to share information about a crowdfunding campaign with others in their social and professional networks since crowdfunding behavior is anchored in social media interactions and users' exposure to online word of mouth.

Adopting the Theory of Planned Behavior in this study enhances our understanding of intentions in the context of crowdfunding contribution behavior, which helps us to predict crowdfunding potential. Xu, Wang, and Yu (2020), adopting the theory of planned behavior to explore consumer's intention to purchase green furniture, find that environmental awareness positively affects the consumer's attitude and intention to purchase green furniture. They show that awareness is able to increase consumer's intention.

These theories apply to our aim to measure crowdfunding potential in general and lead to a set of four hypotheses; each hypothesis is subdivided into two sub-hypotheses for each sample from Egypt and France.

In sum, the Theory of Planned Behavior and the Hierarchy of Effects model seem to apply to our goal of measuring the crowdfunding potential, in general, and lead to a set of three hypotheses.

H1: Awareness has a positive effect on the intention to participate in crowdfunding.

> H1a: The awareness of crowdfunding of Egyptians has a positive effect on their intention to participate in it.
> H1b: The awareness of crowdfunding of French has a positive effect on their intention to participate in it.

H2: The intention to participate in crowdfunding has a positive effect on crowdfunding potential.

> H2a: The intention to participate in crowdfunding has a positive effect on the crowdfunding potential in Egypt.
> H2b: The intention to participate in crowdfunding has a positive effect on the crowdfunding potential in France.

H3: There is a significant difference between the Egyptian and the French people with respect to their awareness, intention, and crowdfunding potential.

> H3a: There is a significant difference between Egyptians and French with respect to their awareness of crowdfunding.
> H3b: There is a significant difference between the Egyptians and the French with respect to their intention to participate in crowdfunding.
> H3c: There is a significant difference between Egypt and France with respect to crowdfunding potential.

4.3.   Research methodology

The goal of this study is to measure crowdfunding potential and to shed light on the differences between two countries regarding their crowdfunding potential. The

crowdfunding potential in each country is detected using the awareness and intention of people to participate in crowdfunding. The dependent variable of the study is the crowdfunding potential while the independent variables are awareness and intention to participate.

Due to the lack of academic research on crowdfunding that compares two or more countries, this research applies an exploratory design to explore the potential of crowdfunding in two different contexts, Egypt a developing African country, and France a developed European country. The research results are based on a quantitative survey. A questionnaire was developed on the basis of academic literature in Arabic, English, and French. The questionnaire includes items that assess the various variables of the research objective. It starts with a brief explanation of what crowdfunding is, for respondents who are not familiar with the concept. The questionnaire was organized into four main parts: the first part contains three questions that measure awareness of crowdfunding, where respondents were asked about their knowledge and understanding of crowdfunding. The second part measures intention to participate in crowdfunding and contains three questions where respondents were asked about their willingness to participate in crowdfunding as funders or fund seekers. The third part is dedicated to measuring the growth potential of crowdfunding, where respondents were asked to indicate the extent to which they agreed that crowdfunding had potential in their country by choosing one of the five responses: (A) strongly disagree, (B) disagree, (C) neutral, (D) agree, or (E) strongly agree. The fourth section contains demographic variables.

Data were collected partly through self-administered paper questionnaires and partly through an Internet questionnaire. The questionnaire was distributed randomly to Egyptians and French recipients, either in paper form for the paper questionnaire, or in the form of an e-mail request to fill in the Internet questionnaire. Most of the contacts are students, who could be funders, offering participatory financing, or entrepreneurs, requesting participatory financing. This population segment targeting was deliberate because it is very often this population, after leaving school, which embarks on the adventure of creating a company by appealing for crowdfunding.

A sample size of 786 respondents participated in the survey, 253 from Egypt and 533 from France. Data were collected between September and December 2019. Most respondents from Egypt are actual or ex-students of Alexandria University and respondents from France are actual or ex-students of Bordeaux University. Most respondents in France and Egypt are aged between 18 and 25. Actual and ex-students are chosen for this survey based on the results of the representative international surveys which suggest that 40% to 52% of crowd funders are younger than 35 years (Hossain and Oparaocha, 2017). Table 4.1 shows the socio-demographic characteristics of the final sample.

To measure awareness of crowdfunding, intention to participate and crowdfunding potential, data we obtained from the survey were analyzed with descriptive statistics including frequencies and means. To test relationships, linear regression and a chi-square test are used.

Table 4.1 Characteristics of the sample

Variables	Category	Egypt		France	
		Number	%	Number	%
Gender	Female	129	51.0	318	59.8
	Male	124	49.0	215	40.2
	Total	253	100.0	533	100.0
Age	[under 18]	15	5.9	8	1.3
	[18–25]	116	45.8	490	92.4
	[26–45]	101	39.9	30	5.5
	[46 +]	21	8.3	5	0.8
	Total	253	100.0	533	100.0
Status	Student	96	37.9	521	97.9
	Employed	113	44.7	9	1.5
	Self-employed	23	9.1	0	0.0
	Unemployed	21	8.3	3	0.6
	Total	253	100.0	533	100
Education level	High school	60	23.7	13	2.5
	Associate degree	109	43.1	133	24.8
	Bachelor's degree	50	19.8	292	54.9
	Master's degree	27	10.7	91	17
	Doctoral degree	7	2.8	4	0.8
	Total	253	100.0	533	100.0

4.4. Statistical results

4.4.1. Crowdfunding awareness

Table 4.2 reports the answers to the question "Do you know of the concept of crowdfunding?", measuring people's spontaneous awareness of crowdfunding. We see that almost 71% of the French respondents know about crowdfunding against only 48% in Egypt.

When we asked for complementary information about the actual practice of crowdfunding (Table 4.3), the statistics confirm that almost 47% of Egyptians and 24% of the French are not familiar with crowdfunding. Only 7% of the Egyptians and 17% of the French respondents have already practiced crowdfunding.

We also asked if respondents have used crowdfunding to ask for money to fund their personal projects (Table 4.4). Eleven percent of the Egyptians have already financed a personal project through crowdfunding, compared to 17% of the French respondents.

The difference in crowdfunding awareness between Egyptians and French respondents is reflected in their practice of crowdfunding, both as an entrepreneur seeking funds and as a funder. It can be argued that crowdfunding awareness influences practice.

These results reveal that in Egypt, awareness toward crowdfunding should be increased. We suggest that fund seekers first have the responsibility to spread

Table 4.2 Level of crowdfunding awareness in Egypt and France

Awareness	Egypt		France	
No	131	51.8%	154	29.1%
Yes	122	48.2%	375	70.9%
Total	253	100%	529	100%

Table 4.3 Level of awareness and practice of crowdfunding in Egypt and France

Awareness and practice of crowdfunding	Egypt		France	
I have never heard about it.	118	46.6%	127	23.8%
I have heard about it, but I have never used.	118	46.6%	314	58.9%
I know of crowdfunding and I have used it.	17	6.7%	92	17.3%
Total	253	100%	533	100%

Table 4.4 Level of practice of crowdfunding in Egypt and France

Raising funds for your project through crowdfunding	Egypt		France	
No	225	88.9%	441	82.9%
Yes	28	11.1%	91	17.1%
Total	253	100%	532	100%

the message, make people know what crowdfunding is, and encourage them to participate. They have to attract their potential supporters. However, to increase the potential of crowdfunding, especially in Egypt, not only fund seekers but also crowdfunding platforms have the responsibility to increase awareness toward crowdfunding among potential funders or entrepreneurs, given that more participation means more revenue for the platforms as the platforms earn a percentage from every successful fundraising. Policymakers and the government also have a role in increasing crowdfunding awareness, which may help entrepreneurs in Egypt to establish their startups, which would lead to a decrease in unemployment rates.

4.4.2.   *Intention to participate in crowdfunding*

Respondents were asked about their intention to participate in crowdfunding, in general, as fund seekers or as funders. Table 4.5 shows the statistics.

Table 4.5 shows that almost the same percentage of Egyptian and French respondents (27% and 22%) still need to learn more about crowdfunding before making the decision to participate or not. This seems logical in Egypt due to the low awareness of the respondents, but a more in-depth explanation is needed in respect of the French respondents, as their awareness of crowdfunding is high, suggesting

Table 4.5 Intention to participate in crowdfunding in Egypt and France

Intention to participate in crowdfunding	Egypt		France	
Need to know more about crowdfunding	68	26.9%	119	22.5%
Unlikely to participate	54	21.3%	144	27.2%
Likely to participate as a fund seeker (entrepreneur)	49	19.4%	84	15.9%
Likely to participate as a funder	23	9.1%	122	23.1%
Likely to participate as both a funder and a fund seeker	59	23.3%	60	11.3%
Total	253	100%	529	100%

Table 4.6 Intention to finance a project by crowdfunding in Egypt and France

If you have your own project, do you intend to finance it by crowdfunding?	Egypt		France	
No	23	9.1%	38	9.1%
Maybe	155	61.3%	287	68.8%
Yes	75	29.6%	92	22.1%
Total	253	100%	417	100%

that the French respondents are aware of the concept, but their understanding of the concept may be superficial and needs improvement.

Twenty-one percent of the respondents in Egypt are unlikely to participate, 19% would participate as fund seekers, 9% would participate as funders to support a crowdfunding project while 24% of respondents are likely to be both funders and funder seekers. In France, 27% of respondents are unlikely to participate in crowdfunding, 16% intend to participate as funder seekers, 23% intend to participate as funders while 12% think they will be both funders and fund seekers.

In both countries, a small percentage of people are unlikely to participate, revealing that most people surveyed in both countries intend to participate. The potential for crowdfunding development is real, in both Egypt and France. Most French respondents are likely to participate in crowdfunding as funders while most Egyptians are likely to participate as both funders and fund seekers. The French position themselves more than the Egyptians on the funding side while the Egyptians position themselves more as fund seekers to finance projects. The difference in the level of economic development between the two countries may explain this difference. Most French people (73%) are willing to participate in crowdfunding with only an offering of €10 to €50 while most Egyptians (64%) are willing to participate for an amount of EGP 500 to EGP 1,000, or about €25 to €50. These amounts are comparable while the purchasing power in France is much higher.

Finally, we asked if respondents intended to start a business and, if so, whether they would use crowdfunding to finance their project. Table 4.6 shows the statistics.

Table 4.6 shows similar statistics between the Egyptians and French respondents. Only 9% of respondents in both countries do not intend to finance their projects by crowdfunding. Nearly two-thirds are thinking about it but are not sure.

Nearly 30% of Egyptians and 22% of French respondents intend, if they create a business, to finance it through crowdfunding. This result confirms that Egyptians are more likely than the French to be on the demand side of crowdfunding.

4.4.3. The link between crowdfunding awareness and the intention to participate

Hypothesis 1 posits that a higher level of crowdfunding awareness increases the likelihood of participating in crowdfunding in the future, as fund seekers, funders, or both. Tables 4.7 and 4.8 show the results of the linear regression, for each of the two countries in our survey.

For both Egypt and France, the link between crowdfunding awareness and the intention to participate in it, as a fund seeker, funder, or both, is similar. The standardized regression coefficient takes the value of 0.24 for Egypt and 0.26 for France. Both coefficients are significantly different from the value 0. Thus, we can confirm that a high level of the awareness of crowdfunding by respondents increases the probability that they will participate in crowdfunding in the future. This effect is similar in both countries in our survey.

4.4.4. Crowdfunding growth potential in Egypt and France

The real potential of crowdfunding is difficult to estimate. It is a future variable and is a matter of transforming intentions into actual behavior. Only the future can really tell us what will be realized. We tried to estimate the crowdfunding potential by asking our respondents if they believe that crowdfunding, in their respective countries, has growth potential. We then, for each country, linked this opinion to the awareness and intention to participate in crowdfunding.

Table 4.7 Linear regression-dependent variable: intention to participate in crowdfunding

Egypt	*Unstandardized coefficient*		*Standardized coefficient*	*t value*	*Signif.*
	B	*Standard error*	*Beta*		
(Constant)	1.83	0.08		22.21	0.000
Awareness of crowdfunding	0.38	0.11	0.24	3.35	0.001

Table 4.8 Linear regression-dependent variable: intention to participate in crowdfunding

France	*Unstandardized coefficient*		*Standardized coefficient*	*t value*	*Signif.*
	B	*Standard Error*	*Beta*		
(Constant)	1.46	0.07		21.46	0.000
Awareness of crowdfunding	0.42	0.08	0.26	5.49	0.000

Looking at Table 4.9, we can see that people think that crowdfunding will grow in their country. We also see that the French are significantly more confident (71% agree and strongly agree) than the Egyptians (50% agree and strongly agree) that crowdfunding will grow in their country. Can this confidence, according to the Theory of Planned Behavior, be related to the intention to participate in crowdfunding? Table 4.10 shows the results of a simple regression for each of the two countries in our survey.

In both countries, Egypt and France, the crowdfunding development potential is significantly related to people's intention to participate. The regression coefficients are almost similar, with a value of 0.24 for Egypt and 0.22 for France.

Table 4.11 summarizes our set of hypotheses and their statistical results, which allows validating or invalidating each hypothesis.

Figure 4.1 visualizes the Theory of Planned Behavior in the area of crowdfunding development potential, aligning the regressions under our hypotheses H1 and H2, for each country:

Table 4.9 Crowdfunding growth potential in Egypt and France (chi-square = 27.0, p < 0.00)

Crowdfunding is likely to grow in your country in the next few years	*Egypt*		*France*	
Strongly disagree	7	2.8%	0	0.0%
Disagree	22	8.7%	18	3.5%
Neither agree nor disagree	72	28.5%	129	25.2%
Agree	107	42.3%	267	52.3%
Strongly agree	45	17.8%	97	19.0%
Total	253	100%	511	100%

Table 4.10 Linear regression-dependent variable: crowdfunding development over the next few years

Egypt	*Unstandardized coefficient*		*Standardized coefficient*	*t value*	*Signif.*
	B	*Standard Error*	*Beta*		
(Constant)	3.10	0.20		15.80	0.00
Intention to participate in crowdfunding in the future	0.30	0.09	0.24	3.28	0.00

France	*Unstandardized coefficient*		*Standardized coefficient*	*t value*	*Signif.*
	B	*Standard Error*	*Beta*		
(Constant)	3.44	0.11		30.8	0.00
Intention to participate in crowdfunding in the future	0.26	0.06	0.22	4.54	0.00

Table 4.11 Hypothesis validation

Hypothesis		Statistics	Validation
H1a	The awareness of crowdfunding of Egyptians has a positive effect on their intention to participate in it.	Regression coefficient b = 0.24. (p < 0.00) Significant	Validated
H1b	The awareness of crowdfunding of the French has a positive effect on their intention to participate in it.	Regression coefficient b = 0.24. (p < 0.00) Significant	Validated
H2a	The intention to participate in crowdfunding has a positive effect on crowdfunding potential in Egypt.	Regression coefficient b = 0.26. (p < 0.00) Significant	Validated
H2b	The intention to participate in crowdfunding has a positive effect on crowdfunding potential in France.	Regression coefficient b = 0.22. (p < 0.00) Significant	Validated
H3a	There is a significant difference between Egyptians and the French with respect to their awareness of crowdfunding.	48% in Egypt 70% in France	Validated
H3b	There is a significant difference between the Egyptians and the French with respect to their intention to participate in crowdfunding	52% in Egypt 50% in France	Non-validated
H3c	There is a significant difference between Egypt and France with respect to their crowdfunding potential.	50% in Egypt 72% in France	Validated
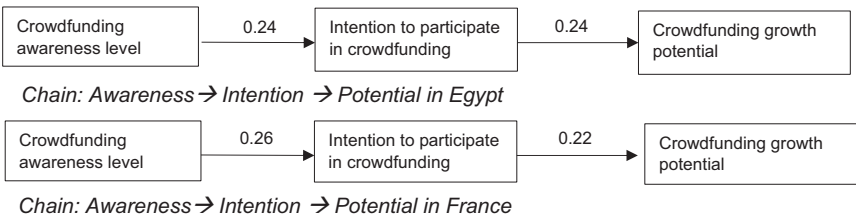
Figure 4.1 Chain of awareness, intention, and crowdfunding development potential in Egypt and France

4.5.   Conclusion

Crowdfunding allows young companies to start their activity without resorting to traditional bank financing. It is an alternative method of financing, which is being developed via the Internet. The objective of this research was to estimate the growth potential of crowdfunding, by comparing two countries, Egypt a developing African country, and France, a developed European country. We simultaneously conducted two quantitative surveys, with 243 Egyptian and 533 French respondents.

The comparative descriptive statistics show that there is a difference between Egyptian and French respondents in terms of awareness of crowdfunding and intention to participate. Crowdfunding is still in its infancy in Egypt, with relatively low awareness and a need for people to know it better. In France, most respondents not only are aware of the concept but also feel the need to know more. Thus, a better knowledge and understanding of crowdfunding will increase the participation rate and thus increase the potential of crowdfunding in both countries.

In terms of intention to participate in crowdfunding, the comparative statistics show that about half of the respondents, in both Egypt and France, think that they could participate in crowdfunding in the near future. However, it can be seen that Egyptians are more on the fund-seeking side for business creation while the French are more on the investment side of funding a start-up.

Regression analyses show that there are significant positive relationships between awareness of the concept of crowdfunding and intention to participate in crowdfunding, on the one hand, and between intention to participate in crowdfunding, as a funder or fund seeker, and its growth potential on the other hand. Thus, we confirm Solomon's (2013) Hierarchy of Effects model of how cognitive aspects translate into actions and Ajzen's (1991) Theory of Planned Behavior, which states that intentions are good predictors of future behavior.

Our research shows that the potential for crowdfunding development is real, in both Egypt and France. We suggest that fund seekers take it upon themselves to spread the message to let people know what crowdfunding is and to encourage them to participate in it. It is the fund seekers who should attract their potential supporters. Furthermore, crowdfunding platforms have a responsibility to educate potential funders and entrepreneurs about crowdfunding. It is in the platforms' interest to do so, as more participation in crowdfunding also means more revenue, as they earn a percentage of each successful fundraising raised through it. Policymakers and the government also have to play a role in raising awareness of crowdfunding, which can help entrepreneurs start their businesses more easily, which will lead to a decrease in the unemployment rate.

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5 Acculturation inside partnerships in the Russian car industry

Vincent Montenero and Philippe Very

Each time an industrial corporation establishes itself on a new market, it brings with it its own vision of the world as well as its conception of normal and proper ways of doing things, of relating to other people, and the behaviors that embody those conceptions. The encounter with the other will most often result in confrontation, or even opposition with another conception of the world. This may strongly impact the necessary transfer of information, that is, organizational learning, and the success of the project (Ang and Inkpen, 2008; Inkpen, 2008; Yitmen, 2013).

While culture (at organizational level and national level) definitely matters in international business, research findings remain inconclusive about the linkage between cultural differences and performance in the case of cross-border partnerships (Teerikangas and Very, 2006). This is why some authors have proposed another perspective on culture, looking at acculturation, a concept originally elaborated to characterize social movements of populations, and particularly migration groups joining another culture. Acculturation is a process of culture change that results from continuous, first-hand contact between two distinct cultural groups (Redfield, Linton, and Herskovits, 1936). Applying this concept in the field of mergers and acquisitions, Nahavandi and Malekzadeh (1988) theoretically argue that congruence between preferred modes of acculturation by each partner should facilitate the implementation of mergers. Initial findings using this perspective tended to show that acculturation contributes to explain economic performance in the case of cross-border acquisitions (Very, Lubatkin, and Calori, 1996). Unfortunately, the approach through acculturation has been rarely adopted by researchers despite its possible explanatory power. This research uses the acculturation perspective to explore factors of acculturative stress and attraction that characterize international partnerships and contribute to understand their performance. We first examine how acculturation has been utilized and show that research in management has adopted a rather restrictive perspective on acculturation: in the field of acquisitions, implementation success is theoretically associated with the congruence between the partners' perceptions of acculturation prior to implementation. As social movements theorists have argued, acculturation occurs all along the change process. In addition, previous studies in management have analyzed acculturation only from one side of the partnership (for instance, the acquired firm). Hence our questions: do acculturative attraction and stress occur all along the partnership process? Do

both partners share the same perceptions of stress and attraction? In addition, previous studies have only been conducted on partnerships between partners from developed economies.

To answer these questions, we analyzed partnerships between Western and Russian companies in the car industry. With the rise of emerging economies, we investigated what happens when the Western world meets the emerging world. We conducted in-depth interviews with around 20 managers from both sides of these deals. The car industry is a relevant industry to study acculturation because foreign strategic moves generally seek to deploy standardized technologies, work organizations, and practices initially developed in the Western world. Western car makers tend to impose their strongly intertwined global system on all players (Bourdin, Le Thiec, and Elissalde, 2009; Ijose, 2010). Accordingly, the globalized automotive industry presents an interesting case of a movement toward a "Westernized rule of law" (Dunfee and Warren, 2001, p. 191). Russia is also a relevant context because its long experience of the car industry during the Soviet Union period has generated its own Russian work organization and practices, far different from those of Western companies.

Our findings show that the acculturation perspective is appropriate to understand the dynamics of acculturation in the interaction between actors belonging to two different industrial traditions. Stress and attraction can occur all along the implementation of the partnership. Our analysis shows a complex picture of acculturation, not only with similarities between Russians and Western managers in their perceptions of factors of acculturative stress and attraction but also with specificities and oppositions. These findings underline the need to understand cultural influences from both sides of partnerships, along the whole course of implementation, in order to enhance chances of economic success. Acculturation in partnership is much more than a simple initial congruence between partners' preferences.

5.1. State of the Art

5.1.1. Acculturative stress and attraction

Numerous studies have analyzed the linkage between culture and the performance of mergers, acquisitions, and alliances. Most authors have based their research on the assumption that the extent of cultural differences (at the organizational level and/or at the national level) is inversely associated with the performance of these strategic moves. But the findings remain very confusing. For instance, reviews of research about this assumption in the context of acquisitions provide inconclusive results, as some studies find a positive relationship, whereas others a negative one, and still others no relationship (Teerikangas and Very, 2006, 2012).

Some researchers, however, have used a different perspective on the linkage between culture and performance, relying on the concept of acculturation coming from the theory of social movements (Berry, 1980) and then applied to the context of acquisitions (Nahavandi and Malekzadeh, 1988). The theory of social movements examines how migrant minorities adapt themselves to the new culture of

their host country. Acculturation refers to this multidimensional process of adapting to the host majority culture (Berry, 1980). It is a process of culture change that results from continuous, first-hand contact between two distinct cultural groups (Redfield, Linton, and Herskovits, 1936). Within the acculturation process, a member of one cultural group can change his or her behaviors, beliefs, and attitudes to become more in line with the norms of another culture. Berry (1980) developed a classification for ethnic minority individuals to describe acculturation types. He proposed four categories: integration, assimilation, separation, and marginalization. Integration occurs when a person has an interest in maintaining his or her culture of origin while simultaneously successfully interacting with the mainstream culture. Assimilation occurs when the individual does not maintain his or her culture of origin but adopts the behavior attached with the host culture. On the other hand, an individual in the separation category avoids interaction with the new culture while keeping his or her culture of origin. Finally, an individual in the marginalization category has no further interest in his or her culture of origin, nor in the culture of the host country.

Originally proposed as a group-level phenomenon, acculturation is also recognized as an individual-level experience sometimes called "psychological acculturation" (Graves, 1967). This concept refers to changes in an individual whose cultural group is collectively experiencing acculturation.

Acculturation is described as a process made both of stress and attraction when the individual is exposed to a new culture. Stress occurs when the individual perceives a gap between how things are in the new culture and how the individual thinks that things ought to be. Attraction (or positive perception) emerges when how things are in the new culture are aligned with how things ought to be or preferable to how things were in the initial culture. Individuals experience acculturation to varying degrees. Stressors may result from this varying experience of acculturation: for some people, acculturative changes may all be perceived as stressors, while for others, they may be benign or even seen as opportunities (acculturative attraction). These varying levels of acculturative stress may become manifest as a result of acculturation experience and stressors/attractors. The consequence is a possible variation in adaptation to the new culture (Berry, 1983).

Berry's framework was then utilized by management researchers Nahavandi and Malekzadeh (1988), who have proposed that post-acquisition culture involves a dynamic tension between forces of cultural differentiation (the side of the acquired firm) and forces of organizational integration (the side of the acquirer). The acquired firm and the acquirer have each their own preference about the mode of acculturation (integration, assimilation, separation, and deculturation (i.e., marginalization)) that should be chosen for the acquisition integration. The basic contention of their model is that implementation success is associated with a strong congruence between each one's preference. Otherwise, acculturative stress will emerge and hinder implementation progress.

This theoretical model acknowledges that huge cultural differences between two merging organizations do not necessarily imply that the selling firm will systematically resist post-merger consolidation attempts. The acquired firm's employees

may be attracted to the buying firm's values and may willingly assimilate the culture of the acquirer (Nahavandi and Malekzadeh, 1988).

The authors consider that their model is a dynamic one. The acculturation mode, the implementation process, and the outcome of the merger are likely to affect the cultures and practices of both organizations. Each partner's preference for an acculturation mode can change over time, for instance, when an acquired firm initially wanting to preserve its culture found through contacts some attraction attached to the acquirer's culture and practices. Unfortunately, the authors formulated propositions on congruence associated with their theory but neglected this dynamic perspective.

Empirical studies of acculturation in international partnerships remain scarce. Looking at cross-border acquisitions, Larsson and Lubatkin (2001) found that positive acculturation (attraction) occurs when the acquirer efficiently manages social integration. This process also helps to explain the stress perceived by acquired employees when asked to conform to the acquirer's values and practices, and the reasons why they tend to resist such cultural pressures.

Very, Lubatkin, and Calori (1996) investigated the notions of acculturative stress and attraction in the context of cross-border acquisitions. They found a linkage between the level of acculturative stress and the performance of acquisitions. More precisely, they found that both tensions and attractions emerge within the process of acquisition integration and that these phenomena differ in nature according to the nationality of the firms. For instance, the French are stressed when their collective culture is questioned, or British managers are stressed when the reward systems of the acquirer are not perceived as objective. At the same time, the managers of British firms were attracted by the level of assertiveness and achievement associated with French acquirers. These authors studied firms from three countries: Great Britain, the USA, and France. They collected perceptions only from the acquired firms. They suggested that further studies should extend to other countries, to other types of alliances, and to both companies' perceptions. Surprisingly, no works to our knowledge have embarked in these directions.

A subsequent study about acculturation extended acculturation research to cases of expatriation. The authors investigated the acculturative stress felt by host country managers working in multinational companies (Lee et al., 2019). The authors identified psychological difficulties inherent to those managers working at foreign firms and their negative impact on work engagement in the Korean host context. Like in many recent studies, these researchers focused on stress and neglected attraction even if previous findings had shown the mixed feelings of individuals confronted by a new culture. Nonetheless, their research shows that the acculturation perspective can be applied to any kind of foreign presence (whether through greenfield investments, acquisitions, or any type of alliance).

Foreign direct investments, as initially explained by Nahavandi and Malekzadeh (1988), do not necessarily require the creation of a homogeneous culture. When acquiring a company for pursuing unrelated diversification, much autonomy is generally given to the acquired firm which can keep its own culture (Haspeslagh and Jemison, 1991; Very, 2004). Lin (2014) examined this linkage between

strategy and acculturation in the case of acquisitions. He found that acculturation is required for the success of the related acquisitions but not for vertical integration or unrelated diversification. Accordingly, partnerships aiming at consolidating positions within an industry constitute a preferential context for studying acculturation.

Acculturation appears rarely studied in the field of international partnerships even if the initial findings showed its contribution to the success of strategic moves abroad. This is why we launched an investigation to increase our understanding of acculturation in international partnerships. Previous research has highlighted several gaps or weaknesses associated with the extant studies in our knowledge of the linkages. First, the main idea expressed in the first theoretical paper can be discussed: the congruence between the preferred modes of acculturation. Congruence can hardly be looked for in cases where the expanding firm has a clear strategy. For value to be created, implementation of the plan should be effected whatever the preferences of the local target (Haspeslagh and Jemison, 1991). Therefore, if by chance the local partner's preferred mode of acculturation is aligned to the foreign partner's one, implementation will be facilitated. If the initial preferences diverge, implementation is likely to face more resistance from local employees. This means that congruence should be envisioned as an initial fact characterizing the international move, and not as an agreement between both parties sought for by the foreign firm.

Second, there are chances that the emergence of acculturative stress or attraction could occur all along the implementation of a partnership. As stated earlier, the degree of congruence has been conceived as an initial factor that will influence implementation: one partner's preference for acculturation mode is "*triggered by the contact between the two companies*" (Nahavandi and Malekzadeh, 1988, p. 87). If there is incongruence at this starting point, acculturative stress should emerge. But stress can be perceived all along the implementation process. Stress can increase or decrease with the multiplication of contacts and the changes designed and promoted. Previous studies of acquisitions have shown that firms learn to know each other during the course of integration (Very and Schweiger, 2001). Discovering, as time goes by, a partner's practices and values can generate stress and attraction. Therefore, resistance or alignment associated with stress and attraction is likely to evolve with the advancement of the implementation process.

Third, previous studies have explored acculturation from only one side of a partnership. This statement looks very strange when the original theory was based on congruence between partners' preferences. It means that the initial theory has not been solidly tested. We don't really know whether things happened in the same way on both sides. For instance we do not know whether acculturative stress—or attraction—simultaneously increases or decreases at both partners. Understanding what happens on both sides could help understand the resistance and tensions that could hinder implementation.

Finally, while researchers recognize that acculturative stress and acculturative attraction can emerge, previous studies (with the exception of Very, Lubatkin, and Calori, 1996) have focused their attention on stress. As attraction should facilitate

implementation, it should be included in investigations about acculturation in partnerships.

Our research aims at fulfilling these gaps, and at answering the following three questions: do both partners experience acculturative stress and/or attraction? If yes, do they experience them all along the partnership process? Do they share the same perceptions of stress and attraction? Searching for similarities and differences should provide more information than solely identifying initial congruence.

We also designed our research framework by responding to some suggestions from other researchers. Most cited studies were conducted in developed countries. We explored partnerships in Russia, an emerging economy. Following recommendations made in earlier works, and in line with Lee et al. (2019), we included diverse types of partnerships (acquisitions and joint ventures) that were negotiated and/or implemented. Our framework is described in the following paragraphs, starting with explanations about our choice of partnerships in the automotive industry in Russia.

5.1.2.   Russia and the car industry

Culture in the car industry

Our approach from the perspective of culture endorses the definition given by Schein (1985), which focuses on values and attitudes, that is, "how things ought to be". When examining companies establishing themselves abroad, scholars have mostly observed national culture. Besides, the last 20 years have seen a growing interest in research on organizational culture. Next to this, studies on cultures specific to a professional group or industry are scarce, sometimes limiting themselves to the opposition between private and public companies (Cullen, 2004). In the cases that we have analyzed, however, we find numerous similarities between the ways automotive companies are organized or how they conduct business. These companies share a sectoral culture, a kind of sub-culture that superimposes itself on the national or organizational cultures.

The globalization of the automotive sectors started 30 years ago with the opening of new markets and the need to restructure activities. This move, which was initiated by American groups, coincided with the growing use of practices created by Japanese manufacturers (Ijose, 2010). The approach gradually imposed itself on all players, establishing the volume produced as an essential touchstone of the system.

The globalization of the automotive system has been described by many scholars (e.g., Boyer and Freyssenet, 2000; Colovic and Mayrhofer, 2008). The major objective of regional integration strategies was to exploit location opportunities in the best way possible, that is, reducing costs by increasing the volumes of parts produced, taking advantage of lower wages when possible, tendering right across the globe, and promoting a strong standardization that leaves little space for adaptations (Schmid, 2011). This first aspect of the system is imposing the harmonization of processes, the unification of costs, and the full traceability of parts. These "car assemblers" (Humphrey, 2000) need to rely on global suppliers (Sturgeon et al.,

2009) who must demonstrate a solid competence and an ability to ensure quality production on several production sites (Schmitt and Van Biesebroeck, 2013). In such a context, transparency becomes the norm.

Placed in the center of the system, OEMs monitor the levels of internationalization or externalization of the industry, as well as the extent of the "spatial integration or disintegration" that seems needed (PIPAME, 2010). Mostly, they impose a specific approach of time aimed at reducing risks and increasing efficiency. Partnerships are constructed for long periods of time (seven years or more), which allow to involve suppliers in the development of innovative solutions and ensure availability of parts throughout the life of the model (Gules, Burges, and Lynch, 1999). Because of this, supply contracts usually stipulate that the supplier must find an alternative supplier if they need to stop production. Besides this condition, car manufacturers need a high degree of flexibility in the way developments are conducted, mainly at the beginning, when it is very difficult to assess the time and money necessary for their completion. It is assumed that cost overruns are part of the investment for long-term global contracts. This feature requires a high flexibility from suppliers at both administrative and organizational levels.

Finally, this sectoral culture is characterized by a strong interest in technological issues, necessary to ensure the viability of companies and the safety of drivers and passengers. Applying a central focus on technology creates an obsession with quality and tends to place all the players above the usual concerns of other industries.

These cultural traits are described in Table 5.1.

Russia's culture

Russia was marked in the early 1990s by the brutal passage from a centrally planned economy to capitalism. The Soviet System has been described as being

Table 5.1 Culture in the automotive industry

Main features of the globalized system	Major organizational consequences	Resulting behaviors (Values)
Use of economic geography (industrial globalization)	• Strong centralization • Standardization of production and parts (same processes and same prices everywhere) • Global suppliers	• Repeatability and trackability • Transparency • More importance given to processes than to personal relations
Specific time (reduction of risks and inherent costs)	• Global long-term contracts • Strong partnership • Flexibility and work by project • Parallel project organization	• Less importance of hierarchy • Agility
Importance of quality and technology	• Control systems • Externalized controls (at suppliers' level)	• Quality (reproducibility) • Feeling of superiority • Strong interest in the technology

highly bureaucratic and centralized, emphasizing top-down management. At the center of the organizations, we found the various ministers' directives relayed at local level by the enterprises' directors who concentrated a lot of power in their hands, issuing orders and bearing responsibility for the firms' results. This centralized and autocratic system gave rise to the emergence of several types of attitude, such as the fear of talking openly or the preference given to information received from informal channels to those of any official media. The socialist system was the cumulation of a century-long history of forces that discouraged participatory decision-making and risk-taking.

Since the transition from a central planned economy to a market economy, the numerous reforms implemented by the Russian government have failed to bring Russian capitalism into the modern age. Several scholars even speak of the failure of the country's modernization. This institutional deficiency has led to a surge in corruption and poor contract enforcement. The behaviors of many Russian economic agents, often considered irrational, are often rational reactions in the light of this uncertainty.

The lengthy nature of Soviet history has had another consequence in the fact that it cut off the country from a large part of the world. As the nerve center of the socialist world, Russia created and developed its own approach to business practices, using many inputs from the West that it highly transformed before processing. Leftovers from this period of history can be found in the persistence of the notion of the "near abroad" as well as in the idea that Russia should follow a "unique path" different from what exists elsewhere in Europe. Highly cultivated by the current Russian political authorities through the notion of a new Eurasianism this situation strengthens in the mind of many Russians the idea of the country's natural exceptionalism.

Regardless of any consideration of the Soviet period or weak institutions, scholars have described several features considered characteristic of the Russian business culture. A first key feature can be found in the importance of relations, an element that can take many forms. Russians attach the utmost importance to creating and maintaining networks. In a practical way, they thus tend to be more relativistic than their American counterparts, that is, they reject universal rules when making ethical judgments. Generally, Russians value much more networking and informal relations to processes. Finally, the concept of "blat" (the use of personal networks) is still very important even if it has evolved since Soviet times from a process to get access to certain resources to a way to "compensate for the failure of formal organizations".

A second feature is to be found in the perception of time. To fight against the uncertainty of the Russian business environment, local entrepreneurs tend to concentrate on the short term, adopting a "limited time horizon". On a practical level, this often discourages Russians from elaborating complex plans, driving them instead to adapting to the context.

A third feature is linked to a vision of interpersonal relations based on power. This applies to relations between managers and subordinates, based on strong top-down connections in exchange for protection. It affects the way information is

managed since managers tend to avoid showing that they may have been influenced by their subordinates. At the level of customer or suppliers' relations, we find power games as well as a lack of transparency.

In synthesis, the characteristics that we identified describe the working practices in the Russian economy. They have impregnated the local car manufacturers and the traditional suppliers to the automotive industry (Avtovaz/Lada), as well as companies from other industries willing to invest in this sector. Consequently, studying partnership with foreign corporations, within the automotive sector, offers an interesting opportunity for investigating a specific cultural context anchored in a long local history.

5.2. Methodology

Our empirical study aims at exploring acculturation in partnerships from both sides of the partnership. We have selected partnerships in the Russian car industry for two reasons: first, the automotive industry has set up a strongly intertwined global system imposed on all players (Bourdin, Le Thiec, and Elissalde, 2009; Ijose, 2010), and is dominated by Western companies. The globalized automotive industry presents an interesting case of a movement toward a "Westernized rule of law", propagating its standardized practices abroad (Dunfee and Warren, 2001, p. 191). In emerging countries, car manufacturers aim at deploying their practices in their partner factories, kindling a need for acculturation. Second, previous research has studied acculturation in Western countries but rarely in emerging countries. Russia, as described earlier, has a long history in the car industry, with companies that developed their work practices at the time of the Soviet Union. Consequently, partnerships in the Russian car industry constitute a relevant context for studying acculturation between Western companies and firms from emerging economies.

Russia is the world's widest country, having borders with Europe on its western side and with Asia on its southern–eastern side. Historical cultural differences exist in the country due to past commercial exchanges and wars with neighbors. It is worth noting that the car industry is concentrated in the western part of Russia, which can be assumed to be relatively homogeneous in terms of culture. More precisely, the companies of our Russian respondents come mainly from the three regions where most of the automotive industry is concentrated, that is, the Moscow region, the Kaluga region 200 km to the southwest, and the Togliatti region 1,000 km to the east of Moscow, respectively. In this context, because of their locations, it is difficult for us to identify regional differences. In contrast, we identified in our interviews differences in reactions depending on the degree of exposure to automotive culture and above all to the willingness to accept new constraints, either by conviction or by interest. We can cite, as an example, the prospective investment by the Proseat partners, who eventually decided not to invest in the automotive industry, or the Avtovaz employees who defended the organizational culture of the company when it was acquired by Renault.

It is also interesting to see the comments of the Russians who have chosen to work for western companies on the attitude of other Russians who work in former state

enterprises or who come from other industrial sectors. More than regional differences, the analysis revealed opposition linked to organizational or sectoral cultures.

To our knowledge, no extant studies have applied the acculturation framework while simultaneously considering what happens at each partner, and therefore our research is exploratory in nature. This explains why we have used a qualitative inductive approach, based on the methodology proposed by Eisenhardt (1989), in order to analyze acculturative stress and attraction. We first provide a list of Western-Russian partnerships in the automotive industry over the period 2008–2017 using press news, including those that succeeded as well as those that failed at the negotiation phase or later. We incorporate carmakers and their suppliers in our list. We then contacted the identified companies to ask for permission to conduct interviews with managers involved in these deals.

In the companies that accepted us, we conducted interviews globally with ten Russian managers or executives and with nine Westerners (managers or executives from France, Austria, or Germany). The use of the relatively imprecise word "Westerner" follows a convention to pinpoint entities or individuals with longer experience of advanced market economies (i.e., not exposed to a socialist economy). The 19 interviewees, their companies, and their partnerships are described in Table 5.2.

We conducted the interviews using a semi-structured questionnaire with open questions about the partnership process and its inherent challenges. The choice of a non-directive interview was made for several reasons:

- Tools previously employed in the management field for measuring acculturation have been developed, either in the context of acquisitions or for studying group dynamics at work. As we encompass diverse types of partnerships in our study, the measurement tools developed for investigating the context of acquisitions do not apply: this tool has been elaborated to examine acculturative stress and attraction when implementing the socio-structural integration of the two companies that merge (Very, Lubatkin, and Calori, 1996). Looking at how psycho-sociologists measure stress and/or attraction in the workplace, we found that many used open questions (see, for instance, Amason, Myria, and Holmes, 1999).
- Open questions allow the interviewee to get a grip on the interview (Magioglou, 2008). This kind of interview aims at obtaining a detailed description of the topic under study. The respondents give their perceptions and analyses of the topic. They have much more freedom than they would in the case of closed questions. Consequently, the approach facilitates the emergence, during the discussion, of what they consider most important.

We asked interviewees to describe their experience of partnerships between Russian and Western companies, to identify what has been easily done and what they found attractive in the partnership, and to explain the difficulties they faced and the misunderstandings between parties that emerged throughout the process. In certain cases, we met the actors a second and even a third time to get their final reaction to the first information collected. Interviews lasted between one hour and a half and two hours. Interviews with Russian managers were conducted in English or

Table 5.2 Partnerships and interviewees

Case	Case	Function	Nationality	Company	Activity	Type of partnership	Date
PROSEAT	R1	CEO Russian Subsidiary	Russian	PROSEAT	Polyurethane subcontractor	Alliance	2015
	R2	HR Manager	Russian				2013
	R3	Technical Manager	Russian				2013
	R4	Shareholder	Russian	DEKOR	Polyurethane producer		2015
	R5	Owner	Russian	FOAMLINE	Polyurethane producer		2013
	R6	Lawyer	Russian	FOAMLINE			2013
	W1	CEO Russian	Austrian	SOTEX	Polyurethane subcontractor		2017
BASF Coatings	R7	Sales Manager Russia	Russian	BASF Coatings	Paint global supplier	Partnership and alliance	2017
	W2	CEO Russian Subsidiary	German	BASF Coatings			2013
PSA	W3	Plant Manager Russia	French	PSA	OEM	Partnership	2017
	W4	HR Manager Russia	French		Car Manufacturer		2012
RENAULT	W5	Purchasing Manager Chemicals	French	RENAULT	OEM	Partnership	2017
	R8	Purchasing Manager Tires	Russian	RENAULT	Car Manufacturer		2017
AVTOVAZ	W6	Strategic Cooperation Director	French	RENAULT	OEM Car Manufacturer	Acquisition	2015
	R9	Juridical Manager	Russian	RENAULT/ AVTOVAZ			2015
	W7	Cost Manager	Russian	RENAULT/ AVTOVAZ			2015
	R10	CEO French subsidiary	Russian	RENAULT/ AVTOVAZ			2012
FAURECIA	W8	CEO Russian subsidiary	French	FAURECIA	Global supplier (seats)	Alliance (attempt)	2015
VOLKSWAGEN	W9	Purchasing Director	German	VOLSKWAGEN	OEM Car Manufacturer	Alliance (attempt)	2015

Russian, translated if necessary and typed. Other interviews were conducted in English or French and were typed.

In this chapter, we focused on the answers to two questions:

- What were the major difficulties that you faced in the partnership?
- What did you find attractive in the partnership?

The answers could concern the creation of the partnership and/or its subsequent management. The interviewer invited the respondent to speak about these two phases when appropriate.

As highlighted in Table 5.1, we were not able to systematically collect Russian and Westerners' perceptions for all the cases. That is why our analysis focused on identifying topics common to each population (either Russian managers or Western managers). Researchers in the field of social movements' theory have identified the relevance of acculturation theory at individual as well as group level. In our case, we used individual interviews for identifying some common ground in a population (either the Russians or the Westerners). Only topics that were cited by a majority of interviewees were kept. Interviews were analyzed separately by two researchers who looked for identifying factors of acculturative stress and acculturative attraction in each discourse. The researchers then shared their thoughts and converged quickly, in one round, on resulting factors.

5.3.   Findings

5.3.1.   *Short description of cases*

Our unit of analysis is the individual manager participating in a partnership (at any stage). We describe underneath the partnerships about which we collected information.

Proseat

When setting up their business in Russia at the request of their customers, Proseat wanted to launch a joint venture with the leading Russian producer of polyurethane foam. Their discussions did not lead to an agreement. They set up instead a subcontracting agreement with a smaller Russian polyurethane producer. The partnership allowed them to manufacture products complying with the car manufacturers' requirements. A disagreement about transfer pricing caused the Russian partner to abandon the project, obliging Proseat to set up an alternative solution involving their major Russian competitor.

BASF Coatings

The German Group BASF was one of the first companies to establish itself in Russia. For some of their Coatings activities, they worked with Russian partners who

distributed their products. During their long presence there, the group had several opportunities of setting up undertakings in agreement with Russian partners; however, this only worked out in one case.

PSA

The car maker chose a "greenfield approach", building a plant close to the Volkswagen site. At the time of the interview, the company already had six to seven years of experience in the market. They were trying to develop partnerships with Russian suppliers in order to reduce their taxes on foreign content and their costs. This move was part of a general Russification of the undertaking, with the only expatriate left being the Plant Manager.

Renault

Renault came to Russia in the nineties and, in 1998, built a production plant in Moscow under the form of a joint venture with the City of Moscow. Renault eventually acquired the whole undertaking. At the time of the interviews, Renault had commenced a Russification phase, trying very hard to create partnerships with Russian suppliers, mainly those who had been working for many years with Avtovaz.

Avtovaz

Avtovaz was the largest car manufacturer in Russia until 2000. After the collapse of the communist system, the company's sales decreased dramatically. At the end of 2007, Renault launched the acquisition of Avtovaz. In February 2008, the French company acquired 25% of the shares plus one additional share, thereby acquiring a blocking minority shareholding. The first phase of the integration, organized only at top managerial level, was a failure. The second phase was launched at a lower level, creating numerous international project groups. The interviewees belonged to these groups.

Faurecia

When launching its business in Russia, the company considered a partnership with a Russian sub-contractor, which had been for many years an official supplier to Avtovaz in Togliatti. The negotiations were rather short (around six months). They did not lead to an agreement, and Faurecia decided to build their own plant.

Volkswagen

Volkswagen set up a production plant in Russia in 2008. From the beginning, in compliance with their "greenfield strategy", they decided to work mainly with Russian transplants of their global suppliers and to train young Russians in their company processes.

MULTIPLE-CASE STUDY ANALYSIS

Our findings will be presented in three parts: first, the identification of factors of acculturative stress for Russian managers on the one hand, and for Western managers on the other hand; second, the identification of factors of acculturative attraction for the same two populations; third, a multi-case analysis of the similarities and differences between the factors of stress and attraction pertaining to each population.

5.3.2.   *Factors of acculturative stress for Russian managers*

Most Russian managers perceive the same four factors of stress associated with the partnership: difficulties with medium-term projects, mistrust of decisions coming from the West, the introduction of organizational flexibility; and, maybe with a lower impact the mistrust of Westernized Russians

They have difficulties working with the medium-term (around five years) strategies of Western companies. Russians are used to working with very short-term decision-making associated with very long-term plans (as in the Soviet Union times). When Westerners announce a plan and explain that it gives a direction in respect of future activities but that this can evolve over time, Russian managers feel uncomfortable.

> Nobody is sure about tomorrow. We need to survive today. And this is why nobody is prepared like Foamline to invest in a long-term project. People like to have money today. And this is the main characteristic of Russian companies. It is like this.
>
> (CEO Proseat Russia)

The mistrust of decisions coming from the West signifies a lack of confidence in decisions that are taken at the Western company headquarters for implementation in Russia. Russian managers systematically think that these decisions have been taken without integrating the specificities of their country. They think that Western companies do not seriously consider Russian inputs, and they tend to react strongly against these decisions.

> The French seem to look down on the Russian organization. They do not show it openly, because the French who come here now have a good listening ability, but we have the feeling that Russia is not taken seriously or that it frightens foreigners.
>
> (Project Cost Manager at Avtovaz)

Western companies generally want to introduce flexibility, often through project management, inside the very hierarchical organizations of their Russian counterparts. This desire to change organizations creates stress because many managers in the Russian organizations do not want to have their position impacted by change. For instance, many top and middle managers are used to imposing their decisions

on lower hierarchical levels, and they don't share information because it is one of their sources of power. Accordingly, introducing changes creates a lot of uncertainty in existing hierarchies.

> I did not try to change this. It is clear that when you speak to your boss, there is certain distance. And there is also a certain mentality. When you speak to your boss, he is not someone who should train you, who should support you, who should guide you. He is just someone who is above you. He is not in charge of you, but he is there to punish you. He is someone who occupies a higher position. . . . So I can just shut up.
>
> (Renault Project Manager, purchasing department)

The "pure" Russian managers interviewed face difficulties with those Russians who adopt the Western way of doing business. Their conception of the partnership remains the adoption of a new organizational model while also respecting Russian specificities. They consider Westernized Russian managers as betrayers, and it creates a social divide inside the Russian company. Some managers say that it is essentially a conflict between generations with younger managers more open to Westernization.

> then, since she [CEO Proseat Russia] has always been working for Western companies, I think she may have had difficulty in understanding the specificity of the Russian market.
>
> (Lawyer, Foamline)

5.3.3. *Factors of acculturative stress for Western managers*

A majority of Western managers cite four factors of stress: difficulties with medium-term projects, the "not possible" syndrome (relating to introducing organizational flexibility), information and communication difficulties, and ethical behavior.

Russian managers have difficulties in working to medium-term plans. It requires a lot of effort to persuade them to work according to such plans because Russians do not believe in this way of functioning. Thus, the implementation of such strategic plans creates a lot of anxiety for Western managers.

> typically, what strongly differentiates Russians from Europeans, Westerners, . . . it is the fact that they have a very short-term vision. These people are capable to elaborate 20-year plans to launch a space mission, but in business, they look a few months ahead maximum. All what they can get in these 12 months, they will take it, and they don't care for the next months.
>
> (CEO BASF Vostok)

> We say: it is the plan. And between French managers, we agree that, if the plan does not work 100%, it is not important. But for Russians, it is difficult to understand.
>
> (Renault Product Group, Sales Manager)

Another source of stress comes from the fact that the spontaneous reaction to any decision made by Westerners is: "it is not possible". This reaction is often associated with the administrative Russian culture. For any change, contracts need to be written and signed, and it sometimes takes a lot of time. For social changes, employees refer to Russian laws that, according to them, prohibit the proposed new social order. Furthermore, introducing flexibility in the organization looks very challenging. The "not possible" syndrome creates anxiety because it means that changing the organization will necessitate more delay than expected by Western managers.

> No, it is not possible, it is complex. The first thing I hear is "this time it will be complex". But I insist. Then people say "it is the law". I look for the local laws, I ask someone to interpret them for me, and I see that it is not so tricky.
>
> (PSA Russia CEO and Plant Manager)

> The French manager is lost. He feels he has a wall to climb. Once he has climbed it, he finds another wall behind it. For instance, a new buying contract requires at least 23 signatures at Avtovaz, with at least one person that will be against this contract. . . . In some cases, I have heard about 90 signatures. You are lost in the flow of required signatures, in the papers and people are discouraged when they don't understand the whole process. Each time you ask something, it is not possible.
>
> (Renault Cooperation Director Eurasia)

> Another problem is that in Russia, there is no delegation of authority as we have at Renault-Nissan. The CEO does not have confidence in personnel beneath a certain level of responsibility.
>
> (Renault Product Group Sales Manager)

A third source of stress comes from the lack of information that flows inside Russian companies. Western managers are not informed in advance of issues that could create problems in operations. Thus, they are unable to anticipate problems.

> I said to a supplier yesterday: you realize, you had an issue with a supplier, you have known it for 3 months, but you did not inform us. Even your sales department did not know. And you called us yesterday to say that you cannot send us the components, you are crazy!
>
> (Renault Product Group Sales Manager)

> A big topic of course . . . it's still information flow in the organization that is much less than in, let's say, when I look in the headquarters in Germany. . . . What do I disclose? What do I exchange with the other? It is still a little bit different. Information is still seen as a kind of asset, so once you open it to other, it is no longer an asset that you have, if you know it for yourself. Therefore this is somehow a kind of topic where certain people are then very reluctant and keep the things for themselves.
>
> (CEO BASF Vostok)

The fourth category of factors that generates stress for Westerners is associated with unethical behavior. Unethical behavior starts with absenteeism, which not only constitutes a huge issue but also concerns corruption or counterfeiting practices.

> My first job is to make people come to work. I changed the bonus system. . . . I cut the bonus if people don't come. Because it is not fair that those who don't come penalize the other ones. But cutting the bonus does not entirely solve the problem. . . . People don't care about how they influence performance and how they overload those at work with the tasks that absentees do not do.
>
> <div align="right">(Renault Product Group Sales Manager)</div>

> Authorizations are a lengthy process and again, you need a lot of patience. You need a lot of time to get things started. I have to say we as a company did not run into that one, therefore what you always hear about is corruption. In BASF, as you can imagine we are a big company, and we have extremely strict compliance rules.
>
> <div align="right">(CEO BASF Vostok)</div>

5.3.4.   *Factors of acculturative attraction for Russian managers*

Russian managers perceive two main factors of attraction: eagerness to learn new techniques and processes, and ease of following very strict processes

Russian managers welcome Western partners who bring new techniques and methods for enhancing the competitiveness of the Russian car industry. It is worth noting that ideally they would like to integrate these new techniques without changing their behaviors: for them, Russians know better how to behave in the Russian context. Thus, attraction does not concern management; it is specifically linked to newness in operations.

> We were very accurate and precise in how to do things. This is true. . . . The people from Proseat were impressed how we absorbed everything.
>
> <div align="right">(Shareholder, Dekor)</div>

Another factor of attraction is associated with the fact that Westerners aim at introducing very strict processes in the car factories. For instance, strict processes dedicated to quality control are appreciated by local managers, and quality enhancement looks easier to reach than initially expected by Westerners.

> [When you look at] Renault plant here people said "it will not work, there is a lot of suspicion, you have people from Central Asia." It will be bad quality. It is a complete "cliché image", and wrong. Because people who work in production, they work to Renault standards, and they are very strict.in terms of production, with disciplinary codes, and everything.
>
> <div align="right">(Renault Product Purchase Manager)</div>

5.3.5. *Factors of acculturative attraction for Western managers*

Western managers identify two main factors of acculturative attraction when partnering in Russia: the young generation and the respect of hierarchy.

The young generation looks eager to learn new management methods like project management. Westerners often rely on young people coming out of university and give them responsibilities. These young people do not care about Russians attached to the old Russian system with its strong hierarchy and no sharing of responsibilities.

> I have very good young managers around 30 years old, who must interact with Russians in their fifties: it does not work well in many cases.
>
> (CEO Faurecia Russia)

> This is what we have done. In 80% of the cases, I have employed young students with technical backgrounds who could speak foreign languages. And I always worked this way. In my teams, I had people who spoke English or German. Not everyone could speak both languages. And little by little, they were all in touch with our Russian suppliers. When I left, I had 60 people, of which only 6 were Germans. The rest were Russians who had learnt to work together.
>
> (Volkswagen Purchasing Director)

Another factor of attraction cited by a majority of Western managers emerges during the implementation of the partnership. Relationships with the Russian top managers are generally very conflictual in the first phase, but Westerners learn how to deal with them. Westerners need to impose their decisions and hold steady the chosen direction; Russians will then follow because they respect their Western bosses who stick to what they have decided.

> we got into each other, and then you are respected. There is an emotional side to relationships where you need to show that I am a strong man, and you are also a strong man. It is somewhat basic: we argue, I show that I keep my direction, he shows the same, and then we can discuss in a quieter atmosphere. You need to have this fight very early to show that you are strong and powerful.
>
> (Renault Product Group Purchasing Manager)

> you need to be consistent in your decisions with the Russians, because they have this culture of power. When they see that you don't deviate from the course taken, they will follow you.
>
> (Renault Cooperation Director Eurasia)

5.3.6. *Analyzing acculturative reactions*

This analysis will be organized around our three research questions: do both partners experience acculturative stress and/or attraction? If yes, do they experience

them all along the partnership process? Do they share the same perceptions of stress and attraction?

Stress and attraction perceived by each partner

As our quotes show, both Russians and Westerners feel some stress associated with what happens in the partnership. Whatever the types of cases, all the interviewees have cited at least one factor of stress and one factor of attraction. For those who participated in contracted partnerships, they identified the emergence of stress or attraction at diverse moments of the process. Sometimes, stress emerges on the Russian side following decisions that were taken by Westerners. Other times, Russian reactions to Westerners' decisions created stress for Western managers. Acculturative stress and attraction can arise throughout the negotiation and implementation process.

Comparison of factors of stress and attraction

The following table compiles the factors of acculturative stress and the factors of acculturative attraction for both populations. The comparison of factors identified by each population shows similarities and specificities (Table 5.3).

Medium-term projects generate stress for both parties: Russians don't understand the usefulness of medium-term plans and Westerners struggle in imposing them. Introducing organizational flexibility creates stress on both sides: the questioning of the traditional strong hierarchy engenders anxiety for Russian managers while Westerners need to deal with the "not possible" syndrome.

Other factors of acculturative stress pertain to each population: Russians are stressed by decisions coming from Western headquarters without any consideration of the local context. Anxiety emerges for Westerners discovering the lack of information and communication flows in the Russian organization, as well as unethical behaviors—from their point of view.

Table 5.3 Factors of stress and attraction for each population

	Russian managers	*Western managers*
FACTORS OF ACCULTURATIVE STRESS	• Difficulties with medium-term projects, • mistrust of decisions coming from the West, • introducing organizational flexibility, • mistrust of Westernized Russians	• Difficulties with medium-term projects, • the "not possible" syndrome (introducing organizational flexibility), • information and communication, • unethical behavior
FACTORS OF ACCULTURATIVE ATTRACTION	• Eagerness to learn new techniques and processes, • ease of following very strict processes	• The young generation, • the respect of hierarchy

Factors of acculturative attraction are specific to each population. While Russians are attracted by the access to hard knowledge (techniques and strict processes), Westerners find advantages associated with power relations in Russia.

Interestingly, one factor of stress for Russians is perceived as attractive by Westerners. This factor is associated with a social divide that is associated with a generational conflict: young managers are eager to behave and manage in a Westernized way while traditional older Russians stay attached to the Russian way of behaving and managing. It is worth noticing that most of the Russians that we interviewed were rather old. If we had interviewed younger managers, they would have classified this factor as attractive instead of stressful.

5.4. Discussion

We used the acculturation framework for deciphering the influence of culture on the management of cross-border partnerships in the context of the Russian automotive industry. We raised three questions: do both partners experience acculturative stress and/or attraction? If yes, do they experience them all along the partnership process? Do they share the same perceptions of stress and attraction?

Our findings extend prior research by drawing a more precise picture of acculturation in partnerships. They first show that acculturative stress and attraction arise with both parties. Previous studies have generally analyzed acculturation by looking at one partner only. Research conducted on acquisitions investigated acculturation on the acquired firm side (Very, Lubatkin, and Calori, 1996). Reactions to acculturation occur on both sides. Therefore, our research underlines the importance of simultaneously analyzing what happens on each side of a cross-border partnership. The dynamics of acculturation, which have been found to influence performance (Very, Lubatkin, and Calori, 1996, for acquisitions), cannot be fully understood by investigating only the perceptions of one partner. As acculturative stress has been associated with lower commitment (Buono et al., 1985; Sales and Mirvis, 1984), identifying the emergence of stress with both partners should contribute, if this stress is managed, to the better future performance of the partnership.

Many studies dealing with reactions to acculturation focused on the arousal of stress. Our findings highlight that factors of attraction are perceived by each partner. If people are attracted by techniques, processes, behaviors, or management practices, this attractiveness can represent an opportunity to make people work together. Building an integration plan on such foundations is likely to facilitate the implementation of the partnership, and therefore to generate a better future economic performance.

Our findings also show that acculturative stress and attraction emerge all along the process. For instance, the attraction of Russians for Western technology generally appears very early, at negotiation time. Attraction felt by Westerners in respect of young and motivated managers emerges during negotiation for some respondents, or in the course of integration for other ones. Stress stemming from the "not possible" syndrome can arise throughout the whole negotiation and implementation process. Decisions undertaken by Western managers in the course

of implementation sometimes give rise to stress felt by Russians. Accordingly, the influence of acculturation on implementation cannot be reduced to the initial congruence between preferred modes of integration (Nahavandi and Malekzadeh, 1988). The theoretical model proposed by these authors needs to be complemented in order to reflect the influence of acculturation on implementation.

The comparison between our two populations shows a mix of similarity, specificity, and opposition between factors of stress and attraction cited by each one. Figure 5.1 synthetizes our results. Some factors are common, others are specific to each group, and one factor is perceived as stressful by one party and attractive by the other.
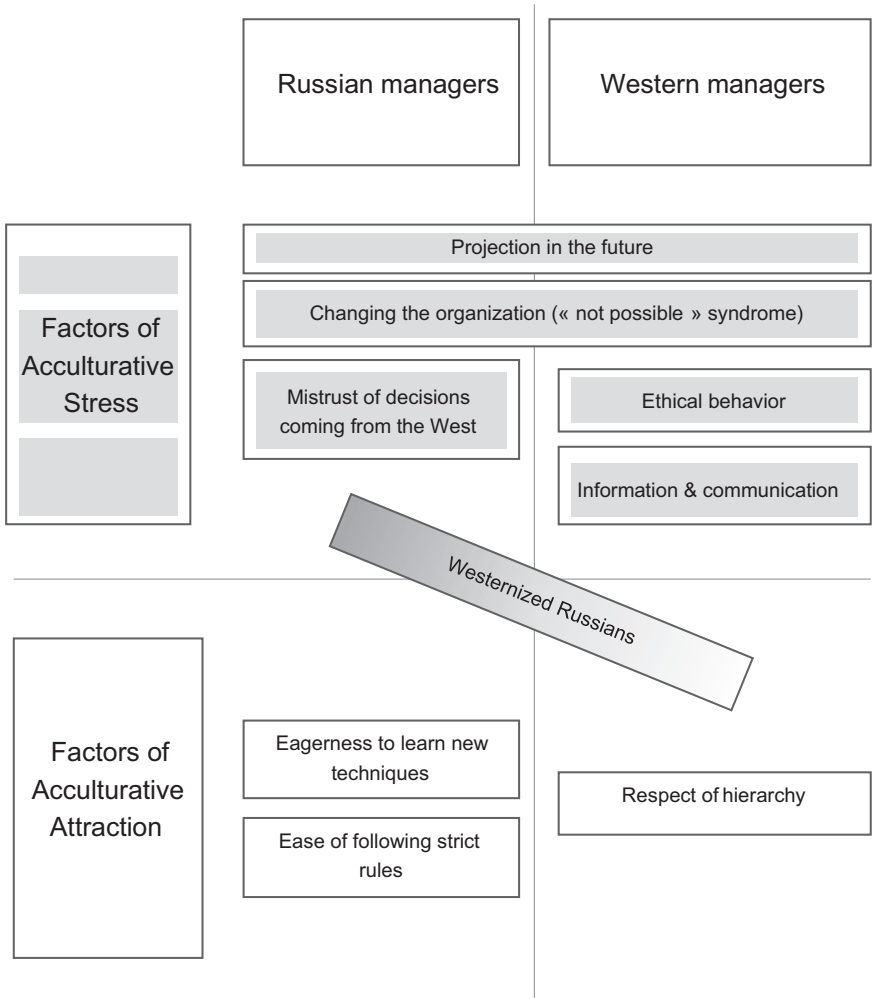
Figure 5.1 Linkages between factors of acculturation for each population

In synthesis, the answers to our research questions lead us far beyond the sole existence of an initial congruence. The implementation of a partnership should be facilitated by the continuous attention of top managers to the emergence of stress and attraction on each side of the partnership. If the arousal of stress or attraction is detected early, managers can act accordingly. Attraction can contain ingredients useful for implanting changes. Stress is likely to generate resistance to change, so actions that contribute to reduce the level of stress should be taken. In addition to the initial congruence between preferred modes of acculturation, the attention given to acculturative reactions all along the implementation process and the subsequent set of managerial actions undertaken are likely to influence the economic outcome of the partnership.

We chose to focus on the Russian context characterized by a strong culture, largely forged during the Soviet Union period in the car industry. Our findings underline the social divide based on different generations in Russia, where younger managers adopt Western methods of management and organization while older managers are stressed by this Western managerial influence. This is illustrated in our study by the fact that young Russian managers are seen as traitors by older ones but are identified by Western managers as an attractive opportunity to introduce change.

In other words, the acculturation framework offers an interesting way to identify societal evolution and their consequences on business with foreign countries.

In term of managerial implications, our research shows the interest for managers of foreign partnerships to keep attention on these factors of stress and attraction that emerge on both sides of the deal. This attention should be maintained all along the implementation phase. Factors of acculturative stress should be taken seriously as they are likely to affect the implementation of the partnership strategy and, as a consequence, negatively influence performance. It is not enough to identify the emergence of stress in their own company: attention should be also given to sources of anxiety in the partnering organization because these sources could differ from the ones perceived on the home side. Actions that could contribute to decrease the level of stress at both companies should be considered. At the same time, what is found attractive on one side constitutes a basis to exploit in order to bring change in the expected strategic direction. Identifying factors of attraction is likely to facilitate the introduction of changes.

It is important to change the attitude of Westerners toward the national culture or the organizational culture of the companies with which they come into contact. What makes sense for Russians can be misunderstood by Westerners. Western managers should be careful before deciding to modify or close operations they consider useless or even absurd: before deciding, it is important to evaluate if decisions will be perceived as a rejection or a disparagement of the Russian way of management. Several interlocutors from Avtovaz praised the French managers' ability to listen to Russians. However, they felt deep down inside themselves a denigration of their culture, which they expressed using terms highlighting the suffering caused by this situation. Having better understanding of the underlying reasons for certain operations or behaviors should help find the right arguments to enhance change.

Furthermore, as shown by the Proseat case, the Russian partners have well integrated the technical aspects, to the point of surprising Westerners by the quality of the final product. When we analyze what happened, we notice the great attention paid to the training and the explanations provided concerning technical processes. Besides this, however, little attention seems to have been paid to explaining certain relational habits or certain ways of considering cooperation between companies in the sector. We therefore recommend spending time explaining their ways of behaving and answering questions from Russian interlocutors. Again, it is easier here to find the right arguments if we better understand the underlying reasons for Russian operations, rejections, or blockages.

Our study has some limitations. We did not systematically collect answers from both sides for each partnership, so our findings are based on an aggregation of perceptions by Russians or by Westerners. Further studies could find ways to collect the perceptions on both sides of the same deals in order to confirm our findings. Another limitation is associated with the small size of our sample. While we found a general convergence inside each group, further studies could usefully try to corroborate our findings using bigger samples and quantitative methods.

We explored acculturation in the context of foreign partnerships in the Russian car industry. As most firms in this local industry are deeply impregnated by the Soviet Union period in their organization and management practices, it is possible that our results are not transferable to other industries and other emerging countries. Our choice of this context was motivated by the search for an environment characterized by standardized practices (the car industry) and very contrasting cultures and administrative heritages (Russia and the West). Further research should ascertain if our findings remain relevant in other contexts.

5.5.   Conclusion

Our research aimed at deciphering the acculturation that occurs in the course of cross-border partnerships between firms from Russia and from Western countries. Our findings emphasize the relevance of the acculturation framework for analyzing factors that may slow down or accelerate the implementation of these partnerships. Both acculturative stress and attraction emerge at each partner, sometimes based on the same factors, sometimes on factors specific to one party. Additionally, a factor of stress for one partner can constitute a factor of attraction for the other one. The acculturation picture offers a complex view of cultural dynamics in partnerships but at the same time informs about factors influencing performance. Attention given to the emergence of acculturative reactions is likely to contribute to the success of the partnership. In addition, the acculturation framework allows us to understand changes occurring inside Russian society, with successive generations behaving differently at work and more or less open to the adoption of new managerial practices.

This is why the acculturation approach, which has been largely neglected by researchers in management, constitutes a relevant way to analyze what is at stake in cross-border alliances and acquisitions. Further exploration using this approach

looks fruitful for improving our knowledge of cultural dynamics at work in strategic partnerships.

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Part 2

The mobilization of cultural resources internationally

The opening and development of a structure internationally frequently involve linguistic adaptation and at least a cultural adjustment with the partners concerned. Succeeding in such a step requires a set of cultural resources that economic actors must partly possess beforehand and then continue to acquire. Indeed, the mobilization and management of other types of resources (logistics, financial, technical, commercial, etc.) require the use of a common lexical and communication field. The four chapters of this part provide us with examples that are both varied and complementary.

Chapter 6 discusses the concept of transversal skills, or soft skills, as opposed to specific skills, or hard skills, in the field of international management. Hamza Asshidi, Anne Bartel-Radic, and Danielle Taylor provide a methodological contribution aimed at measuring transversal skills, by making a distinction between communication skills, whether verbal or non-verbal, and linguistic skills. Besides this, there is an ethical dimension, also included in a suggested research method that has been little used until now in Management Sciences: serious games. Each game could answer one or more research questions, and help companies in their management of multilingual teams, their intercultural adaptation, and the management of their international human resources strategy.

Naturally, however, linguistic resources are not limited to mastering a national language but also include technical language. Thus, in Chapter 7, Josiane Martin-O'Brien emphasizes the learning of the International Language of Management, which constitutes managerial identity. Through the study of the training of Indian senior executives, she shows that they are brought to assume new roles and endorse a new identity. The acquired discursive resource generates an awareness of this additional skill, by managers, their colleagues, and their hierarchy.

The case of an international merger or acquisition of a company represents a recurring problem for the management of cultural integration. Indeed, this dimension can help, beyond the financial or strategic aspects, to explain the high failure rate of this type of operation. This is what Silvia Didier and Ulrike Mayrhofer propose to revisit in Chapter 8, considering the case of a Franco-German acquisition. In this respect, intercultural variables constitute a relevant explanatory resource, and their understanding facilitates communication as well as decision-making, time management, and organizational integration.

This part also addresses the situation of non-profit organizations in Chapter 9. Hana Abdo strives to link cultural diversity and innovation, the first favoring the second thanks to open-mindedness, acceptance of novelty, and originality. The societal objectives of this type of structure and volunteering encourage cooperation and the sharing of knowledge, which create real organizational learning. Individual or collective intercultural resources therefore play an essential role, insofar as the non-market activities of these organizations mainly result in the provision of services and the mobilization of intangible assets.

6 Digital serious games for training and research on soft skills in international management

Hamza Asshidi, Anne Bartel-Radic, and Danielle Taylor

Intercultural competence (IC), the ability to work in a multilingual team and in a foreign language, and responsible and ethical behavior are soft skills that are fundamental in our globalized world, where societal issues such as mutual respect and sustainability are becoming increasingly important. Soft skills, in contrast to hard skills, refer to the personal transversal competences (Faure and Cucchi, 2020) that can be helpful in any position (as opposed to a single, specific task) and often refer to different behaviors and attitudes that can improve relationships with others in an organization (Cimatti, 2016). They are considered as a strategic resource for any organization. However, they remain difficult to assess, teach, and train, especially within the international context. Innovations in pedagogy and research methods are needed to better understand and develop them.

In this chapter, we present a novel method we have developed within the InterCCom project, which is based on digital serious games that can be used for both training and research. This chapter is structured as follows. First, we develop the conceptualization of the three aforementioned soft skills: IC, the ability to work in a multilingual team and in a foreign language, and responsible and ethical behavior. Then, we turn toward experimental research designs, to understand the reasons for their scarcity in international management. This is complemented by an explanation of our innovative methodology for implementing experimental research based on digital serious games. Finally, we present three of our serious games from the InterCCom project. These games address soft skills for international teamwork and are currently being used for both pedagogy and research.

6.1. Soft skills in international management

The fundamental soft skills necessary for successful international management and teamwork are numerous and varied. Managers of international teams must understand how to manage and motivate their troops while members of the teams themselves must learn to work well together, regardless of their culture of origin, language, or physical location. Here, we detail three families of skills, including cultural, linguistic, and ethical skills, that are essential to working effectively in an international team.

6.1.1.   *Intercultural competences*

For collaboration within international teams to be successful, the IC of team members is essential (Molinsky et al., 2012; Stahl et al., 2010). The concept of IC has given rise to a vast literature in communication sciences, languages and civilizations, and of course international management. A great diversity of approaches and vocabulary coexist, but a conceptualization that has become the most widely accepted addresses IC through its components. These can be grouped into three categories: personality traits seen as IC-related (e.g., open-mindedness, empathy, and lack of ethnocentrism), knowledge of cultural differences, and the behavioral adaptation to the latter. Training, but especially international experience, is generally considered to contribute to IC. Figure 6.1 summarizes the background, components, and consequences of IC, as well as a series of research questions that continue to be topical in the field.

The most commonly existing measures of IC all show important biases. This casts doubt on the concept itself, which is insufficiently empirically based (Van de Vijver and Leung, 2009):

- Very often, IC is reduced to only one of its components: personality traits and attitudes related to IC, measured by methodological tools such as the MPQ
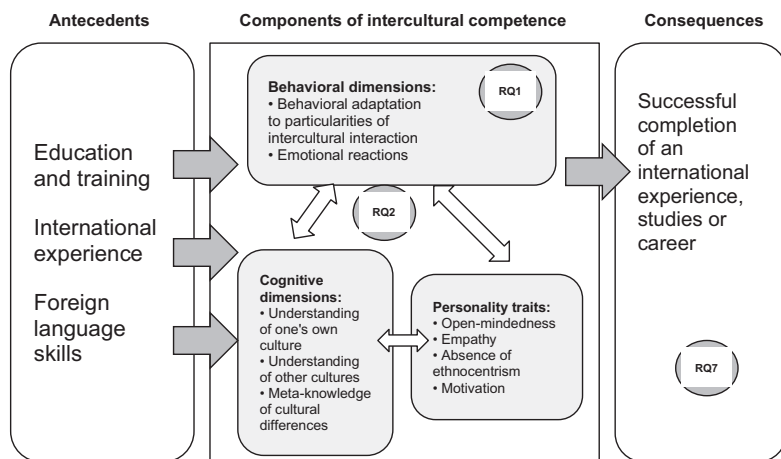
Research Questions:
RQ 1: How should behavioral dimensions of intercultural competence be measured experimentally?
RQ 2: To what extent do personality traits influence intercultural competence?
RQ 3: What types of education and training impact intercultural competence?
RQ 4: Under what conditions does international experience increase intercultural competence?
RQ 5: When and to what extent do foreign language skills increase intercultural competence?
RQ 6: Does intercultural competence differ among different cultures?
RQ 7: To what extent does intercultural competence lead to success in a person's international or intercultural experience, studies or career?

Figure 6.1 Antecedents, components, and consequences of intercultural competence

(Multicultural Personality Scale, Van Oudenhoven and Van der Zee, 2002). However, the link between this component and the others is not obvious. In a recent study, only 17% of intercultural knowledge was explained by these personality traits (Bartel-Radic and Giannelloni, 2017).

- Measures on the notion of cultural intelligence (Ang et al., 2007; Thomas et al., 2008), largely defined as the same as IC, are certainly multidimensional (and therefore also include cognitive and behavioral dimensions). However, the small number of questions per dimension is self-assessed and context-poor.
- In practice more than in research, IC is often seen as "automatically" resulting from international experience. However, Bartel-Radic's (2014) study demonstrated that the influence was extremely weak with only about 5% correlation.

Therefore, novel research methods seem necessary to understand what IC really is and how the cognitive, attitudinal, and behavioral dimensions interact in order to effectively train students and professionals. Immersive, context-rich methodologies are targeted to do so.

6.1.2.   The ability to work in a multilingual team and in a foreign language

International teams are characterized not only by a strong cultural diversity but also by linguistic diversity. Members of such teams speak different mother tongues, master languages at different levels, and are trained to communicate in different ways (Church-Morel and Bartel-Radic, 2016). We refer not only to the diversity of national languages but also to other categories such as organizational language or technical language (Welch, Welch, and Piekkari, 2005). With this diversity within teams, the role of communication, and therefore of language, is essential and involves real challenges. Clearly, those who wish to work together must communicate effectively, and language and communication skills facilitate interaction.

Language skills are defined as the ability of an individual to understand and manipulate the linguistic and semantic signals that together constitute a specific language, and thus to be able to convey meaning in that language (Brannen, 2004). In a multilingual team, language skills, such as proficiency in the functional language, enable the individual to communicate with others and are therefore essential for the functioning of the team. In general, a common language is seen as a tool that facilitates the imagination and construction of a global community, and it emphasizes uniformity and cohesion (Janssens and Steyaert, 2014). English, being one of the most important languages in international business, is often the first language required in an international team, especially when that team belongs to a large multinational company with employees and teams scattered around the world (Kankaanranta and Planken, 2010). Proficiency in other languages can also facilitate multilingual teamwork, especially when the organization supports a multilingual approach. Multilingualism makes it possible to construct a dialogue in several languages, depending on the interlocutors and the context (Janssens and Steyaert, 2014). Chevrier (2013) not only proposes a multilingua franca as an ideal solution for multilingual teams but also specifies that it is the most difficult language strategy to put into practice.

Although language learning can facilitate communication, members of multilingual teams must make an extra effort to make themselves understood by each other. Simply sharing a language does not guarantee shared meaning (Cohen and Kassis-Henderson, 2012). That is why other communication skills also play an important role in team functioning. These skills include, for example, the ability to gauge the language proficiency of the other person, understanding the differing meanings of verbal and non-verbal language, and the ability to listen and ask questions in order to understand the other person's opinion (Cohen and Kassis-Henderson, 2012). Even members of a team where the common language is the same as their mother tongue must learn to communicate in a multilingual context. The approach called "Business English as a lingua franca" (BELF) emphasizes the need for simplified English with specific vocabulary and a hybrid of discourse practices that originate in the native languages of the interlocutors (Kankaanranta and Planken, 2010). This means that even native English speakers should be trained in this international version of English (Charles, 2007). Moreover, for teams that operate across languages, they can establish strategies, such as the choice of functional languages and the choice of means of communication, in order to operate between different languages (Cohen and Kassis-Henderson, 2012).

Language and communication skills allow for successful team functioning. Languages promote communication, confidence-building, and coordination, especially between people with similar social identities in the work environment (Harzing and Feely, 2008). Members who are fluent in several languages can serve as "bridges" and facilitate exchanges, linkages, and interventions between groups (Barner-Rasmussen et al., 2014). For this reason, language skills, alongside intercultural skills, are particularly important. Moreover, these skills are valuable resources for the organization as they are rare and difficult to imitate (Barner-Rasmussen et al., 2014). It is therefore necessary to build on these competencies and experiences of diversity in order to make linguistic diversity a strength that supports the overall capabilities of the organization.

To date, the measurement of team language and communication skills and the extent to which these influence teamwork in multilingual teams remain difficult. It is possible to quantify the mastery of a language by individuals, through the Common European Framework of Reference for Languages (CEFRL) for example, but this does not reveal whether the interlocutor has a true understanding of the true meaning when interacting with others. On the other hand, it is possible to measure the linguistic diversity of the group (Church-Morel and Bartel-Radic, 2016). This can be calculated according to the three diversity variables of Harrison and Klein (2007): separation, variety, and disparity. However, these measures of individual skills and team diversity do not allow for a complete assessment of collective language skills.

6.1.3.   *Responsible and ethical behavior*

A third soft skill that is necessary in the field of international management is ethical competence. Little discussed in Management Sciences, ethical competence

generally falls within the field of Human Resources Management rather than in Strategic Management (Van der Yeught, Bergery, and Dherment-Férère, 2013). The latter authors define ethical competence as "the ability of an individual to apply ethical values effectively, to behave in a fair, equitable and supportive manner in a given professional situation" (Van der Yeught, Bergery, and Dherment-Férère, 2013, p. 223).

Indeed, ethics, through the principle of Corporate Social Responsibility (CSR), have become increasingly important in the business world. Increasingly, multinationals are being held accountable for their activities with regard to their general compliance with environmental, social, and ethical principles. Legislation (Barmeyer and Davoine, 2007), corporate image (Basu and Palazzo, 2008; Tian and Slocum, 2016), and attracting the best profiles are all factors reinforcing this trend. University management courses and business schools are placing increasing emphasis on CSR content, which is valued by evaluation and accreditation bodies. It is therefore an essential soft skill that enables people to behave "correctly" in all professional situations.

The measurement of ethical competence is complex. However, it can be achieved by measuring the degree of conformity of behaviors to pre-selected standards such as the reference framework of the ISO 26000 (2010) standard. The ISO 26000 (2010) standard is an unavoidable reference in the field of CSR that was generated after a very broad international consensus, and it is now used by a large number of organizations worldwide. Thus, the ethical dimension of this or that behavior can be assessed by analyzing its degree of conformity to the text of ISO 26000. The closer a behavior is to this regulation, the more it can be considered ethical, and vice versa.

It is obvious that this way of measuring ethical competence suffers from several limitations, the main one being that hardly any behavior will be considered universally ethical, as national cultures may vary and may underpin the very concept of ethics differently. Nevertheless, measuring ethical competence by assessing the degree of compliance of a behavior with a regulation seems to be a way of introducing some form of objectification.

6.2.   Experimental research in international management

Scholars call for building a "powerful tradition in the field of international experimental management" (Van Witteloostuijn, 2015, p. 530), considering experimental research designs as the "holy grail" of scientific research. These experimental research designs are essential for advancing knowledge in international and intercultural management because they allow researchers to test causal relationships (Zellmer-Bruhn, Caligiuri, and Thomas, 2016). This section aims to present experimental research in the international management field by defining the nature of experimentation, reviewing some experimental articles in international management and the challenges such studies are confronted by, and presenting the serious game methodology that we have developed in the InterCCom project.

6.2.1.   *An overview of experimental research designs*

Experimental research designs include "true experiments" and "quasi-experiments" (Podsakoff and Podsakoff, 2019). Among "true" experiments, we distinguish the experimental protocols that take place in someone's normal environment (i.e., "field experiment") from experimental protocols that take place in a dedicated place such as a laboratory (i.e., "lab experiment"). Studies taking place in a person's normal environment have a higher external validity because people's behaviors will be less biased. But not only are these field trips costlier in terms of time and resources, they also do not allow researchers to control contextual variables with the same precision.

Clinical experimentation consists of reproducing a real situation in a setting or artificial environment while staying as true as possible to the reality from which it comes in order to test a variable or to measure a variation (delta). To do so, the researchers will either start from real statistical data collected from longitudinal observations, or they will observe the behavior of a "control group" in order to have a comparative basis when observing the "experimental group", thus with modifications of the measured variable. The very foundation of clinical experimentation rests on three essential pillars (Schnell, Hill, and Esser, 2018): (1) an artificial reproduction that is as faithful as possible to the environment that the experiment is testing; (2) the appropriate choice of tools and methods included in the research protocol; and (3) a research question that is clear, measurable, and relevant. In the field of intercultural management, for the first pillar to be stable, immersion in the country's culture, frequent sharing with its representatives, and specific work on stereotypes have proven to be effective. Clinical experiments are thus usually given a greater internal validity even if they also have limitations (Schnell, Hill, and Esser, 2018).

Quasi-experiments are studies that involve the modification of a key independent variable of interest but reject two classic criteria of experiments, namely, "the random assignment to the processing conditions and [the deliberate] manipulation of the independent variable" (Grant and Wall, 2009, p. 655). Quasi-experiments therefore include interventions controlled by the experimenter in which "the random assignment is not carried out, such as when the treatments are assigned to intact or pre-existing groups" (Grant and Wall, 2009, p. 655). Quasi-experimental designs are research designs in which an experimental group and a control group are compared but where the classification of an individual in one group or the other is not randomly distributed. On the one hand, experiments are quasi-experimental when the observed individuals choose the group they want to belong to, which creates biases. On the other hand, some studies are naturally quasi-experimental. For example, culture is a variable that cannot be controlled; people are born into cultures and cannot naturally take on another culture for the sake of experiment (Van de Vijver and Leung, 1997). Within these quasi-experimental designs, we distinguish "natural experiments" from "quasi-experiments". In the former, manipulation of the variable occurs without action by the researcher (such as a change in public policies or a variation of the price of a product or service), while in the latter, the researcher deliberately manipulates the variable.

Besides true and quasi-experiments, research designs that only provide measurement at a specific time and therefore no measurement before or after the event or that have no control or comparison group are qualified as pre-experiments (Podsakoff and Podsakoff, 2019). While these pre-experiments are quite common in management research and do have their advantages, their drawbacks lie in the fact that the researcher cannot manipulate the independent variable and therefore cannot eliminate a certain number of alternative explanations as in true experimentation.

Random sampling is ideal to avoid bias, but requires significant resources. Furthermore, and most importantly, many variables studied in the social sciences, such as culture, intelligence, or socio-professional categories, cannot easily be manipulated during the experiment, and especially do not allow people to be randomly assigned to one of the two groups. As Zellmer-Bruhn, Caligiuri, and Thomas (2016) convey, researchers cannot simply randomly assign countries to political economies, companies to globalization strategies, or country of origin to individuals, for example. Rather, researchers require samples with specified and varying cultural and institutional backgrounds, often with people from different geographic locations (Zellmer-Bruhn, Caligiuri, and Thomas, 2016). This can represent a challenge simply in recruiting the appropriate participants.

In addition, regarding the nature of samples, student samples have been long viewed as inferior in the international management community, whereas they are often used in other disciplines such as psychology. While student samples may be appropriate for certain studies in international management, undergraduates cannot demonstrate proficient background and experience to respond sensibly to all experiments (Van Witteloostuijn, 2015). When choosing the sample, researchers should ask, "To what extent are students representative of the target population?" (Fan and Harzing, 2020).

6.2.2.   A short review of experimental methods in International Management research

In management research, the use of experimental methods increased later than in economics (Igalens and Roussillon Soyer, 2019). Specifically, marketing and behavioral finance, and such topics as marketing and advertising consumer behavior, sales communication, venture capitalists' (VCs') decision-making, cultural differences in decision-making, and empowerment and job satisfaction, are the areas of management research where experimental methods have been the most frequently mobilized (Zellmer-Bruhn, Caligiuri, and Thomas, 2016).

In the field of international management, experimental research designs remain scarce. In a literature review on language in international business research, Fan and Harzing (2020) only found eight out of 300 publications adopting an experimental design. The scarcity of experimental research in international management is due to the challenges it raises. One of them is related to the difficulty of designing appropriate research protocols that can be randomly assigned to participants and to the challenges related to sampling. Field experiments are particularly difficult to implement in international management because they might compare different

national contexts, thereby increasing the risk of incomparable settings. Another difficulty is related to randomized sampling and the use of compare groups. It is very difficult to constitute homogeneous and fully comparable samples (Zellmer-Bruhn, Caligiuri, and Thomas, 2016). This is the case when comparing samples from different national cultures, as in our research: it is impossible to randomly attribute a given culture to a person because little can be done to modify the characteristics and pathways of the cultures of origin (Fischer and Karl, 2020). Including large size samples that permit the generalization of results is also particularly difficult in international settings.

Consequently, most experimental designs in international management consist of quasi-experiments. The most common experiments relate to individual or team-level outcomes. In international marketing, where experiments have long taken place, the study by Pornpitakpan (1999) provides an interesting example. Pornpitakpan (1999) concludes that Americans, who adapt to two cultures and languages, in this case Thai and Japanese, have more positive sales outcomes even within their national contexts. In international economics, Roth et al. (1991) employ an experimental design to compare bargaining behaviors among different cultures. They demonstrate that what an "acceptable" offer is depends on cross-country differences. In management, Caligiuri and Phillips (2003) conducted an experiment, randomly assigning expatriate participants to use or not a self-assessment decision-making tool. They showed that participants who received the tool, along with a realistic job preview (RJP), reported increased confidence in their decision to accept an international assignment and had a greater success during said assignment.

Despite the small number of studies mobilizing experimental methodologies in international management, multiple authors highlight its bright future. Zellmer-Bruhn, Caligiuri, and Thomas (2016) conclude that experiments are underrepresented in JIBS but that they provide a clear opportunity to develop evidence for causal relationships in international business research. In addition to showing causal relationships, Fischer and Karl (2020) also highlight how experiments can isolate variables, thereby allowing researchers to account for specified changes in the dependent variable, which is difficult or impossible using other methodologies. Fan and Harzing (2020) issue a call for experiments on language research in international management to test and refine existing theories. Van Witteloostuijn (2015) encourages the development of an "experimental IB tradition" through the creation of web-based tools not only for further research but also for increasing the effectiveness and fun of IB teaching.

6.2.3.   *Developing a novel methodology based on digital serious games*

Lab experiments, in opposition to field experiments, are led in an artificial environment that is fully controlled by the research. Lab experiments offer major sources of knowledge in social sciences (Falk and Heckman, 2009). Implementing experimental research in international business could be facilitated by the development of digital research tools which also allow teaching in international management in a playful way (Van Witteloostuijn, 2015).

Games can be beneficial for learning because they make the player experience a specific scenario (rather than just read about it) and discover "decision-related information" throughout the game (Vermillion et al., 2017). Serious game pedagogy is based on the principles and advantages of experiential learning (Kolb and Kolb, 2005). In general, serious games have attracted increasing attention as innovative and effective tools for learning and knowledge management (Michel, Kreziak, and Heraud, 2009; Vallat, Bayart, and Bertezene, 2016).

Currently, serious games exist in a variety of forms, including card games, board games, and online games. In intercultural management, a number of games are available to facilitators like Barnga, a card game created by Sivasailam "Thiagi" Thiagarajan in 1980, which aims at teaching how different cultures communicate in different ways and have different "rules" for dealing with universal situations. Then, there are board games like Kosmopolit, which was imagined by the Language Dynamics Laboratory at the University of Lyon, and which has participants working together to fulfill customers' dining requests in different languages. Finally, online serious games seem to be especially promising. One example, Moving Tomorrow—A Cultural Journey, from a group of researchers at ESCP Europe Business School led by Prof. Marion Festing and Dr. Tobias Schumacher, helps participants develop their intercultural skills by navigating an international business scenario from the point of view of Lucy, the game's protagonist.

A serious game is a game-based approach that has a purpose beyond entertainment. Such games may offer a quasi-experimentation that provides a fully controllable study environment. Serious gaming will also allow players to immerse themselves in a world that is meant to be realistic (Sanchez, Ney, and Labat, 2011). This immersion in a scenario permits to include rich context and requires engagement with the situation and decision-making from the participant (Vermillion et al., 2017).

6.3. Three examples of serious games for experimentation in international management

Beyond being interactive and effective educational tools, we support the proposal of Vermillion and colleagues (2017) to take the benefits of online serious games further as an experimental research approach. This methodology allows us to recreate realistic scenarios in which the participant makes decisions and could arguably be more accessible to a larger audience. By collecting data on player choices, we are able to better understand behaviors within certain situations.

In this final section, we present the InterCCom project (https://interccom-games. methodforchange.fr/) that has been conducted since January 2019 and which aims to build serious games in intercultural management. The project was built on the idea that online serious games can be used as a tool for "laboratory" (quasi-)experimentation in international management. Each game has specific intended learning outcomes. The first game developed by the project team is called LINK The Serious Game, meaning "Learning INtercultural Kompetence", with research and pedagogical objectives around the theme of IC in work teams. Two other games deal with language diversity and responsible behavior, also with international

teams. The games are created on a digital platform called GenaGame that was also developed within the project. On this platform, content (i.e., documents, images, and videos) can be uploaded, and an interactive journey of the player through the content, depending on a scenario and underlying theoretical dimensions, can be defined. The player's choices in the game have consequences insofar that they influence the following sequences of the scenario: therefore, the players do not all live the "same experience".

At the research level, the objective of the project is to develop experimental research protocols to answer the earlier research questions that focus on transversal soft skills in international management. These games avoid the methodological biases of existing methods and assess intercultural knowledge and behavior in real-life situations. The results collected through this game will be used to answer the specified research questions. Each of the research questions deals with current theoretical gaps in the field of intercultural management. The use of the games for research is possible because the choices made by the players are recorded, thus constituting data that can be exported into a database.

The context imagined in each game is that of an international and virtual project team, with team members being located throughout the world. Concretely, the player takes on the role of coordinator of a fictitious team that is composed of people of various nationalities and backgrounds. The player has to coordinate the team's work, adapting appropriate behavior to the topic being explored (differences between national cultures; linguistic diversity; social responsibility). Depending on the communication and management styles adopted, the scenarios proposed to the player vary. The different scenes composing the scenario are "critical incidents" (Bott and Tourish, 2016) that reflect relevant real-life experience. The scenes were mostly "typical" critical incidents that frequently occur in organizations and have low salience for organizational actors. Some scenes can be considered "archetypal" critical incidents with not only a still high frequency of occurrence but also high salience for actors, such as performance appraisal (Bott and Tourish, 2016).

The scenes in LINK are notably organized around cultural differences. These scenes are likely to be interpreted differently depending on the culture as they are based on the cultural dimensions developed by Hofstede (2001), Hall and Hall (1990), and Hampden-Turner and Trompenaars (2003). Cultural dimensions relate to the vision of the group, hierarchy, time, competition, rules, etc. The critical incident technique captures tacit knowledge related to IC (Johnson, Lenartowicz, and Apud, 2006). The use of critical incidents to assess intercultural competencies has been a promising perspective in the field in recent years (Bartel-Radic, 2014; Bartel-Radic and Giannelloni, 2017). In the InterCCom project, the aim is to go further and use competences as a basis for a quasi-experimental methodology.

The method used to develop the storyboards and the game scenario is based on three complementary processes:

- Interviews and focus groups with leaders and members of international innovation project teams were conducted and analyzed to identify "critical incidents" of interest to the game.

- During the collaborative workshops, which brought together an interdisciplinary and very international project team, improvisation theater was used as a methodology to develop more scenes, and to discuss the reactions of the bearers of this or that culture to these situations.
- For the two phases of collaborative work on the game, that is to say also during the platform and game design, we mobilized design thinking methodologies (Dorst, 2011; Chanal and Merminod, 2019). The project team defined four personas of players and worked on the respective expectations and motivations before describing the game from the perspective of the users' experiences.

Another common point between the different games is that the player is put into the shoes of the coordinator and/or a member of an international virtual team. Beyond their implication in the team, the player plays their own person (in terms of age, gender, nationality, place of work, etc.). "Remaining themselves" strongly contributes to immersion into the story, and is a specificity of the project compared to others that exist in the field. Exchanges with the other (virtual) members of the team simulated in the game take place via digital communication tools, such as e-mail or instant messaging, document sharing, and video conferencing (simulated with short videos of real-life actors).

Although these serious games allow us to capture the behavior of participants in virtual international teams on a variety of research issues, they cannot be described as experiments in the strict sense of the term. Let us return to the principles of experimentation discussed in this chapter. It is clear that we are dealing here with a clinical experiment, in which the participants' environment is artificially reconstructed, in order to be able to control the different variables as much as possible and to compare a large number of individuals. Two other key principles are the "administration of a treatment", a variable that is varied during the course of the experiment, and the existence of a control group for which this variable does not change. For example, LINK includes an assessment of the behavioral dimension of IC at the beginning and end of the game, as well as game sequences followed by explanations in the form of a middle course. One possible use is therefore to split the sample into two, with one part running through the whole game and the other carrying out only the introductory and concluding assessments. This protocol would test the hypothesis that training in intercultural collaboration in the form of serious games increases the participants' IC. However, the most interesting problems (cf. Figure 6.1) are much more difficult to test in an experimental form. Research questions 1 and 2 deal with the behavioral nature of IC but do not involve "administered treatment" or even systematic hypothesis testing. For research questions 3 and 4 on factors that increase IC, there are two possibilities: (1) using the measurement of IC through one-time experimentation, and comparing subgroups according to their previous international experience or training; this is both pre-experimental and quasi-experimental. Or, (2) raise IC through experimentation twice, before and after international experience or training. This research design is then a (quasi-) true experiment, with a control group (but not randomly assigned) and a "treatment" administered between the two measures.

In addition to LINK The Serious Game, two other serious games have been developed. ELITE The Serious Game focuses on language diversity, and tests how a player's language background and level of proficiency in a common working language (English) affects how they collaborate in a team with people who speak different mother tongues, who all speak English at different levels, and who communicate through different media, such as e-mail, phone calls, video conferencing, and instant messaging. In order to create an environment that is as realistic as possible, the context is centered around the steps related to managing an international event, and the players' missions correspond to the related tasks. The tasks are carried out over five game phases, which also correspond to the life of the team from its formation to teamwork and finally to its evaluation after completion of its tasks.

ELITE The Serious Game develops language and communication skills precisely through immersing players into the context, demonstrating how their choices regarding language and communication influence their teamwork, sharing specific feedback throughout the game and ending with an evaluation of seven dimensions including IC, leadership skills, choice of communication channel, use of foreign languages, language complexity, redundant communication, and use of emojis. One international management lecturer shared the following testimonial:

> ELITE the Serious Game is an innovative and engaging way to explore leadership competences in a virtual environment. It's particularly interesting to explore issues of language and media choice, which are key issues in virtual teams but are only relatively recently being understood as a critical component of international leadership skills. The game enables players to consider their approach to such matters, and provides helpful guidance and feedback about the decisions taken. As an exercise in self-awareness, I found it very useful, and would recommend it to other lecturers of international management.

The research objective of ELITE The Serious Game is more specifically to understand how linguistic diversity influences virtual teamwork and builds from the literature on virtual teams and language diversity in international management. The research design allows us to study multiple research questions and hypotheses. The game is designed in multiple parts, allowing us to test different questions in different parts of the game. For example, parts 1 and 2 test language diversity in regard to task processes (e.g., choice of communication channel, choice of interlocutor and use of code-switching or switching from one language to another). Part 3, while continuing the story, is constructed in three variations, which are distributed randomly among players from different language groups. This part explores how the combination of language diversity and communication channel influences relationships, specifically work affinities and trust within the team. It should be noted that the player is only aware of the general consequences of communication and language, and they do not receive any feedback that could influence their choices related to the research questions until the end of the game.

MYM The Serious Game, devoted to corporate social responsibility and work ethics, is based on the same principles: the player plays their own character but is put into the shoes of an international manager in charge of seemingly every day professional situations. A series of six scenarios with different situations and themes marks out the game. The player is confronted with ethical dilemmas, and is asked to select one answer from among three proposed (one ethical, one average, and one somewhat unethical). The measurement is qualitative (for each question) and quantitative (an average over the whole game is taken at the end). In reality, these situations are more singular than they seem. Indeed, in each scenario, the player is confronted with an ethical dilemma that they must solve. To do so, the player answers problems in the form of multiple-choice questions, which is intended to evaluate the player's apprehension of ethics. The least ethical answer is often the one that will enable the player to better meet deadlines, to better manage the budget in the short term, and to obtain the approval of their fictitious hierarchical superior.

The skills measured here are the ethical sense or the degree of responsibility of the player. The scenarios and overall game environment are built from interviews with professionals. The themes are inspired by ISO 26000 (2010), which is a reference in the field of Corporate Social Responsibility worldwide. Competence measured here is equivalent to compliance with the principles of ISO 26000. From a research perspective, the game as an experimental methodology aims to answer two main research questions. First, we seek to discover and assess cultural and non-cultural differences between countries in their understanding of CSR and Ethics. Next, the role of ethical and CSR tools is analyzed, by providing a corporate code of conduct to half of the players at the very beginning of the game, while the other half is directly confronted with the scenario, and required to solve the several ethical dilemmas in a more intuitive way.

6.4. Conclusion

The InterCCom project presented in this chapter and the different academic studies associated with it are works in progress. While the research questions and theoretical frameworks have been proposed and the methodological tools constructed, data collection and analysis are still ongoing. We also observe a number of limitations to this research design, namely, the focus on the individual rather than team as these are single-player games, the difficulty in writing intricate and realistic scenarios or critical incidents with only a limited number of decisions possible for the player, and asking the player to "be themselves" despite encountering unfamiliar situations. However, intermediate results and the methodological contribution appear to be promising. This method has the advantage of measuring soft skills in an objective way and in a scenario that is as close as possible to a real-life situation. By responding to the call for more experimental research (Zellmer-Bruhn, Caligiuri, and Thomas, 2016), we expect to make a valuable contribution and provide novel insights for the field of international management in the near future.

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7 Proficiency in the International Language of Management as a discursive identity resource

Josiane Martin-O'Brien

7.1. Introduction

The management of the resources, diversity, and skills of a company is recognized as the main determinant of its strategy (Ben Slimane and Leca, 2014) as well as its internationalization (Laghzaoui, 2009). It is the responsibility of human resource managers to ensure that they raise the level of managerial skills of their executives to ensure the survival of their organizations. To this end, they send them to management development programs, the best known of which is the MBA.

One of the acknowledged effects of such training programs is the learning of a new language as a mode of expression pertinent to the profession of management (Warhurst, 2008). It is shared and practiced by an international community of managers worldwide. Because such linguistic knowledge is an essential resource for the enterprise (Mintzberg, 1973; Welch and Welch, 2014), we want to make it clearly identifiable. To that end, we label it the International Language of Management (ILM).

Indeed, this new discursive skill not only allows managers to understand, express, and integrate the scope of the company's international strategic issues but more notably, it also allows them to claim membership in a global reference group: that of MBA-minted managers. This is why we propose that mastering ILM is a distinctive sign of an international manager, and as such contributes to their identity construction.

Through the self-reported collected experience of Indian managers returning to work three years after completing an MBA-type management training, this chapter presents an example of a discursive identity construction process. It highlights how, by speaking the ILM, their professional identity as managers has been legitimized and internationalized.

The chapter is organized into three sections. The first section presents a review of the literature on the construction of professional identity and the fundamental role of language in this process. From there, we explain what ILM is. The second section reviews our research design. The third part gives details of the results, which are commented on and discussed, and concludes in the final section with the limits and implications of our research.

The process of identity construction

Models of identity construction originate from anthropological, social, and psychological perspectives which lead to the emergence of two mainstream approaches. One is the theory of the individual identity (INI) and the other is that of the social identity (SOI). Both theories consider the "self" as reflexive, which means that identity is constructed through a process of self-categorization and analysis of the self in relation to others (Stets and Burke, 2000). However, INI favors a psychological approach where the individual is at the center of the identity process, whose search is for the answer to the question "Who am I?" (Sabin, 2000). According to this approach, the central notion of identity is the role: it is understood as a set of expectations prescribing a behavior deemed appropriate by others (Pratt and Foreman, 2000). In the case of social identity theory (SOI), it is closer to sociology (Hogg, Terry, and White, 1995; Tenzer and Burke, 2000) as this approach favors identity construction in relation to others. In other words, SOI is constructed in accordance with the groups and the categories in which the individual participates and interacts (e.g., gender, race, religion, and profession). Here, the individual asks "What am I?" in reference to all those around them, in a normative and institutional sense (Sabin, 2000).

Overall, identity construction is dynamic and not a linear process; it remains elusive, complex, nonlinear, and continuous (Ibarra, 1999), through trial and error. Constant efforts are required in the process (Alvesson and Wilmott, 2002). Therefore, it is a processual work that remains open-ended. In any case, whether it is for the production of individual or collective identities, people have to internalize a set of external norms. This is where language plays an essential role (Brubaker and Cooper, 2000).

When we come to the questions of who is a manager and what is a manager, there is no consensus (Warhurst and Black, 2017). This is particularly true with globalization, which has shaken up the nature of the manager. Now, faced with the development of new work modes and tools (remote, virtual teams, zooming, etc.), the profession and the role of manager have been redefined. Currently, knowledge of technical practices of management is no longer sufficient to define who a manager is. Indeed, management is less and less perceived as only a series of actions (coordination, organization, control, etc.) but increasingly as a behavior, as a way of being. So much so that it means that management seems to be an identity project as well (Alvesson and Wilmott, 2002; Ailon-Souday and Kunda, 2003; Warhurst, 2011; Warhurst and Black, 2017). Additionally, managers' behaviors and learning take their full meaning only in a larger context of social organization because "whatever managers do, it is always in relation to others" (Cunliffe, 2001, p. 60). And the most natural and obvious way to relate to others is to talk to them in a demonstrative way. Therefore, for some researchers, "*to manage is to talk*" (Alvesson and Wilmott, 2002; Welch and Welch, 2014). This is supported by the fact that a typical manager spends about 70% of their time talking (Mintzberg, 1973). This is why we can say that language is essential to management, and therefore developing a manager's discursive abilities is a strategic resource for the enterprise (Melewar, Karaosmanoglu, and Paterson, 2005; Ben Slimane and Leca, 2014).

However, we are not referring to speaking English as an international business language but rather to mastering a mode of expression that is typical of the profession of management and that is internationally recognized. We are referring to the ILM, with its grammar, syntax, and lexicon with terms such as "B to C", "B to B", and "ROI" that are shared and fully understood only by other MBA-minted managers worldwide. Rather than a technical syntax, ILM corresponds to the language learned in business schools, the one through which the values and norms of a globalizing economic model-system are transmitted as well (Fourcade, 2006; Vaära and Faÿ, 2012, O'Brien and Martin-O'Brien, 2019). It is a language that is effectively practiced by an international community of managers, as a sign of legitimacy and competency.

This new discursive competence allows managers not only to understand, express, and integrate the scope of the company's international strategic issues, but it also allows them to claim membership in a global reference group: that of managers with MBA degrees. Thus, we see why ILM is an essential resource for managers' identity work; and how mastering it becomes a distinctive sign of belongingness to this group of the international manager. So far, the best place to learn it is to undertake a management development program, of which the MBA is the most reputed. This explains why enterprises spend billions of dollars to send their executives back to school.

On the basis of the premise that managing is mostly about talking (Mintzberg, 1973; Welch and Welch, 2014), this chapter relates how Indian engineer-managers acquired, strengthened, and internationalized their professional identity as managers, thanks to a discursive resource acquired during their MBA management training (Warhurst, 2008), and how in doing so, their professional legitimacy increased.

7.2. What is professional identity?

We now turn to Professional identity (PI). Often, it is defined as "simply the notion of who or what a particular person is in relation to others" (Watson, 2008, p. 136), including at work. The construction of professional identity—sometimes known as career identity—is a complex phenomenon as well (Kasperiuniene and Zydziunaite, 2019), which we review next.

First, PI is a multidimensional process composed of personal, social, and cultural identities. Second, PI construction is the result of a dialectical process, continuous and discontinuous, individual, and social. Furthermore, social stereotypes—including gender—have a strong influence on professional aspirations (Kasperiuniene and Zydziunaite, 2019) though to what degree remains uncertain. Additionally, the acquisition of a PI is affected by various demographic and personality factors (Crossley and Vivekananda-Schmidt, 2009) and, more recently, by social media (Kasperiuniene and Zydziunaite, 2019). However, the process by which managerial identities evolve remains unexplained (Ibarra, 1999).

This is why the definition of PI is further specified as "*an individual's self-image as a professional, which includes attributes, beliefs, values, motives, and experiences*" (Slay and Smith, 2011, p. 87) with "*meanings attached to oneself in*

the context of work" (Caza and Creary, 2016, p. 8). Thus, by placing the individual at the center of PI, this definition lessens the role of the organization as an actor in the construction of PI. But that is not completely accurate since there is a porosity of boundaries between professional and organizational personal identities (Kreiner, Holensbe, and Sheep, 2006). First, the company plays an active role in identity construction through the development of its own corporate culture—which includes its own beliefs, rituals, and values. Organizations know the importance of developing their own organizational identity with a strong corporate narrative (Schein, 1990) to increase employee motivation and attachment to the organization and for gaining competitive advantage (Melewar, Karaosmanoglu, and Paterson, 2005). At the same time, a corporate culture can be instrumentalized as a means of controlling individuals' professional identity, but then it generates tensions. Second, when the organization assigns employees to different roles within the organization, the literature on socialization at work shows that their individual identity is affected too (Ibarra, 1999). Thus, we see how PI construction is not linear. As we focus on linguistic identity construction in this chapter, we show that language competence in the field of management does not happen by chance.

7.3.   Linguistic professional identity construction

As a universal primary cultural material, language is the main vector for change (Sabin, 2000). Its symbols, informal rituals, gestures, and meanings are the fundamental building blocks of identity construction (Alvesson, 2010; Alvesson and Wilmott, 2002). As managers spend most of their time in verbal communication (Mintzberg, 1973), these spoken exchanges contribute to their sense of professional identity (Holman and Thorpe, 2003), and to the organizational realities (Cunliffe, 2001). Thus, we can say that being a manager is primarily an emergence from a dialogical construction of self (Watson, 2008; Sveningsson and Alvesson, 2003), rooted in a professional technical language inside an organizational environment.

   In the field of management, with the emergence of a globalized management founded on a neoliberal logic, the emergence of a managerial language of Anglo-Saxon origin has become a technical necessity for the elite. Thus, management language has gradually and tacitly become a distinctive and consensual linguistic element of a community dispersed around the world: that of MBA-minted managers. To highlight this particular characteristic, drawing on Warhurst (2011, 2017) and Holden (2002), we label it the International Language of Management—ILM (Martin-O'Brien, 2017a). Such language, developed and spread under the pedagogic authority of management education, establishes a specific cultural system (Pereira and Malik, 2015), which goes beyond the mere knowledge of a professional vocabulary. As is the case with all languages, it carries implicit norms and values (Chanlat, 2014) that support the managerial culture of performance, reward of success in conducting business, and fast results within a brief period. Additionally, it also changes the identity dynamics of subordination and power at work—between the locutors and those who are not. The literature shows that ILM is the

linguistic expression of a managerial identity, whose effects on the practice of managers is direct. Business schools around the world have a leading role in the social production of such managerial discursive competence (Warhurst, 2011). Through their convergence of pedagogical actions—modeled on the Harvard MBA model—it is built around a set of common core courses. Among them are strategic management, accounting, finance, marketing, human resources, and operations. With their special grammar and lexicology, which, taken together, support the ILM. Today, ILM is not only accepted and learned; it is also sought after (Vaära and Faÿ, 2012; Engwall, 2007) as a sesame that opens the doors to world business. Indeed, those who "speak MBA" recognize and understand those who do as well. After this introduction of the main concepts related to language and identity construction, we move to the description of our research and field study.

Our methodology of research is an ethno-methodology research rooted in a ten-year long research project for our Doctorate in Philosophy (Martin-O'Brien, 2017b). Fieldwork was conducted in urban India, in the Greater Delhi and Mumbai areas. India is an interesting site to observe the practical effects of management education and the emergence of managers as a profession in the wake of post-independence. A British colony until 1947, India's economy was completely opened to international investors and competition in 1991. This process was accompanied by the development of management training programs, which have continuously grown in numbers, from five in the 1960s to 5,600 in 2021. Among those, about 30 are currently highly reputed and respected. These MBAs are recognized by the Indian Ministry of Higher Education, or have an international accreditation, or are listed in international MBA rankings. Such is the case for the MBA program from which we drew the respondents interviewed for this research. Their Indian program, also known as a Post Graduate Program (PGP) in Management, is AMBA accredited, and consistently ranks among the top five PGP MBAs in India. Post Graduate Program and Diploma in Management is the official name of the diploma granted by the Indian Government to its accredited business and management schools—as a way to be distinct from the USA's name Master of Business Administration (MBA). So, in India, MBA is a conventional appellation used with foreigners that hides different levels of quality. We use the term PGP MBA in our text. Association of MBAs is a reputed British-based quality agency that audits and accredits MBA programs worldwide.

Access to its participants was made possible through our former professional post, in a Paris-based European management school, where, every year, a batch from this Indian MBA program came for their month-long European seminar. Thus, from these participants, we organized the data collection.

7.4.   The protocol

7.4.1.   *Protocol description*

For this research, we chose to mobilize an interpretative qualitative methodology, based on a collection of semi-structured interviews with a focus on an ethnographic

approach (Chanlat, 2007). The latter allows "*an exploration of the meaning of what people do and how they make sense of the world around them*" (Ybema, Vroemisse, and Van Marrewijk, 2012, p. 51). It has proven to be very appropriate for uncovering the implicit and explicit aspects related to the learning of the managers in training. This approach, which also allowed for a better understanding of the interaction between their interpretations, in relation to their career track, is said to be comprehensive, in that it "gives to see" in a new way, rather than testing an existing theory (Dumez, 2011, p. 195).

Data were collected during four consecutive rounds of interviews. Interviewees were treated as "key informants" and "research collaborators", rather than impersonal "subjects" as might be the case in laboratory experiments (Marshall, 1996). The data are based on a self-report of 50 graduate managers (N = 50) who were asked to reflect on their management style and practice "before and after" their year of training. We sought to obtain personal examples of new managerial practices implemented and inspired directly by their MBA training—while being attentive to multiple meanings and contradictions. The semi-structured interview was based on a thematic guide designed to explore the following themes: what they retained from their training after all this time; which courses had the most impact on them and which were the most useful; their return to their companies; the implementation of new ways of doing and thinking directly inspired by the training; the contribution of the seminar in Europe; the avenues of improvement (of the training they followed and of their reintegration within their companies).

The guide included open-ended questions as well as a section to collect the socio-professional profile of the participants. They expressed themselves freely, as the guide was used to check that the themes were covered—not as a questionnaire. The interviews, conducted face-to-face at their workplaces in their companies' offices, lasted an average of 45 minutes and were recorded. The interviews were conducted in English, but it should be noted that the level of English used by the participants varied—some spoke with an Oxbridge accent, others with a Hindi-English accent—with occasional asides in Hindi or Urdu. This may have led to a bias in the expression of their representation. However, after a number of interviews, the responses collected were similar, which is a sign of an adequate level of data saturation—inducing a satisfactory validation of the data (Guest, Bunce, and Johnson, 2006).

7.4.2. *Respondent selection*

It was important to ensure the homogeneity of the sample population for the selection of respondents. Thus, all of them were graduates, within the last three years of the same reputed postgraduate management program for senior executives, located in a management institute in the suburbs of New Delhi. This PGP MBA has the distinction of including a five-week international module in Europe. All the interviewees have a primary university degree, mostly as an engineer, followed by a long professional experience of 14 years on average, in teamwork or management (see Table 7.1 in the Appendix).

Table 7.1 Demographic characteristics of the panel

Gender	Male 92%
Average age	38 years
Professional experience	14 years on average
Bachelor degree	100%

In addition, it is important to note that all respondents were fully sponsored by their employers during this 14-month full-time residential PGP MBA program (i.e., salary and tuition paid at 80%–100% for the duration of the program). All worked for large, state-owned multinationals in the industrial sector: power generation and distribution, oil and gas drilling and distribution, and military aircraft manufacturing, with the exception of one car manufacturer that had been privatized in the last ten years (see Table 7.1).

The quality of the data collection was enhanced by four elements: (1) the homogeneity of the participants; (2) the structure of the interview: individual and semi-structured; (3) the content of the interview with a similar set of thematic questions to be asked to all participants; (4) the four rounds in the field, made it easier to reach data saturation.

This data saturation method guarantees data validity and robustness (Guest, Bunce, and Johnson, 2006, p. 76). The list of respondents is in Table 7.1 and the list of organizations is in Table 7.2 in the Appendix.

7.5. Data processing

To ensure the accuracy and reliability of the survey, the data were checked and cross-checked five times. The interviews were first listened to for a thematic transcription following the interview guide (Dumez, 2011)—with verbatim annotated with language signs—silence, hesitation, and tone of voice.

Then, from a horizontal and then vertical reading, the interviews were subjected to a double analysis: thematic and comparative. The initial manual coding began with the careful analysis of the identification of concepts and recurring themes that were identified and then compared through the selective open-axis coding paradigm. The labeling and categorization into emergent themes were done through constant comparison until the point of saturation, where no additional data were found, allowing the researcher to develop the category properties (Guest, Bunce, and Johnson, 2006), which were color coded initially. At the end, a "transcript interview" document was printed and bound in book form.

The final categorization and refinement of the data analysis were done in four steps: first, each individual interview was analyzed by a second listening and re-reading; from this, three central themes were identified: (a) professional effects, (b) personal effects, (c) learning from European seminars. This corpus provided

the material for the first thematic coding document—manual. Then, these themes were classified into two main categories (explicit effects—implicit effects) with sub-themes by type of managerial practice. After various proposals, we set out to identify the 12 thematic codes most relevant to our objective of detecting new managerial practices and new ways of considering/thinking about management and their profession. In the next step, each interview was replayed (third pass) to identify clues to the implicit impacts of the training as a whole and the European seminar in particular. In each stage, we tried to identify the main themes in a horizontal reading, and this is what constituted the material of the second corpus of data organized by major managerial functions. From there, theoretical concepts were mobilized to make sense of the data.

Next, we organized a fifth and final visit to India to implement a modified Delphi procedure to validate our findings from the first listening or analysis (Magnier-Watanabe and Lemaire, 2018). The Delphi technique relies on a group of experts who provide feedback on a proposed framework. It has been compared to a statistical method because of its questionnaire-like format, which we considered appropriate in this case for the overall validation of manually collected and organized data. Thus, our initial results were confronted with our sample, testing whether there was a consensus in the panels. To this end, we contacted the previous interviewees in each of the large companies or employers once again—five groups. After the series of Delphi interviews, a cross-analysis to synthesize all the panel contributions was established in order to summarize their comments and find their consensus.

In this chapter, we present the data that relate to professional identity construction through discursive resources.

7.6.   Results and comments

The data show that 100% of the respondents (N = 50/50) declared having a new vision of management, and they were also at 100% to express having learned a new language, as a mode of appreciation and expression. Moreover, 80% (N = 40/50) acknowledge having experienced a meaningful change in their work roles while only 50% (N = 25/50) have formally changed their position and function. This highlights the professionalizing identity effect of the training, which is materialized by these roles.

We thus propose a classification of those roles into two categories: the achieved role and the attributed role. The first refers to self-assigned roles, resulting from a new voluntary action on the part of the managers after training; the second is a role "given" by others, expected by colleagues and bosses who assign them new responsibilities after training, both of which result in a strengthening of their managerial identity. Figure 7.1 summarizes the process.

In this scheme, we picture the processual model of the post-training identity construction around the managers. It is both an individual and a social identity construction process. Language is the key element, as reported by them: they colloquially call it "*the MBA speak*". The next findings show that their new managerial identity is expressed and materialized through a set of new roles described by the respondents and which we classify in four categories detailed in the next part.

Figure 7.1 Processual model of post training identity construction
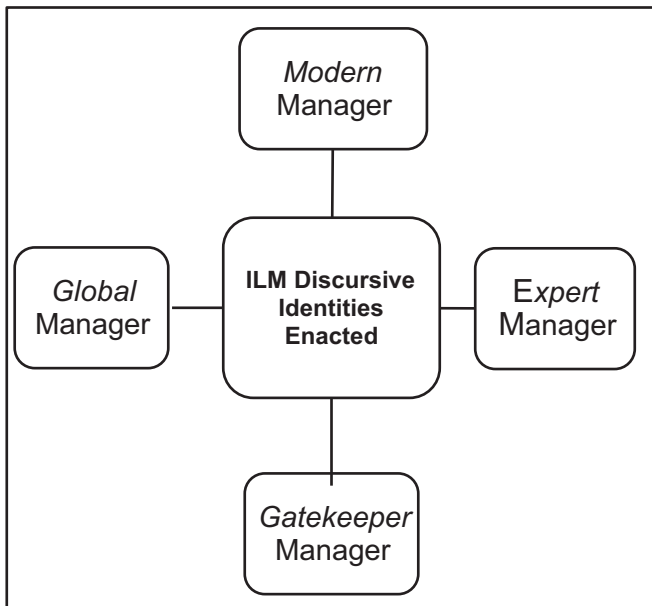
Figure 7.2 The four facets of identity development

7.6.1. *Four types of identity work*

Indeed, through their proficiency in ILM, we have identified four types of managerial identity construction. They are detailed in the following section and proposed in Figure 7.2.

(1) Identity of the so-called modern manager because they report using new management techniques and because the PGP MBA degree is associated with modern management;
(2) Identity of the so-called expert manager because post training, 80% of them are solicited to solve all kinds of problems for their organization;

(3) Identity of the so-called gatekeeper manager because in regard to external consultants, they have become empowered to leverage with them;
(4) Identity of a so-called global manager: indeed 100% declare that they have acquired a new global perspective (economic, societal, and industrial); that they could work anywhere in the world—while remaining attached—professionally and emotionally to their local national environment and to their companies.

The following section provides empirical data to illustrate these expanded roles.

7.6.2.   The so-called modern manager

The Indian managers in our panel had long prior experience in managing teams and projects and could therefore concretely express how their management training had changed their practices and their understanding of what it means to be a manager. In doing so, they affirmed a new self-image expressed in discussions with their bosses and subordinates and consequently an important evolution of their role as a manager.

Respondents expressed the need to practice a more human-oriented management style, which previously was not reflected in their behavior. The training has legitimized a modern and professional managerial identity within the company, which is interpreted by the interviewees as competent.

Verbatim: *'It's time for soft management practices in India' (RM); 'After the MBA, people are more important' (RM); 'I am more accommodating now with my subordinates; I understand that I have to respect his point of view, even if it is not the best solution. I have a less offensive management style and I see that I can't be right all the time' (RM).*

While professional roles naturally evolve in all circumstances, the new humanized managerial arrangements prove useful in mediating relationships according to the age, gender, social characteristics, and castes of their interlocutors.

Verbatim: "Before (the PGP MBA), the style was old fashioned, visceral management: emergency, crisis-style management, like a fireman. After the MBA, we become management professionals' (RM); 'Now we know modern management techniques" (*RM*).

Their management training brings the legitimacy of managerial identity to the outside world as well. Becoming agile in expressing management concepts and theories with the appropriate language contributes to their managerial legitimacy:

Verbatim: "If *you tell a stranger that so-and-so has an MBA, it makes an impression' (RM);' Being just an engineer is degrading, they (bosses and stakeholders) take you lightly. With an MBA, they listen to you, and then you CAN make a difference" (RM).*

Implicitly, their management training brings credibility and legitimacy to their managerial identity in the outside world, which is actualized by their ability to speak in a way that is "fashionable and convincing". This MBA language reflects an image of a competent and knowledgeable manager (Vaära and Faÿ, 2012, p. 1033).

Interviewees acknowledged their new understanding of terms and concepts. Examples are:

Verbatim—of key words cited: *"return on investment, making cost savings, economies of scale, credit trading, customer concept, customer experience, customer reminder, customer retention, bill collection, marketing plan, marketing strategy, human foundation of HR; reading a financial statement, making projected budgets, making expense reports)".*

However, language is not just about words. Implicitly, proficiency in ILM means acquiring professional values of excellence, modernity (Inglehart and Baker, 2001), success, performance, and profitability, combined with action skills.

7.6.3.   *The so-called expert manager*

After returning to their organizations, these managers described how other colleagues in their organizations asked them to share their new knowledge with them. They are asked to take on a new role in solving problems—"*firefighter style*" and identified as having expertise on which their superiors depend. This shows that a new expert role has been implicitly assigned to them, and it is a source of pride and self-confidence that has reinforced their professional identity as competent managers. They are asked to participate in task forces. Depending on the situation, they became "de facto" translators of modern management language for their colleagues

Verbatim: *"The best thing is that other directors call me directly and ask me what you want to say about it" (RM).*
    "My voice is listened to. If I say something, there is no doubt that it is unlikely to be forgotten. I like that" (RM).
    "Now I don't act like a post office, but I add value to the information, I bring interpretation" (RM).

By becoming able to name their newly acquired skills and competencies (finance, accounting, and strategy), they have set in motion a process of self-construction and identification of their new identity as managers. In fact, they call themselves managers. This shows how the capacity for dialogue is constitutive of their identity work process, which takes shape implicitly during the training. This linguistic knowledge gives MBA-trained managers an "expert power" of persuasion and influence.

7.6.4.   *The so-called gatekeeper manager*

In their Indian multilingual organization, their new linguistic ability influences organizational power dynamics (Tenzer and Pudelko, 2017), especially in protecting their organizations from outsiders. The interviewees realized that speaking ILM legitimized their interventions as intra-company consultants; that they were among those who best understood their company and could therefore safeguard its interests. This ability to dialogue has overturned the power relations with the professional consultants of large external firms who intervene in their companies. Their headquarters often hired external consultants to develop a new strategy, to better work within international standards, and to position themselves against their competitors. After the training, their bosses asked them to deal directly with these consultants, to guide them and tell them what they needed—not the other way around.

Verbatim: "*I'm now working with the consultants to customize their tests to our company, on content, questions, how their case applies to our company. I'M THERE*" (RM).

"*Now we work with the consultants, and our input is better for the final report*" (RM).

"*Now I understand better. I can make recommendations to the boss, to the general manager, who will correct the report with comments like 'this is good', 'this is not necessary' and after that the report is given to the consultant*" (RM).

The language identification with external consultants contributes to the construction of a managerial identity of legitimate expertise. Thus, managers can be said to have taken on the role of boundary guardians and gatekeepers (Barner-Rasmussen et al., 2014) in order to protect their company from external forces and to act as liaisons between the inside and outside of their organization (Goxe, 2010).

7.6.5.   *The so-called global manager*

Globalization is linked to transformations in language and identity in a variety of ways and at a variety of levels (Heller, 2003). The training program that serves as the case here has been repeatedly described by our respondents as "*an opening*", as "*bringing exposure*" to the realities of the global business world. This occurred both through its pedagogic content, made up of non-Indian case studies teaching of general concepts and management theories, all put into practice through numerous group projects, some of which had a real relationship with their own businesses and also, most importantly, through the intensive European seminar, reported as a major element in building an international identity (Dickman and Harris, 2015). Its month-long duration was long enough to give a sense of immersion; it included formal classes and company visits to five European countries (France, Italy, Germany, Switzerland, Belgium, and Poland), with time allocated for personal tourist discoveries during the weekends. The trip to Europe itself contributed to the construction of their international identity: although all respondents had a passport prior to their

training program, it was used as their Indian identity card. In fact, the majority had never before traveled outside the Indian border. Therefore, being able to report back to their bosses and colleagues on what they learned during the industrial site visits in Europe materialized their international identity.

Verbatim: *"(we gained) this knowledge and these tools to face globalization" (RM). "Now we are global managers" (RM).*

This is the goal of a human resources director also interviewed, who describes how he wanted these managers to become global managers by explaining:

Verbatim: *"(our managers) should be able to work in New Delhi, New York, and Paris without feeling lost" (R-HR).*

This HR manager interviewed also explained that sponsoring managers' participation in this MBA training program, among others, is part of their strategic plan for international development. At the level of the respondents, they also testify to its internationalizing effect and on their ability to build a broader global perspective:

Verbatim: *"We are now global citizens" (RM).*
                "Before, I thought oil came from the rig, and the price was not our concern. But now I have a new international perspective on the price of oil" (RM).

This global perspective illustrates the process of identity work resulting from management training, actualized by their linguistic ability to name and distinguish their former, rather operational, and local professional self, vis-à-vis their new, internationally oriented managerial self. That is how globalization provides a perspective that brings new meaning to their local Indian identity. Through the training, the participants build themselves not only as managers but also as Indian and international managers.

Verbatim: *"Business is global, not just Indian. We have to manage change. Change will come" (RM).*
                "We have gained a broader perspective of the global environment" (RM).
                "Now I understand that I am working for my country" (RM).
                "We have to work in the global environment that affects us; we are not isolated" (RM).

After traveling through Europe, most respondents said they were proud of India and of being Indian. It was a way to reaffirm and normalize their Indian national identity. Everyone in India has a sense of belonging to "Mother India".

Verbatim: *"We learned about the idea of GloCal. It means that whatever technique the American company uses, you can apply it locally [in India]" (RM).*

The word GloCal is a contraction of Global and Local learned during the training. The debate about the universalism of MBA management practices is not the subject of this chapter. Let us just say that Indian managers keep a serious local anchor and do not reject their identity as Indian managers.

7.7.   Discussion

The first observation is that management training is not neutral, even for experienced managers, and in particular from a language point of view. Indeed, we show, in line with Warhurst's results (2011), that management training allows acquisition and proficiency in a new MBA language. This is a distinctive sign that differentiates the managers from their previous professional situation. We call this discursive resource, which is linked to the manager's profession, and which takes on its full meaning in a particular economic environment, the international language of management—ILM. It is important for managers on two levels. First, it gives them the feeling of being part of a larger management world by acquiring a new perspective on management and business in a holistic way. Second, through the fluency of this management grammar, managers gain the self-confidence to define themselves as managers (Sturdy et al., 2006). Maybe, ILM could be considered as a resource in its own right, worth training managers for—in the same way one learns a foreign language.

The second observation is that we confirm, with Warhurst (2008, 2011), Watson (2008), and Pereira and Malik (2015), that the language of management reinforces the process of identity construction through self-categorization: "*the MBA has highlighted management as a profession and as a valid identity in itself*" (Warhurst, 2011, p. 276). Typically, when a person identifies with their profession, they incorporate values and attitudes into their own identity and "*enact the expectations of their profession*" (Caza and Creary, 2016, p. 8). This is what is happening with the returning respondents who have put on the attire of professional managers. They want to share their experiences and learnings with their colleagues, their superiors, and stakeholders, in proposing the implementation of a so-called modern management style learned in training. Through these interactions with others, they negotiate with themselves their new identities, with acceptable versions of their selves (Pereira and Malik, 2015). However, identities are inevitably disciplined and distorted by power relations within the company (Brown and Coupland, 2015). And managers' identity is particularly precarious, and vulnerable to constant hierarchical surveillance and performance judgments (Warhurst, 2008; Alvesson and Wilmott, 2002).

The third point is pointing to a linguistically based process of internationalization that contributes to the development of an international identity for the manager. It is operationalized in two ways: by the language acquired implicitly through the content of the training courses, and experientially through the seminar relocated to Europe (Dickman and Harris, 2015). As a result, 100% of respondents admit to having developed a new "*global worldview*" in reference to their company, their industry, and through a sense of belonging to a global network of MBA graduate managers. Mastering the ILM provides the codes to understand the business world

on a global basis and is the key to "*meaning making and sense making in an international context*" (Kuznetsov and Kuznetsova, 2014).

This is important for an organization, which should consider the construction of the manager's international identity as a tactical element of its internationalization strategy, as those who are trained can act as translators (Barner-Rasmussen et al., 2014) inside and outside their organization.

Still, our work has several limitations that should be noted. First of all, the particularity of the sample limits the generalization of the results, although they may be in line with other works. Indeed, although other works show that MBA training contributes significantly to the construction of managers' identities (Warhurst, 2008, 2011), there is the risk that the training alters managers' self-awareness just enough in a biased way, and results in a "fantasy of the self" (Warhurst, 2011). But we have enough consistent accounts from different respondents collected independently to reach data saturation so that risk should be effectively reduced. In addition, since the interviews were collected at least two years after the completion of their PGP MBA, the jeopardy of presenting a "tentative self" is reduced (Caza and Creary, 2016). Unlike those questionnaires collected right after other MBA trainings, that usually ask about anticipated and expected changes after the training, our study is from a practice-based reporting. And the passage of two years should have been enough time for these trainees to integrate into their new selves. Nevertheless, what could be addressed more fully is the depth of a "global managerial identity" versus their "Indian managerial identity". That would make interesting research to investigate further from a culturalist perspective.

Second, even if the feeling of belonging to the professional group of global managers really exists on the side of the graduate managers, one must also question its validity. Indeed, this global identity is perhaps an aspired identity, a wish more than a reality. Although a shared language can trigger a process of identity construction (Bucholtz and Hall, 2005), its knowledge is not a sufficient condition for developing a shared identity. Furthermore, acquired identities are often insecure and fragile, as they are subject to various threats and assaults (Knights and Clarke, 2014). Moreover, this identity of a modern international manager, constructed through the PGP MBA training, is certainly moderated by their Indian cultural identity reinforced by their local caste membership. There is a cultural variable that acts as a filter to adapt and integrate ILM at a local organizational level. We can cite the example of the Indian counting system, heir to the Vedic system, with a particular vocabulary such as *crore and lakh*, which remains the local reference for speaking of large numbers including in business settings. In India, 1 crore = 100 lakh =10 million. Furthermore, writing these numbers is specific: 1 crore is 1,00,00,000 (for ten million), while 1 lakh is written 1,00,000 (for one hundred thousand).

That is why we need to highlight to international companies the need to be aware that mastering the ILM does not necessarily promote the sharing of meaning or the homogenization of practices at the local level. On the contrary, it gives a partly misleading representation, according to which management knowledge would be universal, applicable to all nations and cultures, and that language would be a neutral instrument that would "convey" management concepts to a country

(Usunier, 2010). This not being the case, it is therefore most important to continue research to better understand the universe of meanings particular to each culture, which certainly gives a particular connotation to the vocabulary and grammar of the ILM.

7.8.   Conclusion

Focusing on language as a key element in the construction of the manager's identity as experienced by Indian trainees is an interesting and original contribution of this chapter. Although the exact process by which the manager's identity evolves is still underdeveloped, we demonstrate the key contribution of mastering the ILM learned in MBA programs. In doing so, with others, we highlight the discursive process of professional identity construction. Because identity building is not an homogeneous linear development, we shed new light on four kinds of identity building blocks, that we have identified as (1) that of the so-called *modern manager*, thanks to new management techniques; (2) that of the so-called *expert manager* solicited to solve all sorts of problems; (3) that of the so-called *gatekeeper manager* vis-à-vis external stakeholders, and in particular private consultants; and (4) that of the so-called *global manager* thanks to a new global vision of the world.

We encourage companies to continue to train their managers in MBA-type management training programs, especially for those with previous professional experience; and to include in their learning outcomes' valuations this new discursive competence that allows for the revitalization of power relations within the organization. This is a particularly useful resource for companies in fast-growing economies—which, due to the pressure of globalization, are necessarily confronted with this ILM which does not belong to their historical heritage. Furthermore, this sort of training can also help companies to control the development of the manager's identity in a perspective of empowerment, both within the company and in relation to external international forces and be part of their internationalization strategy. It is time for organizations to see the full scope of discursive competence as a strategic resource. This is especially pertinent in the post-Covid era which has completely transformed work in conventional settings (ILO, 2020). It is also an opportunity for MBA program directors to include, as part of their courses, tools, and workshops to accompany their trainees in managing their multiple identities, professional and otherwise.

Appendix

Table 7.2 List of respondents

R #	List or respondents—Position	Employers—Company
1	Chief manager HR	Power Grid Corporation
2	Additional general manager (AGM) corporate planning	National Thermo Power Corporation, NTPC Delhi
3	AGM corporate planning	NTPC Delhi
4	AGM	NTPC Delhi
5	AGM	NTPC Delhi
6	AGM	NTPC Delhi
7	AGM	NTPC Delhi
8	AGM corporate planning	NTPC Delhi
9	General manager project plan	NTPC Delhi
10	Additional general manager (AGM)	Oil India Limited ('OIL)
11	Manager business development	Oil India Lt Noida (OIL)
12	Manager vigilance	Oil India Lt Noida (OIL)
13	Chief engineer production	ONGC
14	Superintendent engineer-director	ONGC
15	Chief manager*	Power Grid Corporation
16	Chief manager HRD	Power Grid Corporation
17	GM marketing	Indian Oil corporation (IOC)
18	Chief manager corporate planning	Power Grid Corporation
19	Sr. Manager production	Maruti
20	Chief manager	Power Grid Corporation
21	Additional general manager finance	NTPC Noida
22	Deputy General Manager Marketing	NTPC Noida
23	AGM finance	NTPC Noida
24	AGM	NTPC Noida
25	AGM	NTPC Noida
26	Manager production division	Maruti-Suzuki
27	Sr. Manager quality insurance	Maruti
28	Manager accessories	Maruti
29	Assistant general manager	Maruti
30	Assistant general manager	Maruti
31	Manager training division	Maruti
32	Deputy chief engineer office of director	Oil India Limited (OIL)
33	Chief manager	NTPC
34	Deputy general manager HR	NTPC
35	General manager international business	Power Grid Corporation
36	Deputy manager (DGM)	Hindustan Aeronautic Limited at Bengaluru (HAL)
37	DGM	HAL
38	DGM	HAL
39	DGM	HAL
40	DGM	HAL
41	DGM	HAL
42	General manager	Indian Oil Corporation (IOC)
43	General manager retail sales	Indian Oil Corporation (IOC)
44	Manager lubes	Indian Oil Corporation (IOC)
45	Deputy general manager	Power Grid Corporation Gurgaon

(*Continued*)

Table 7.2 (Continued)

R #	List or respondents—Position	Employers—Company
46	HRD manager	Power Grid Corporation Gurgaon
47	Sr. General manager finance	Power Finance Co
48	Senior manager retail sales	Indian Oil Corporation. (IOC)
49	General manager HRD	Indian Oil Corporation. (IOC)
50	Manager	Oil India Limited (OIL)

Table 7.3 List of sponsor organizations

Identity and characteristics of employers—state-owned organizations*:

Name and category**	Work force	Sector
ONGC: Oil and National Gas Corporation A Maharatna** *Ranked # 2 in World's Fortune100	24,500	Power generation
Power grid A Maharatna**	10,000	Energy distribution
OIL: Oil of India Limited A Navratna** Ranked #94 in World's Fortune100	8,800	Oil
NTPC: National Thermo Power Corporation A Maharatna**	22, 150	Power generation
IOC: Indian Oil Corporation A Maharatna** *Ranked # 3 in World's Fortune100	32, 900	Oil
HAL: Hindustan Aeronautic Limited A Navratna**	32, 100	Aviation
Maruti (Suzuki Partnership) *Ranked #14; in World's Fortune100	6, 900	Automobile manufacturing
Power Finance Corporation A Navratna **	330	Finance

State-Owned Enterprises (SOE) are classified into three categories by the Government of India according to their size and performance (Seethanen, 2008). In 2022, these are *Maharatnas*, that is, meaning the Large Crown [10], The *Navratnas[14]*, which means the 9 Gems since originally, they were nine and the *Miniratnas [73]*; All are global players listed on the Bombay Stock Exchange. (www.jagranjosh.com)

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8 Managing cultural integration in a Franco-German acquisition

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Franco-German acquisitions are growing steadily and the number of transactions carried out doubled between 2013 and 2018, to reach nearly 150 acquisitions in 2018. In the same year, France ranked fourth among the countries investing in Germany (after Switzerland, the United Kingdom, and the United States), and Germany retains its third position in the ranking of countries investing in France (behind the United States and the United Kingdom) (PricewaterhouseCoopers, 2019). The management of cultural differences often represents a particular challenge in such operations (Amann and Jaussaud, 2021; Chanlat, Davel, and Dupuis, 2013). Indeed, to achieve cultural integration in cross-border acquisitions, it is necessary to take into account not only "real" cultural differences but also the cognitive, emotional, and political processes that mark the behavior of the associated actors and teams (Mayrhofer, 2017; Vaara, 2000).

Despite the strong interdependence of the French and German economies, we can observe that the cultural differences between the two countries remain important. As a result, their integration is often considered a key success factor in Franco-German acquisitions (Barmeyer and Davoine, 2019; Barmeyer and Mayrhofer, 2008). Extant literature favors quantitative approaches to assess the impact of cultural differences on the performance of buyers (Chalençon, 2017; Graebner et al., 2017), but it is necessary to mobilize qualitative approaches to understand the role of human and organizational factors in the success of such operations (Gunkel et al., 2015; Rottig and Reus, 2018). Several authors emphasize that the success of acquisitions is often linked to the involvement of the target's employees in the implementation of the operations (Lakshman, 2011; Teerikangas, Very, and Pisano, 2011). However, the vision shared by the teams of the target is neglected in the study of cross-border acquisitions, probably because of the difficulties to access this type of data. Our work aims to fill this theoretical and empirical gap.

The objectives of our research are to identify (1) the perception that the employees of the target have of the cultural issues related to the implementation of a Franco-German acquisition and (2) the solutions that are proposed by them to better integrate cultural differences in this type of operation. To answer these questions, we have chosen to build a unique case study on the acquisition of a French company by a German group in the pharmaceutical sector.

We will first examine the role of cultural differences in Franco-German acquisitions (Part 1) before analyzing the perceptions employees of the target share about cultural issues linked to the completion of such an acquisition (Part 2) and the solutions that are proposed to facilitate the integration of the identified cultural differences (Part 3).

8.1.   Cultural differences in Franco-German acquisitions

We will start by studying the role of cultural dimensions in the implementation of acquisitions before focusing on Franco-German cultural differences.

8.1.1.   *The role of culture in the implementation of acquisitions*

The literature on acquisitions highlights the difficulties encountered by companies during their implementation, in particular when the acquirer and the target are from different countries. Indeed, setting up cross-border operations is a complex process for companies (Caiazza, Shimizu, and Yoshikawa, 2017; Lamotte et al., 2021; Trichterborn, Zu Knyphausen-Aufsess, and Schweizer, 2016). Acquisitions are almost irreversible, with the loss of independence for the target, and failure rates remain high (Hassan, Ghauri, and Mayrhofer, 2018; Meier and Schier, 2019).

The success or failure of an acquisition cannot be explained solely by financial and strategic factors. Human and organizational dimensions, including cultural elements, should also be considered (Graebner et al., 2017; Sarala, Vaara, and Junni, 2019). Individuals and teams from associated organizations must learn to work together, and managing cultural differences often constitutes a particular challenge (Chalençon, Dominguez, and Mayrhofer, 2019; Heimeriks, Schijven, and Gates, 2012). The announcement of an acquisition can create a climate of uncertainty and distrust insofar as the working conditions of employees and relations with the stakeholders of the target company can be disrupted. It is desirable to communicate on the objectives and the strategy of the acquirer while respecting the legal constraints (Thelisson, 2017; Vuori, Vuori, and Huy, 2017).

Cultural dimensions play an essential role in cross-border acquisitions where teams with different cultural values have to cooperate (Meier and Schier, 2019). Existing studies often highlight the negative effects of cultural differences on the performance of acquisitions, which are in particular due to the difficulties linked to the integration of teams (Ahammad et al., 2016; Rottig and Reus, 2018; Teerikangas and Very, 2006). It is therefore necessary for the acquirer and the target to anticipate them in the preparation of the operation.

8.1.2.   *Franco-German cultural differences*

In Franco-German acquisitions, cultural issues often play a predominant role. Studies on intercultural management show that the two countries have not only cultural similarities but also many differences (Barmeyer and Davoine, 2008; Barmeyer and Mayrhofer, 2008). For example, hierarchical distance is stronger in

France than in Germany, with power often being more centralized and the style of management more autocratic in French companies. This often results in shorter decision-making processes. Individualism is also more marked in France (Hofstede, Hofstede, and Minkov, 2010), and the relationships forged between people play an important role in the functioning of French organizations (D'Iribarne, 2008). Regarding time management, we can notice that the French culture can be described as polychronic (activities being carried out simultaneously) while the German culture is rather monochronic (time is used in a linear way and programmed with precision). French organizations tend to have a short-term vision, whereas German companies focus more on the medium and long terms. In France, the style of communication is rather implicit and indirect, with a strong reference to the context, whereas the Germans tend to communicate in a more direct and explicit style, providing a greater amount of detail. Finally, interpersonal distances are lower in France than in Germany, where the individual territory is more narrowly defined (Hall and Hall, 2000).

The economic, political, and social contexts of the two countries also present significant differences. The French context is characterized by the predominance of large companies, a fabric of more fragile SMEs (small- and medium-sized enterprises), a stronger influence of the State, and more conflictual relations between employees and employers. Conversely, the German context is marked by family capitalism, the importance of SMEs and mid-sized companies (referred to as "Mittelstand"), a more stable shareholding, the logic of co-management, and the principles of the social market economy, which combines private initiative and social progress (Barmeyer and Davoine, 2019; Cazorzi, Didier, and Montenero, 2014).

8.2.   The acquisition of a French company by a German group

It was in 2017 that the French company F-Pharma was acquired by the German group D-Pharma. The F-Pharma company has 3,500 employees worldwide, including 1,000 in France, and its turnover amounted to €1.2 billion in 2016. The German company D-Pharma is a family group that employs 24,000 people and achieved a turnover of €7 billion in 2016. This Franco-German acquisition allows the two companies to become a major player in the European pharmaceutical industry. The methodological approach used to construct the case is explained in Box 8.1.

Box 8.1   Presentation of the methodological approach

To answer our research question, we chose to conduct a single case study (Marschan-Piekkari and Welch, 2011; Yin, 2018). We selected an acquisition case involving two emblematic companies in the pharmaceutical sector that are strongly influenced by the culture of their country of origin: F-Pharma and D-Pharma. The case study was constructed based on 15 semi-structured interviews and secondary data (internal documents, press releases, websites,

press articles, etc.). The interviews were conducted in December 2016 with employees of the French company, who were involved in the preparation and implementation of the acquisition. The average duration of the interviews was one hour. The interview guide focused on five themes: (1) the process of preparing for the acquisition, (2) the first interactions with the German group, (3) the perception of the cultural differences and similarities between the two companies and the two countries, (4) the solutions that could be adopted to manage Franco-German intercultural relations, and (5) the evolution of the organization after the acquisition. To analyze the collected data, we performed a thematic content analysis.

The acquisition of the F-Pharma company by the D-Pharma group entails many changes for the employees of the French target. All departments are concerned and must interact with the German group. We will first analyze the expectations of F-Pharma employees before focusing on cultural differences.

8.2.1.   *The expectations of the target's employees before the acquisition*

The acquisition operation was announced in November 2015, and F-Pharma employees are regularly informed of its progress, in particular through information communicated by e-mail and during meetings organized with the management team. The interviewees of this research project believe that they are well informed about the implementation of the operation. From June 2016, several dedicated teams have been set up to plan and prepare the integration process. They interact with D-Pharma teams. More targeted information is communicated in the working groups and shared by the people who are involved in these groups. The progress of the acquisition is also discussed within the "senior leadership team", which was set up by the CEO of F-Pharma and which brings together the company's executives up to hierarchical level n-3.

The provided information is reassuring for the employees of the target: they emphasize that the acquisition constitutes an opportunity for both companies, particularly in terms of product portfolio and geographic market complementarities. The characteristics of the D-Pharma group and the objectives of the takeover are explained in a clear and educational way: the acquisition by a family group will allow the growth and development of the associated fields of activity. The message communicated is to continue "business as usual" to allow the appropriate functioning of the organization. The acquisition is not perceived as hostile; instead, the ambition is "to build a great story".

The acquisition objectives seem clear to the interviewees (see Table 8.1). As one employee puts it:

[so, D-Pharma's objectives: the F-Pharma bride is quite pretty, that makes sense, we have good figures, I'm not German, I'm not the family who owns the company, I tell myself I want to invest, it's a company in which I want to

Table 8.1 Perceived objectives of the acquisition

Company	Objectives perceived by F-Pharma employees
D-Pharma	• Become the European leader in the field of pharmaceutical products • Strengthen teams and innovation • Share the costs and risks related to the development of new products
F-Pharma	• Grow and develop in the field of pharmaceuticals • Provide the know-how of the company • Manage integration as best as possible, especially at team level

invest. . . . If I get on my desk and shout that it is a scandal, it will not have much impact. I am not shocked not to have been consulted.]

The attitude of the interviewed employees is rather positive. We can observe strong expectations on the part of F-Pharma executives who want to regain more flexibility and give more meaning to employees even if the teams are aware that this is a takeover. An employee explains:

[[W]e can clearly see that today we are limited, we are strong in certain sectors, and less so in others. We will be able to develop in the sectors where we are weak. There will be more opportunities for change. These merger processes, we have expectations. It's like a race, we wait, there's adrenaline, so we'd be disappointed if it didn't happen.]

Another person continues:

[I imagine the people of D-Pharma with a pragmatic approach: we will try to take the best in both organizations, that is to say what has proven successful. We have to demonstrate it with facts, these agile ways of acting. I hope that we will not fall into rigid procedures.]

Several concerns are also expressed, for example:

[[A]n acquisition is a change. So there is a risk, for example, D-Pharma does not pass. There are companies that come to "colonize": I will teach you and I will explain you how to work. I'm going to fire the F-Pharma management and replace it. We change, it will force you to work differently.]

Another employee continues:

[You have to be in the right position, be open, but you have to realize that there will be changes. Sometimes the messages have been so reassuring, sometimes it's a shock that happens. You have to "clean the house", the dust under the carpet. The first year, the "men in black" will arrive, the auditors. You buy a business on papers. The largest factories will be audited. . . . Returning from the top, "business as usual" or "business better than usual".]

Table 8.2 The perceived advantages and disadvantages of the acquisition

Perceived advantages	• Reaching a critical size in the field of pharmaceutical products • Belonging to a family group that has a long-term vision • Complementarity of product portfolios => expansion of the offer • Geographical complementarity • Proximity in terms of corporate culture and customer culture (family group with a societal role, ethical values) • Merger with a European group • Strong innovation capabilities
Perceived disadvantages	• Uncertainty regarding the new organization • Loss of the F-Pharma company name (associated with the history of a French laboratory) • Changes in working conditions and workplaces • Changing operating modes and processes • Perception of D-Pharma by the teams • Time required for integration

One of the major issues mentioned is the location of decision-making centers.

Table 8.2 shows the advantages and disadvantages of the acquisition as perceived by the interviewed employees.

F-Pharma is a company with a strong organizational identity. The vast majority of its employees seem very attached to the company, and the turnover of employees is low. About the culture of F-Pharma, an interviewee declares:

[What people say about us and I recognize F-Pharma in it, people who work a lot, but in a friendly atmosphere. We say "hello" and there is humor. The quality of relationships is important. . . . Our leaders are accessible. The people of F-Pharma, we have several hats at the same time, a form of entrepreneurship, but of hyper-reactivity. We are resourceful. There is a certain distance from the procedures, from the frameworks. What matters to business is what works. The procedures are not written in the genes, to save time and to save money.]

Another employee continues:

[It is a company that is very involved in intra-group communication, in exchanges, there is a lot of discussion at F-Pharma. We are somewhat affected by a disease called "reunionitis", it's a bit of a French disease, it's part of decision-making. We, compared to the Americans who do not always analyze the situations, we analyze them too much, the situations, when everyone around a table has understood where we are going, can give their point of view, that is where we are going to engage. Don't go too fast. All stakeholders must be involved, we must not go too fast.]

Box 8.2 specifies the values mentioned during the interviews.

Box 8.2 F-Pharma values expressed by employees

- Quality of pharmaceutical products
- Technical competence
- Willingness to innovate
- Efficiency and performance
- Pride: we love the industry, the products, the origins and the history of F-Pharma
- Ethics, benevolence
- Consideration of the human dimension: respect for employees
- Employee engagement
- Collaborative spirit
- Collaboration between functions, for example, international project teams
- Exchanges, interactions, and discussions
- Agility
- Honesty and transparency
- Orientation and respect for customers

The interviewed employees consider that these values are compatible with the values of D-Pharma, which is a family group, even if several of them regret the disappearance of the name F-Pharma, which embodies the history of the group and its links with the founders of the company. As an F-Pharma employee puts it,

> [[T]he commitment will remain. We risk losing people we cannot convince. The teams have positive visions. Those who have difficulty getting on board, we must help them. There is a lot, a lot of benevolence. . . . I believe that F-Pharma has the ability to move forward in diversity. We lived through difficult situations. The company is made up of valuable individuals who have demonstrated their ability to work with different cultures. . . . I think it will all be fine, but it will take energy from us.]

Another interlocutor continues:

> [[A]t F-Pharma, people are not pawns, we want them to be actors. Every year, managers ask us: what do you want to do? How can we help you do this? We try to train all managers, for example in team management. F-Pharma is a company for better and for worse. We have a culture of consensus. When we make a decision, we do it in a way that the decision is acceptable to all stakeholders. But sometimes it's hard to make decisions. It is said to please number 1 and less n-3.]

The interviewees welcome the opportunity for F-Pharma to reach a critical size in the field of pharmaceutical products. We can observe strong expectations in terms of the investments that can be made even if several people point out the complexity of the industrial network of F-Pharma, which has a larger number of sites than D-Pharma. It also seems necessary to strengthen their presence in emerging markets, for example in China.

Among the positive points, the proximity of their values with those communicated by D-Pharma is emphasized:

[I think that innovation is part of D-Pharma. Respect, according to the speeches of the CEO, is very strong too. The exchange and teamwork, there, I don't know how things will turn out. I know someone who worked at D-Pharma five/six years ago, he told me that marketing and R&D didn't work together that much. I hope that won't be the case.]

Another person declares:

[[W]e have great human values here, . . . I think that people will be able to breathe easier and find creativity. . . . A more constructed strategic vision, with strategic axes that we can nurture, I dream of that, something more intellectual. I don't know if this is the current period. Time to settle down, beautiful co-construction. If we have more agile processes, we have time to build something that makes more sense.]

Several fears are also expressed by the interviewed employees, for example:

[F-Pharma is a company that is quite proud, proud in the sense that we come from an extremely noble profession, we have had some great innovations that have value for F-Pharma. If you had to sell shampoos, you would have a hard time. We are going to need humility. I don't know if we'll be able to.]

Another person continues:

[At F-Pharma, we must be vigilant, you know the character of the Smurf with glasses, we tend not to have humility. We must not play the Smurf with glasses. We must not give them the impression that we know how to do everything better.]

Regarding the internal mode of operation, an interlocutor explains:

[[T]here can be a fight at F-Pharma: we are not afraid of fighting and defending ideas. With the culture of German consensus, I don't know what it's going to be like. We work a lot for the team. I would not say that we are consensual. We still have quite strong managers, imposing their points of view. It is certain that managers think that what is expected from them is that

they make decisions. . . . We are in the over-reaction, it is very lively. An-other culture can help us reduce stress. We are a good company, with a good team, with a notion of strong pressure, you have to respond immediately. I dream of something more laid back. If it happens, it will help us settle down and be less over-reactive. . . . There is a commitment, an extremely positive dynamic, I fear that more framed processes will cut our wings, that it lacks fun. I fear the impact this can have on our teams who work internationally, who serve Europe and the world. There are decisions that are made. It will have an impact. We have people who are stressed. In terms of content, loca-tion, it will change. It's an uncertain world today, we don't know how it will ultimately turn out. We do not know how the search for consensus and the fear of avoiding conflict, how it will translate.]

Another employee says:

[[M]ainly, my fear would be that there is no more room for agile project methods. We broke the culture of PowerPoint presentations with 70 pages. We only have meetings with sheets and we go to the essentials. We leave time for discussion and interaction. I fear that we will fall back into more classic business management, which is a bit boring.]

Fears are also expressed concerning the location of decision-making centers. One employee specifies:

[[O]ur site is neither the head office nor a regional decision-making center: how to position our site? The employees have known each other for years and there is a low turnover. The jobs have been guaranteed, but you have to interact with people you don't know. We are in competition with colleagues that we do not know.]

Another employee points out: "the management of F-Pharma Europe is going to switch to Germany: it won't make life easier, well, it's Germany, it's not Singapore either. . . . But in the end, going to Germany is a source of concern".

Despite these constraints, we can note an attitude that is positive and serene: "we must remain in the movement, in the dynamics, reinvent ourselves, bounce back and renew ourselves". In this regard, an employee explains:

[I have the impression that D-Pharma is in a phase of change which is driven by its management team, particularly at the level of the human resource man-agement direction. They announce three values: "Agility. Accountability. Entrepreneurship". I believe that F-Pharma will not become D-Pharma and D-Pharma will not become F-Pharma. There is a new company to be created. D-Pharma is stronger on "Accountability", we are ahead in "Agility". At F-Pharma, we talk about intrapreneurship, on this point, the two companies are quite weak.]

Table 8.3 Opportunities and constraints perceived before the acquisition

Perceived opportunities	Perceived constraints
• Business sustainability • Increase in size (high entry barriers) • Longer term vision to make investments (without necessarily an immediate return) • Keep the passion for pharmaceuticals • Complementarity of the two companies: building a solid group • Cross-fertilization, for example in R&D • Synergies at product portfolio level • Question the strategic orientations • Improve presence in emerging markets • Proximity of values • Faster decision-making	• Duration of the uncertainty phase • Being in a new professional environment, in a more restricted perimeter • Creation of a new company or integration of F-Pharma within D-Pharma? • Uncertainty regarding investments, e.g., recent innovation projects in new markets • More formalized procedures and slower decision-making processes • Disappearance of the F-Pharma name to which employees and customers are attached • Decision-making center in Germany: positioning of the French site? • Lack of employee mobility • Interacting with new contacts in German or English • Risk of resistance from F-Pharma teams

In the conducted interviews, we can identify a dichotomy between people who are highly exposed internationally (some of whom have already experienced geographic mobility) and people who have very strong local roots (with limited international exposure). Depending on the profiles and experiences, the perceived opportunities and constraints are not the same: some employees have a more global vision and the feeling that the potential challenges of acquisitions are not necessarily linked to cultural elements while other employees have a more local vision and feel the need to better understand Franco-German cultural differences. Finally, we can notice a certain impatience concerning the implementation of the new organization and the meeting with the new teams: "it's like a wedding where we are hiding the bride, the husband, now we want to see". Table 8.3 summarizes the opportunities and constraints perceived by F-Pharma employees before the acquisition.

8.2.2. *Perceptions of organizational and national cultural differences*

In managing cultural differences, two levels can play an important role: organizational culture and national culture.

Regarding the organizational cultures of the two companies, the interviewees perceive many similarities, in particular with the F-Pharma culture that existed when the company belonged to the founding family even if most of them know little about the culture of the German group. The employees welcome the family ownership of the group and the fact that it is not listed on the stock market, which favors a long-term vision. They also appreciate their ability to

listen and desire to co-construct, which are displayed by the German inter-locutors in the meetings preparing the acquisition. Several interviewees have the impression that D-Pharma is more oriented toward R&D and technology while F-Pharma seems more oriented toward customer service, marketing, and communications.

In the conducted interviews, several interlocutors specify that, at the scientific level, "we agree fairly quickly on the essentials. . . . There is the professional cul-ture: between two researchers who have the same scientific and technical back-grounds, we can quickly get to the point"; "there are similarities at the job level, there is a regulatory environment that is European or international, we have devel-oped ways of working that are similar".

Regarding the cultural differences between France and Germany, it can be noted that most of the interviewees know little about the German context. Their knowl-edge is often limited to a few trips to Germany or interactions with Germans who work at F-Pharma. A few respondents had the opportunity to interact with contacts in Germany in the course of their professional life. The cultural differences with the Germans are considered less important than those with the Americans or the Chinese:

[[M]e, when I visit a site in Germany, I see fewer differences with France—the vision is close within Europe—than when I visit a site in the USA. The risk culture is very different there, the Americans are very pragmatic;]

[I think we understand each other well. There are common logical, Carte-sian approaches. The approaches are not vague, not fuzzy, it's clear, working with a German is easy. Whereas with China, we don't know if a "yes" is "yes" or "no".]

Several respondents mention the linguistic differences:

[[N]ow, our interlocutors are all French. Tomorrow, when we have to dis-cuss, we will have to do it in German or in English. At the operational level, people speak little English. I'll be honest, even for me, I'll speak in English, but it's not going to be the same. I don't have the same mastery of English as I do of French, we're going to lose subtlety. I would like to learn German.]

[There are quite a few Germans who speak French. They are better at languages. The French exception does not help. Our language teaching pedagogy is not good. German is for us French a fairly easy language to understand. I learned it at school. This comes back. It is quite easy to un-derstand. For us, there is no English music. The conjugation is a bit special, different from ours.]

In the interviews, several cultural dimensions are mentioned: (1) organiza-tion and attitude toward hierarchy, (2) the behavior of actors and decision-making, (3) time management and meetings, and (4) communication style (see Table 8.4).

Table 8.4 Perceived characteristics of German and French cultures

Cultural dimension	France	Germany
Organization and hierarchy	• Launch of new ideas and new projects • Willingness to present well • Less linear operations • The line manager must monitor the commitments made and the deliverables. • Performing and action • More responsiveness • Look at all facets and going back and forth on projects • We impose respect through hierarchy.	• More discipline, rigor, structuring, and sometimes rigidity • Step-by-step operations
Behavior of actors and decision-making	• More emotions • A certain arrogance • We discuss, we challenge each other • A decision made is negotiable.	• Process compliance • Emphasis on details, completeness (gathering accurate information), and validation
Time and meeting management	• We arrive later and we stay later in the evening. • Lack of punctuality • More flexibility • Meetings can start late. • The agenda is not always followed. • Accomplish several tasks during the meeting (send e-mails, etc.). • Livelier to have meetings where you can deviate from the initial subject	• Lack of adaptability and flexibility • Less creativity
Communication styles	• Importance of substance • More interpretation • "We are more complicated. We can take a lot of tweezers". • More subjectivity	• Social dialogue: common ground between employees and management

8.3. How to manage cultural integration in a Franco-German acquisition?

The analysis of the presented case study allows identifying the expectations and perceptions by the employees of the acquired company and the solutions that are proposed by them for the management of cultural differences.

8.3.1. *Positive expectations and perceptions by target employees*

The collected data show that the expectations by the employees of the French company are generally positive even if certain concerns are also expressed. The

interviewees identify many opportunities that are more at a strategic level while the perceived constraints relate more to the operational aspects of the acquisition.

Regarding cultural differences, they seem more marked for national cultures than for organizational cultures. It can be noticed that most of the interviewees know little about German culture. The perceived differences are at four levels: (1) organization and hierarchy, (2) actor behavior and decision-making, (3) time and meeting management, and (4) communication styles. Some perceived differences can be explained by the cultural dimensions highlighted in intercultural management studies (D'Iribarne, 2008; Hofstede, Hofstede, and Minkov, 2010; Mayrhofer, 2017).

In the perceptions expressed by F-Pharma employees, we can thus find a more flexible organization in France, allowing new ideas to be launched, but with strong respect for hierarchical relations. Conversely, German organizations are perceived as being more structured and more rigid, with step-by-step operations. In France, actors tend to express themselves with more emotions and expect a certain flexibility in decisions while in Germany, processes are more respected with an emphasis on detail and validation (Walther, 2014). Unlike the more pyramidal organization in France, there is a more instrumental and mechanistic vision of the organization in Germany—described as "a well-oiled machine" by Barmeyer and Davoine (2008).

The observed differences in terms of time management and meetings may be linked to polychronic conceptions in French culture, as opposed to monochronic conceptions in German (Hall and Hall, 2000). Divergences are also observed in terms of communication style, with an emphasis on social dialogue in Germany (Barmeyer and Davoine, 2019; Cazorzi, Didier, and Montenero, 2014).

8.3.2.   *Proposed solutions to manage Franco-German cultural differences*

The interviewees suggest many solutions to improve the management of cultural differences between the two organizations and the two countries. In particular, they emphasize the need to listen, to explain, to be pedagogical, and to provide support. Several interviewees insist on the role that the management team will play: "For us, the role of management will be fundamental. There is informal and scientific leadership. There is a team of experienced managers who may have a coaching role or a negative influence". They also consider that "there is a lot to learn on both sides and that we must find the best of both practices". Table 8.5 indicates the solutions that are proposed by the F-Pharma collaborators. They concern in particular (1) the adoption of a clear vision and engagement in discussions, (2) the organization of face-to-face meetings, (3) the understanding of both national and organizational cultures, (4) the building of a common culture and the organization of common workshops, and (5) the wish to have French upper hierarchical managers.

The proposed solutions show that F-Pharma employees wish to have a clear vision of the operation and to engage in discussions with the acquirer in order to gain a better mutual understanding. They also propose the organization of face-to-face meetings to be able to exchange with their new interlocutors, which reflects the

Table 8.5 Proposed solutions to manage cultural differences

Proposed solutions	Verbatims
Have a clear vision and engage in discussions	*"What is the objective, what is the meaning? What are the strengths and what can be done to ensure that this integration goes well"?*
	"*Continue the dialogue and discussion, because an employee, a manager may need to express him/herself, there are gray areas, we can always find solutions. There is this need to exchange, to discuss. A closeness of management in this period*".
	"*A better mutual understanding of our differences and what brings us together, how the other works and what will change for us. . . . Make freeze points: what shocks you? What shocks me? And we talk about it. . . . There is a team at D-Pharma who launched a cultural survey in November, at F-Pharma and D-Pharma. We will also launch projects such as the workshop on intercultural management*".
Arrange face-to-face meetings	*"We expect the people from D-Pharma to come and see us as soon as possible and that we have the opportunity to go and see them, see their facilities, we have to be able to forge interpersonal ties, finally, to reconstitute networks. Personally, I would find it interesting for the German managers to come and see us to meet our teams".*
	"*What is very important is that there is no limitation for face-to-face meetings. We have to organize face-to-face meetings, we are not far away, the meetings must be face-to-face*".
	"*Exchanges, . . . with conviviality, to create links, not to get stuck on formal things, to get to know each other. It must go fast, but not too fast either, we need a space for co-construction for the French and German teams*".
	"*Also meeting each other, to break down ideas, barriers, to meet, to exchange*".
	"*People need to meet, possibly in the evenings with a beer and a glass of red wine*".
	"*Organizing events where everyone is present: employees from both divisions, it's expensive, it's complicated, but you have to create a dynamic in the reality of the exchanges, and not receive organizational charts. Meet to get to know each other*".
	"It's being able to have face-to-face meetings as quickly as possible, being able to see each other. It is easier for global functions, for sites it may seem more difficult. At least already, for a certain level of management, that we can have exchanges, visit each other on the sites. Having face-to-face meetings, exchanges, well, we will have the [virtual] networks, but we have to be able to interact face-to-face".

(*Continued*)

Table 8.5 (Continued)

Proposed solutions	Verbatims
Understand both national and organizational cultures	"*Training, already understanding what our two corporate and societal cultures are and allowing each employee to understand, demystify, open up and take an interest in others*". "*I think it's useful to have a good understanding of how everyone works, how the Germans work, how they think we work*". "*It's interesting to spend time on how we work together. It is useful in forecasting and to come back to the difficult points that may have happened in the first months*". "*We have German collaborators, women who have nice jobs, the idea was also to rely on them; they can be interesting people to approach*".
Building a common culture and organizing common workshops	"*Management will have to play a strong role in building a common culture*". "*Getting to know each other to see what we have in common, what brings us together. . . . Co-create something together*". "*It would be interesting to have a workshop with the people from D-Pharma to better understand each other*". "*Now, we are going to have a pilot workshop. In my opinion, as soon as possible, these should be mixed sessions. . . . We might be in a position to exchange. Training lends itself well to this [purpose] because we are on neutral ground. If possible, people who work in the same job. We will discuss private things, we will make jokes*".
Have French n+1s	"*I would like French employees to have a French boss. To have a French boss at the highest possible level. It is better to have a superior of the same nationality and the same country. . . . To have a German manager in Germany, with a team in France, does not seem possible, especially because of cultural differences*".

importance of the relational dimension in French culture (D'Iribarne, 2008). In addition, the interviewees suggest organizing training on Franco-German intercultural management and using employees of German origin who work in their company to better understand the two national and organizational cultures. These people can act as "boundary spanners" between the two companies (Barmeyer, Bausch, and Mayrhofer, 2021; Mäkelä et al., 2019; Pedersen, Soda, and Stea, 2019). It also seems desirable to build a common organizational culture and organize common workshops.

8.4. Conclusion

The number of Franco-German acquisitions is experiencing continuous growth even if they can lead to contrasting performances (PricewaterhouseCoopers, 2019). Cultural differences, which can be understood through the prism of cultural distance (Moalla, 2016; Moalla and Mayrhofer, 2020), are often put forward to explain the difficulties encountered in the implementation of such operations. In line with the work of Harzing and Pudelko (2016), our research shows that it is necessary to consider the specific characteristics of national cultural contexts, which largely determine the interactions between the actors involved in the implementation of an acquisition.

Our work contributes to the existing knowledge on the integration of cultural differences in acquisitions (Graebner et al., 2017; Sarala, Vaara, and Junni, 2019). We have chosen to focus on the perspective of the target acquisition, which is rarely studied in the extant literature. The presented case study highlights the perception that employees of the target have of the intercultural challenges in the implementation of a Franco-German acquisition. We also identify the solutions that are proposed by these employees to better integrate Franco-German cultural differences in this type of operation. The adopted approach shows the benefits of involving the target's employees in the management of cultural integration in cross-border acquisitions. This choice makes it possible to integrate the cognitive, emotional, and political processes that shape the behavior of the teams involved in this type of operation (Mayrhofer and Very, 2013; Vaara, 2000).

Our research presents several limitations that may provide interesting avenues for future research. Thus, the case study carried out is mainly based on interviews conducted with employees involved in the implementation of the acquisition, and it could be interesting to question other employees of the target company. It is also necessary to understand the vision of the acquirer to find out the similarities and differences in the perceptions that their employees have of the studied acquisition. Finally, the research should be extended to follow the evolution of cultural integration over a longer period.

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9 Cultural diversity and social innovation in non-profit organizations

Hana Abdo

Much of the research in the field of intercultural management focuses on international companies. However, non-profit organizations (NPOs) are also confronted with intercultural issues. Currently, this particular form of organization offers a particularly rich field of management research. In this chapter, we discuss intercultural diversity in NPOs. After a review of the literature, we present the cases of two non-profits and observe how cultural diversity has contributed to social innovations.

In the context of increasing globalization over the past several decades, intercultural interaction is no longer just a matter for a few expatriates. As a result, internationally related diversity has received increasing attention over the past three decades as a topic of research in management and organizational studies (Joshi and Roh, 2009; Church-Morel and Bartel-Radic, 2016). The implications of cultural diversity in organizations are widely debated (Horwitz and Horwitz, 2007). The links researchers have been able to establish between diversity and performance are tenuous, often contradictory, and moderated by organizational context (Kochan et al., 2003). Some types of diversity, such as gender, ethnicity, and age, have received considerable attention in the literature (Jackson, Joshi, and Erhardt, 2003) while other types of diversity, such as religion, class, and language, are only beginning to be studied in more detail (Church-Morel and Bartel-Radic, 2016).

Moreover, the literature has raised many interesting hypotheses, but these, in turn, have not been sufficiently confronted with qualitative case studies, especially in NPOs. Studies of NPOs remain too rare in international management. In this chapter, we have focused on NPOs because, faced with the challenges of transitions, these organizations propose social innovations with strong social impacts. However, these organizations have specificities in terms of goals, human resources, and organization that influence their internal management. The cultural diversity of HR in non-profits favors innovative activities. This research aims to link cultural diversity to social innovation in NPOs. It focuses on the processes underlying the generation and development of ideas in non-profits, and thus offers new insights into creative processes (Shalley and Gilson, 2004). Creativity is conceived in this chapter as a process of engagement in creative actions and as a multilevel phenomenon (Drazin, Glynn, and Kazanjian, 1999). The research is based on the analysis

of qualitative data collected from two case studies, Global Shapers and Big Bang Ballers.

This chapter is divided into three sections. In the first section, we review the literature on cultural diversity and then highlight its effects in one particular organizational form, NPOs. In the second section, we explain our methodology and present our two cases. Finally, we discuss the results and implications of this research in the third section.

9.1. Intercultural management in non-profit organizations: a structuring framework of analysis

In this section, we will first focus on clarifying the conceptual framework of this study and then outline our research questions. We will discuss the concepts of cultural diversity and cross-cultural teams and NPOs in turn, and then analyze the relationship between them.

9.1.1. Management of intercultural teams

Many international team members and managers cite diversity as a major challenge: it poses operational challenges at the team level, especially in terms of communication (Brown and Eisenhardt, 1995). On the other hand, there is theoretical support (Cox and Blake, 1991; Jackson, 1992) and empirical evidence that cultural diversity influences organizational creativity (McLeod, Lobel, and Cox, 1996) and performance (Dezsö and Ross, 2012). In their model, Kochan et al. (2003) indicate that the relationship between diversity and performance depends on the organizational context in which it takes place. Diversity is more capable of contributing to performance when the members of the group and the managers are brought together to address the problems connected to the processes of the group, in particular those who participate in the communication and the resolution of problems arising from diversified teams. Successfully working with and gaining value from this diversity requires a sustained, systemic approach and a long-term commitment. Success is facilitated by a perspective that views diversity as an opportunity for all members of an organization to learn from each other how to do their jobs better. Innovation is strictly tied to the human resources of the organization; the success of any innovation depends on the actions taken in terms of human resource acquisition, development, and retention. Recent development in creativity research has documented the links between multicultural experiences and creativity (Leung, Chen, and Chiu, 2010; Maddux and Galinsky, 2009). Exposure to different cultures provides access to diverse ideas, promotes openness to new perspectives, and helps people connect seemingly disparate ideas to generate new ones. Various forms of multicultural exposure promote creativity (Chua, Roth, and Lemoine, 2015). Promoting creativity can allow firms to be proactive in a dynamic environment and to develop new capabilities (Zhou and Hoever, 2014). Maddux and Galinsky (2009) showed that living abroad and being immersed in a culture different from one's own promotes creative problem solving.

Teams are specific work groups that have a high degree of interdependence between its members and consist of two or more members working interdependently coming together to perform one or more measurable tasks. Members of the work group perceive themselves as a group and are recognized as such by others, which means that the team has clear boundaries. These boundaries, as well as the importance of their characteristics, may change depending on the comparative context and in relation to other groups, both of which are subject to change (Hogg and Terry, 2000). Thus, supporters of an idea may attempt to transform the norms and values underlying a group's social identity to facilitate the adoption of ideas. These are called social systems that engage in multiple, interdependent functions in multiple, simultaneous projects, while being partially nested within and loosely coupled to surrounding systems (McGrath, 1991). Among team members, some diversity still exists, but to a greater or lesser extent. Team diversity refers to a variety of interpersonal characteristics such as age, race, gender, education, work history, and personal experience. Cross-cultural teams are assumed to be more diverse the more different the cultural backgrounds the members have. Culture refers to socialization within a group. It is often reduced to ethnic or national origins (Kirchmeyer and Cohen, 1992; Watson, Kumar, and Michaelsen, 1993) in terms of the country in which a person has spent the most important and formative part of their life (Hambrick et al., 1998). However, culture can also refer to socialization in any type of social group (e.g., regional, religious, occupational, or class-based) as long as members can "collectively share certain norms, values, or traditions different from those of other groups" (Cox and Blake, 1991). Thus, culture is a deeply held pattern of values and assumptions about how society works that is shared by a group of interacting people (Adler and Kwon, 2002; Maznevski, Davison, and Jonsen, 2006). These cultural values concern broad preferential tendencies (Hofstede, 1980). They influence the perception, processing, and interpretation of information and shape individual behaviors (Hambrick et al., 1998). Thus, cross-cultural teams are assumed to have more intrinsic characteristics of diversity than other types of teams (Bartel-Radic and Lesca, 2011). Studies of multinational teams investigate the effects of diversity at the team level (Stahl et al., 2010); they also examine how culture influences perceptions of trust and communication (Mockaitis, Rose, and Zettinig, 2012), effectiveness (Hardin, Fuller, and Davison, 2007), leadership (Zander and Butler, 2010), or its impact on virtual management (Saarinen and Piekkari, 2015). Cultural differences influence the management approaches of highly skilled multicultural project teams or the interactions within these teams (Hofstede, 1980). Furthermore, this has a direct impact on the outcome of projects (Bouncken, Ratzmann, and Winkler, 2008). Hence the need to manage these cross-cultural teams well to ensure the performance of cross-cultural interactions, thus having competence in social interactions, but in a cultural context other than one's own, and thereby promoting cross-cultural competence.

9.1.2. *Intercultural competence: an indispensable factor for successful intercultural interaction*

In order to find out how organizations deal with cultural differences, in this section, we examine the definition of intercultural competence (IC). Individual IC has

been defined in similar approaches by many authors, in particular "intercultural competence" (Johnson et al., 2006), "cultural intelligence" (Earley and Ang, 2003), and "global mindset" (Levy et al., 2007), but there is still no consensus on its definition (Bartel-Radic, 2009). IC is defined as an individual's ability to understand the specifics of intercultural interaction and to adapt to those specifics by actively constructing an appropriate interaction strategy (Bartel-Radic, 2013).

Bartel-Radic (2013) argues that one's mental models (views of the other and the foreign) are a key component of IC, which can evolve through a process of intercultural learning that includes intercultural experience and critical reflection. Intercultural learning enhances intercultural sensitivity and replaces ethnocentrism with ethno-relativism (Bennett, 1986). According to Bennett (1986), the successive levels of individual IC are achieved when a person is able to accept cultural differences, adapt to those differences, and integrate those differences into his or her personality.

Once the combination of individual competencies and the dynamic interaction between them results in integrated collective competencies, the competency can be considered organizational (Kusunoki, Nonaka, and Nagata, 1998). There is no consensus on the naming of concepts related to organizational and individual IC since research on these concepts is still limited. We consider the terms organizational IC (Bartel-Radic and Paturel, 2006) and "enterprise-level intercultural capability" (Moon, 2010) to coexist and can be used interchangeably because both refer to resource-based theory and IC or similar constructs.

Organizational IC is defined as the ability of a company to understand the specifics of intercultural interaction and to adapt accordingly by actively constructing appropriate strategies (Bartel-Radic, 2013). A company's IC lies not only in the individual cultural intelligence of its managers but also in the processes and routines of the organization and its structure. Firm' processes and pathways—such as cross-cultural coordination, learning, and experience—are also essential to the development of organizational IC (Moon, 2010).

Organizational competence cannot be seen directly, but it can be assessed through circumstances and situations that rely on effective international communication and management such as international strategy and intercultural interaction inside and outside the company (effective intercultural communication, constructive conflict management, global team building, etc.).

9.1.3. *Non-profit organizations, a specific type of organization*

In this chapter, we focus on NPOs, which make up a significant portion of economic actors around the world. Regardless of what they are called—"non-profit organizations", "NGOs", "voluntary business sector", "civil society", "third sector", "non-profit", etc.—they share common principles of governance and management. These organizations are very present in general interest activities such as education, health, and medico-social services. But their activities are not limited to these activities. The Global Journal estimates that there are ten million NPOs in the world and from an economic point of view, NPOs represent the equivalent of the fifth largest economy in the world (Salamon, 1999).

In relation to our questioning of intercultural management, the fact that NPOs rely on a diversity of participation and human resources seems very relevant to us. Organizations in the non-profit sector are distinguished by the different categories of human resources involved in management: employees and volunteers. Unlike for-profit organizations, NPOs have the capacity to mobilize a particular workforce—volunteers. Volunteering is widely regarded as a growing phenomenon (Anheier and Salamon, 1999), and the use of volunteers is one of the typical features of voluntary associations (Harris, 1998).

Volunteering can be defined as time that is given freely and without monetary or salary compensation. It is mostly present in organizations of general interest and for a particular cause (Gaskin and Smith, 1995). Volunteering, through the social and economic roles it plays within associations, is a real asset for them.

Volunteers are seen as the engine of collective action, the force behind the associative dynamic, and the source of creativity and innovation (Davister, 2008). Volunteers are a special type of human resource compared to those found in conventional for-profit companies because their working relationship with the organization does not follow the same basic principles. They do not have an employment contract that determines the rights and duties of both parties, no remuneration is offered to volunteers for their services, no detailed job profile is produced, no rules of subordination are clearly defined, etc.

Volunteers can perform a variety of functions: providing services to members or the community, day-to-day management tasks, decision-making expertise, etc. They are therefore an important economic resource in that they offer their skills and time to the organization without financial compensation.

However, there is a great diversity of volunteer human resources in terms of socio-demographic and professional profiles. The socio-professional profiles of volunteers in NPOs seem to be different from those in the private sector, but beyond this difference, they seem to be more diverse in terms of several criteria such as:

- Gender: Non-profit staff are more female than in the for-profit sector. This is due to the types of jobs that are developing in this sector, which is primarily focused on the production of services, particularly personal services.
- Cultural origins: Some companies are obliged to respect the principle of non-discrimination toward their workers, and some of them are involved in "corporate social responsibility" approaches. However, there is little cultural diversity in their staff compared to NPOs (where some organizations specifically set themselves the social mission of ensuring the socio-professional integration of people of foreign origin).
- Qualifications and work experience: In general, the majority of workers in NPOs have higher education in a wide variety of fields. Their work experience is diverse: recent graduates, experienced voluntary sector workers, former executives from the mainstream private sector, retirees from public organizations, etc.
- Professions and disciplines: NPOs are characterized by the interdisciplinary nature of their teams, where each brings their own tools, practices, and vision of the organization's mission. This complementarity of human resources in terms of professions (engineers, trainers, nurses, general practitioners, social workers,

accountants, etc.), disciplines (psychology, medicine, pedagogy, social sciences, etc.) and approaches (within each profession or discipline) strengthens the capacity of these organizations to respond in a relevant way to the needs of the population, taking into account social, psychological, economic, medical, issues, etc. The diversity of human resources is therefore one of the main factors of social innovation characteristic of the non-profit sector.

• Degree of engagement with the mission: Regardless of the type of organization, not all staff members have the same commitment to the mission. In NPOs, workers are expected to participate not only in the mission of the organization (it is also a social mission) but also in the core values of its internal functioning (democratic decision-making, not-for-profit nature, etc.) (Davister, 2008).

But this diversity also creates tensions. For example, the coexistence of volunteers and employees within the same association presents a risk of tension and conflict. First, since the relationships between volunteers are not professional relationships, but relationships between activists, they are not part of a highly hierarchical organization such as that of a company. Second, the question of the commitment of volunteers and employees is a source of tension. Volunteers see employees as technicians who work in exchange for a salary but without really investing in the social mission of the association, while employees see volunteers as motivated but sometimes incompetent for the tasks they are asked to perform. Finally, another misconception exists: employees are a reliable workforce because of their stability (based on an employment contract that defines the duration of the commitment) while volunteers are considered volatile (Davister, 2008). Thus, the literature on volunteer–employee relationships highlights important specificities and issues.

In our research, we question the diversity of human resources in NPOs and the effects of this diversity on the deployment of social innovation. The multidisciplinarity of the teams implies a global approach to the social and economic needs to which NPOs respond by allowing the different dimensions of these needs to be taken into account. The social innovation capacity of these organizations is one of their fundamental strengths, mainly in the (re)introduction of social justice in the production and allocation systems (Moulaert and Ailenei, 2005).

Volunteer involvement allows for a better understanding of needs, and not distributing profits allows for investment in new activities. Thus, the organizational characteristics of NPOs, and specifically volunteers, constitute a particular hybrid organization. The challenge is to better understand how cross-cultural diversity produces social innovation in this particular organizational context. Thus, NPOs bring innovation and a better understanding of how teams, consisting of volunteers and employees, participate in these innovations is a relevant research question. This theoretical framework can be summarized in Table 9.1.

9.2.   Research methodology and case study presentation

The study of the cultural diversity of a NPO can be seen as the analysis of an emerging theme noting the limited research on this particular type of organization. Therefore, our research is based on a qualitative approach (Hlady-Rispal,

Table 9.1 Theoretical framework

NPO	HR characteristics	Intercultural competencies		Results and specific activities
Cultural diversity	Diversification of individual experiences, education, profession, international, etc. (Intercultural experience and interaction)	Individual competencies (each according to their individual experience)	Communication within the organization and with people outside the organization (Training, activities, projects, etc.)	• Teams are open to cultural diversity • International collaboration • New ideas and projects (social innovation)
Specificities of NPOs	low hierarchy High level of individualism and initiative	Individual actions and initiatives according to their skills	Knowledge sharing and cooperation (inside and outside the organization)	

2002; Wacheux, 1996) that will allow us to "understand the why and how of events in concrete situations" (Wacheux, 1996). In order to better identify the emerging theme, we have also opted for a qualitative methodology where data are collected and analyzed in the context of two international NPO case studies. Clearly, the qualitative approach presents a great variety and wealth of information as long as we adopt an adequate method to process the collected data, make sense of it, and lead to the acquisition of reputable and validated knowledge. The cases studied represent both real opportunities and challenges in research for theoretical construction around emerging concepts (Eisenhardt, 1989) such as cultural diversity and social innovation. The organizations studied highlighted some components of cultural diversity within the non-profits.

We have adopted an abductive approach based on multiple case studies and qualitative methods. We move back and forth chaotically between theory application and theory construction, alternating between deductive and inductive approaches. Abduction consists in elaborating an empirical observation that links a general rule to a consequence, which allows us to find the consequence if the general rule is true, and thus to build hypotheses.

In this section, we present and explain the choice and context of our two case studies and the methods used to collect and analyze the data. Next, we analyze our cases to see if the conceptual framework of cultural diversity and social innovation fits the cases we studied. Finally, we discuss the findings and knowledge implications of this research in relation to the literature.

9.2.1.   *Research Methodology*

The study of these two cases required the collection of diverse and varied information to achieve their triangulation. The combination of multiple data sources promotes the emergence of different facets of the case, allowing for corroboration or even addressing different issues (Yin, 1994). The cases studied were established on secondary data (articles, websites, internal documents and reports received from the organization, etc.) to gather information about cultural diversity in the organizations studied and their activities. Second, primary data were collected through non-directive interviews with various actors in these organizations (employees and volunteers).

Our observations, limited in time and space, propose to identify the originalities of the NPO sector. Thanks to this research method, we were able to understand the two organizations as a whole (Eisenhardt, 1989) and to divide them into units of analysis (cultural diversity, intercultural skills, and social innovation) in order to better understand the situation of international management, which is implicit in the different elements that make it up. These interviews were an essential source of data collection and provided us with crucial documents for our analysis. Following these interviews, various exchanges on the understanding of the collected elements allowed us to deepen and validate the elements of understanding of the case studied, as recommended by Gioia et al. (2010). The non-directive interviews with the different actors allowed the collection of information and documents that served

Table 9.2 Interviews

Non-profit organization	Number of people interviewed	Volunteers/employees	Location of the interviews
Global Shapers **BBB**	Five shapers Six members	All are volunteers Three volunteers three employees	Tripoli, Lebanon Grenoble, France

as a basis for our analysis. They were conducted in Arabic (for the case of Global Shapers) and French (for Big Bang Ballers). Telephone calls and e-mail exchanges were made to clarify pending points.

We interviewed five Global Shapers (all shapers are volunteers) from two Lebanese hubs—the Tripoli-LB hub and Beirut Hub—which included 15 and 17 shapers, respectively, and we interviewed two shapers in 2018 (both from the Tripoli LB hub) and three new shapers in September 2019 (two of them from the Tripoli LB hub and one from the Beirut hub); all interviews were conducted in Tripoli, Lebanon. From BBB, we interviewed six members of the organization, three volunteers and three employees in October 2019; all interviews were conducted in Grenoble, France. The interviews lasted between 30 and 80 minutes. Table 9.2 summarizes information on the number and types of interviewees.

We transcribed the interviews and conducted a content analysis of the discourse. We structured our analysis according to our theoretical models. In the interviews, themes related to cultural diversity and social innovation were mentioned spontaneously, frequently, and very explicitly. Our analysis is based on the primary data collected in semi-structured interviews and was conducted in the following steps: data collection, classification of the data into themes, retention of quotes within each theme in order to interpret the phenomenon at hand. This process is called coding in qualitative research.

Prior to conducting the interviews, we prepared an interview guide that was an exploratory tool for generating data. Our interview guide focused on these themes:

* The history of organizations and their partners;
* The cultural diversity of the members, especially in terms of international and professional experience;
* The main activities and projects they undertake;
* Management, communication, interaction, and collaboration within and outside the organization.

Thus, the topics and questions of the interviews were mainly related to cultural diversity, knowledge creation and transfer, and interaction processes within the organization and with its different subsidiaries, supports and barriers to learning, key factors for the success of new projects, etc. This qualitative study based on the analysis of interviews will allow us to validate or not our exploratory hypothesis.

9.2.2.   *Presentation of the case studies*

The research strategy is based on two case studies of international NPOs, the Global Shapers and Big Bang Ballers. We chose these two cases because they are international in terms of activities and have branches in many countries around the world, so we can certainly realize the cultural diversity of their human resources. In addition, they demonstrate divergence in the generation and evaluation of ideas and have relevant social innovation activities. In addition, their operations are strongly based on knowledge and learning, and they are large enough to provide rich and sustainable research data. Thus, they were selected as revealing, exemplary, but also because of their accessibility (Yin, 1994).

9.2.2.1.   *Global Shapers*

The Global Shapers Community is a network of young people working for dialogue, action, and change. It is an initiative launched by the World Economic Forum (WEF) through a network of centers based in every major city around the world. The centers are diverse teams of young people united by common values—inclusion, collaboration, and shared decision-making. Together, they create projects and change for their communities. In 2011, Professor Klaus Schwab, founder and executive chairman of the World Economic Forum, founded the Global Shapers Community to empower young people to play an active role in shaping local, regional, and global agendas. The Global Shapers Community is a NPO registered in Geneva, Switzerland, and housed at the World Economic Forum. The Forum's contribution to the Shapers organization includes significant financial and in-kind contributions for operational support, including staff time, technology tools, and opportunities to interact and collaborate with its network of members. Shapers seek opportunities for global impact by joining forces with other hubs. They represent a network of peers connected by technology, events, and joint projects. Each year, hundreds of hub leaders known as curators gather to highlight the work of their hubs and strengthen relationships between communities.

At the regional level, events are designed and led by Shapers to encourage collaboration, share expertise, and explore community solutions. A board of directors that includes business, government, and civil society leaders from around the world governs the Global Shapers Community. Their impacts include education, civic participation, water, industrial revolution, arts and culture, cities and urbanization, civics, participation, entrepreneurship, and sustainability.

As the Global Shapers Community aims to be the largest community of young leaders in their 20s, it will establish a comprehensive nomination and selection process (in collaboration with other organizations where appropriate) to identify and select the world's most outstanding young talent. It gives them the opportunity to nurture their individual career goals, their commitment to society, and their potential to help shape the future by providing inspirational leadership. Thanks to the power of the World Economic Forum, the Global Shapers Community is diverse in demographics, geography, and sectors. However, it is united by a common desire

to channel the tremendous energy and enthusiasm of its members into building a more peaceful and inclusive world. However, this case is not representative of Lebanon or of non-profits as a whole, which is one of the limitations of our study.

9.2.2.2.   *Big Bang Ballers*

"Making a difference through basketball" is one of the mottos of the Big Bang Ballers association. Based in Grenoble, this structure of education through sport, and in particular basketball, aims to allow personal emancipation, personal integration into the collective and socialization through sport. Historically, it is a structure born from a meeting between basketball players in Dhaka, Bangladesh, in 2008. On the playgrounds of the capital, they realized that the possibilities to play basketball, in terms of infrastructure and equipment, were treated as being less important. The need identified by the founders of the association is that of a lack of effective access to sports. Thus, the Big Bang Ballers association works, through the playing of basketball and sports games, to encourage access to sport for all and to promote the educational values of playing sports, to use sport and as a vector for encounters, for promoting living together and learning about citizenship. In addition, there are exchanges of educational practices with Big Bang Ballers in other parts of the world, mainly in Senegal where the French association supports the operation of a basketball school in Louga. Between the different branches of the Big Bangs, there are lasting links. Two structures are officially associations or NGOs: Big Bang Ballers France and Big Bang Ballers Australia. However, education through sports actions, called Big Bangs, is implemented in Senegal as well as in the Philippines. This mutualization allows the link between the Big Bangs to be effective, beyond their historical links.

In addition, there are more specific links between the French association and the actions carried out in Senegal. Indeed, the French association finances part of the functioning of the Senegalese actions, which take place in Louga. Volunteers, board members, and employees regularly go to Louga to exchange best practices, etc. Thus, it seems that the French association is not only historically established abroad but also integrated into a sustainable Big Bang network that is still functioning in 2019 (Figure 9.1). In addition, it is anchored abroad and more specifically in Senegal because special links exist between the two structures.

9.3.   Results and discussion

We focused the analysis of the interviews with the 11 members of the two non-profits on cultural diversity in order to later highlight the main innovations and social practices in this sector. We were especially interested in identifying the intercultural diversity of human resources that fosters creativity and new ideas.

Some relatively recent work has proposed that cultural diversity plays a role in creativity and innovation. However, such studies have not been applied in the non-profit context. In such organizations, there are different levels of interlocking social identities and diverse cultures. In this chapter, we demonstrate that this diversity
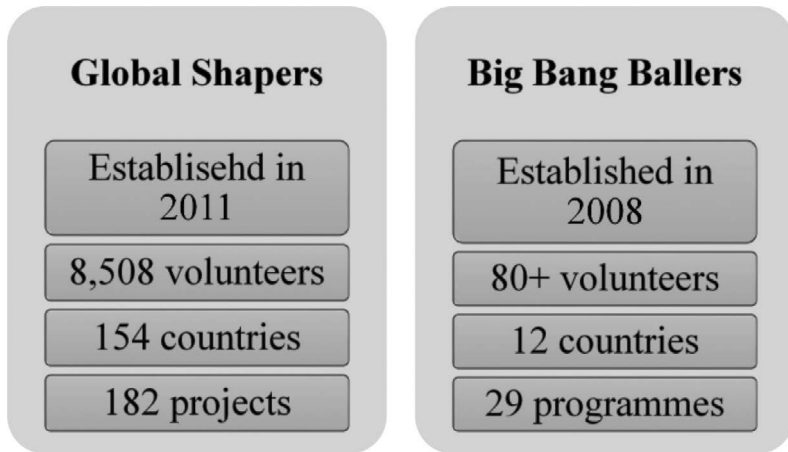
Figure 9.1 Key figures of Global Shapers and Big Bang Ballers (BBB: http://bigbang-ballers.org/ and Global shapers: www.globalshapers.org/)

and, in particular, having employees and volunteers with a wide range of educational backgrounds, and professional and personal experiences allows for a higher level of idea generation and innovation.

9.3.1.   Cultural diversity within NPOs

Cultural diversity within non-profits is very specific and original, as we merge the efforts of two types of human resources, employees and volunteers, working together for the same purpose. However, they do not have the same identities, specifications, or culture, and they do not have to perform the same defined tasks within the NPO. This allows for a high level of diversification among the actors, and as such diversity is salient in a team, it allows team members to reframe the criteria according to the environment in which they are and, most importantly, each according to their specifications, characteristics, and qualifications.

This provides non-profits with intellectual capital that enables the creation of knowledge that is their only key resource (Dotsika and Patrick, 2013). Intellectual capital has been shown to be important to the success of the non-profits, given the intangible nature of their resources and products: they do not produce tangible goods; but rather, their organizational activities are built around service delivery (Helmig, Jegers, and Lapsley, 2004). Moreover, their primary objective is not the maximization of economic outcomes but rather the satisfaction of individual and collective needs (Kong, 2010).

They will refer to the appropriate identity based on the particular context they are facing. In fact, they prioritize criteria and propose projects that they feel are necessary in a specific context based on their own social identity. This will bring

different information, knowledge, and expertise to the team to reshape ideas and create new ones. People who belong to different cultures are more tolerant and open to the ideas of others, so evaluation criteria can occur within groups of people with intercultural diversity. Then, these people can serve as guides for the dissemination of new criteria through guidance and support. As a result, divergences corresponding to different visions of evaluating idea components are fostered within creative teams and choices are made by imposing one person's vision on others. Most important in the non-profits is the weak hierarchy between staff and volunteers. This encourages informal meetings between them on a daily or weekly basis and thus stimulates the sharing of experiences that will create trust, knowledge sharing, and organizational learning.

In addition, because the non-profits have societal goals and volunteers contribute their time and effort without return or payment, it creates an encouraging context for cooperation, information exchange, initiative, and, therefore, the creation of new ideas. This may explain why volunteers are seen as the engine of collective action, the strength of the non-profits, and the source of creativity and innovation. In addition, because volunteers have different cultures, levels of education, professional training, and personal experiences, this strengthens the organization's ability to respond to the needs of the population in a relevant way, with new ideas for different social needs and through new techniques.

This led us to examine how cultural diversity and non-profit characteristics are combined so that they can promote social innovation. We have shown that cultural diversity in non-profits is much more interesting, valuable, and effective because of their unique characteristics. Our work thus highlights the impact of this combination of cultural diversity and non-profits, as well as their unique characteristics that stimulate and facilitate this impact. Our cases have highlighted how a cross-cultural group that does not have easy access to resources or a hierarchy can successfully carry out projects and generate new ideas.

We also contribute to the literature on cultural diversity in NPOs. It is well agreed that cultural diversity in non-profits promotes cultural diversity because of its unique characteristics. Our work provides empirical validation that cultural diversity influences organizational creativity (Cox and Blake, 1991; Jackson, 1992; McLeod, Lobel, and Cox, 1996) and performance (Dezsö and Ross, 2012).

Indeed, our work highlights the specificities of the NPOs. Specifically, having very diverse human resources with intercultural experience and an ability to understand the specifics of intercultural interaction and to adapt to these specifics by actively building an appropriate interaction strategy (Bartel-Radic, 2009, 2013) allows them to acquire IC. The combination of these individual competencies and the dynamic interaction between them give rise to collective competencies and thus generate organizational learning (Kusunoki, Nonaka, and Nagata, 1998).

In addition, we confirmed that volunteers have a holistic approach to the social and economic needs that NPOs address since their relationship with the organization does not follow the same basic principles as other organizations and they do not have an employment contract or detailed job profile that determines their

duties. In addition, their motivations are primarily psychological, social, or strategic, not money or profit.

Both cases show very culturally diverse teams. Both organizations have adapted their routines to cultural diversity, in order to be able to work as a team without having problems and to be in contact with other subsidiaries/organizations and to be up to date with their activities and projects, as they consider that it is not enough to work locally to achieve their goals.

The shapers are very much involved in the core values of the internal functioning of the organization, and thus in the mission of the organization. Most of the shapers are Lebanese, but there are also Italian and Syrian shapers but what is important in terms of nationalities is the relationship with other hubs around the world which fosters their public relations with very diverse cultures and nationalities. The most influential cultural differences the shapers have are in education, "*we all have higher education in very diverse fields*", work experience, and personal experiences.

[We have an interdisciplinary team, each shaper has his or her own vision of the organization's mission. This complementarity strengthens the organization's ability to respond to people's needs in a relevant way, with new ideas for social needs, new methods that change individual relationships, and new ways of social interaction and policy.]

They have contacts and events with shapers from other hubs around the world. One of the shapers said, "*although this diversity leads to different opinions, but it is certainly a positive thing that creates opportunities and creative ideas*".

In addition, one of Bing Bang's employees says,

[Gradually, the quality of the volunteers has become more diverse. In particular, the circle of volunteers involved in the association now mainly includes people who have participated in international solidarity projects. In fact, every year, international solidarity projects are organized, whether with volunteers, young people, leaders or professionals in education through sport.]

In fact, every year Big Bang organizes international solidarity projects with foreign partners. For example, members regularly travel to Senegal to meet with players from the Senegalese structure headed by Ousmane. Similarly, trips have been organized to Ukraine, Morocco, Nepal, etc. The majority of the board members became involved after an international solidarity project. All the people interviewed explicitly recognized that there were cultural differences and that they had to adapt to them.

9.3.2. *Intercultural competence*

They realized that cultural differences must be taken into account not only superficially but also within the Hub itself: "*We aim for a high level project that includes*

not only shapers from the Tripoli hub, but also shapers from other hubs". One of the abilities of the shapers is that they are fluent in three languages (Arabic (native), French, and English), which plays a huge role in making communication and interaction between shapers from other hubs easier and more efficient. Global shapers encourage international cooperation and knowledge sharing among hub members.

Each year, shapers participate in two international events, the Shape Event and the World Economic Forum Event (the annual World Economic Forum meeting remains the primary creative force for engaging leaders in collaborative activities focused on shaping global, regional, and industry agendas in the most interdependent and interconnected era in human history). These events allow shapers to interact and exchange knowledge and expertise with each other on a large scale. This will lead to cross-cultural coordination between hubs, which means that hub projects will not be prepared and finalized by hub members alone, but also by the participation of members of other hubs. Learning about other hubs' projects and cultures is another main goal of these events and trips abroad to a new country each year.

> [When we attend events abroad, we try to develop our network of shapers in order to benefit from their experiences and projects to see the possibilities of doing innovative projects in Lebanon, and the most important thing is the ability to have these shapers in Lebanon to move forward with these projects. And during the Shape Mena event and after visiting many cities in Lebanon, the foreign shapers had a clearer vision of the problems the country is facing so they tried to find solutions to help solve the problems. That's why we were able to collaborate with one of the shapers from the Geneva hub, to bring him to Lebanon and launch the project he is working on. The project he is working on is to create a business model to bring an impressive technology that makes drinking water from the air to refugees in camps where water is scarce.]

For BBBs, in the axis "Sport around the world", international solidarity stays on sport themes are organized. In addition, there are exchanges of educational practices with Big Bang Ballers from other regions of the world.

Indeed, the practice implies that everyone can come with his ball, whether his team is already composed or not, and can play on a playground against individuals he does not necessarily know. The project "playground of commitment" brings together about ten young people to build a personal and collective project. They participate in the activities on a voluntary basis and according to their preferences. This allows them to get to know different professions related to sports, animation, and education. From a collective point of view, they were due to carry out an international solidarity project, "Lengo Tanzania". They were due to leave in October 2019 to meet the Sport Charity Mwanza association. By supporting this project, the CNDS legitimizes the action of the Big Bangs by recognizing it as an actor of innovation through sport. In addition, the association has been

supported at the European level via the Erasmus + system, particularly on the Ka1 component. It aims at the mobility of individuals for education and training purposes.

Therefore, peer-to-peer meetings and international activities encourage the sharing of experiences that will create trust and proximity. These elements can create favorable conditions for the participants to better understand each other's specificities and to exchange ideas and engage in debates in which these people participate specifically and where each of the volunteers has a private job and the majority of them have a social enterprise, local NPO, or other businesses.

9.3.3. Social innovation

In our two case studies, we noticed that mutual learning is the main objective: employees and volunteers gain international knowledge and intercultural skills from these encounters. Through international experience and cross-cultural interaction, organizational culture is evident in the case study. The textual reports of the interviewees describe how they learned intercultural skills. They see the other subsidiaries as one big organization in which they all work together in harmony all over the world.

In meetings with shapers, the interviewees clearly mentioned that the organizational culture has changed, and an international dimension is about to emerge, as they are preparing for an international project organized by shapers from different hubs that will be implemented in many countries. This project on financial literacy will be launched in Geneva.

One of the shapers interviewed stated,

[I don't consider myself to have superior authority over the other volunteers, we work as a team and each has responsibilities specific to their area of work, especially since the group is so diverse in terms of education, field of work, and personal experience. . . . The best leaders know a lot about their field, so each of us is a leader in our field and the tasks we undertake. The process of making these decisions comes from an accumulation of experiences and encounters with a multitude of different circumstances, and personality types.]

This weakness in hierarchy among volunteers encourages initiatives and allows each one to be more creative in his field.

The organization's societal objective creates a stimulating context for cooperation and information exchange. This goal can also contribute to eliminating cultural barriers between individuals and make a real engine for collective action to develop social capital and diversify relational networks. One of the most innovative projects carried out by the Tripoli Lebanon hub has been a series of conferences and training workshops on public policies and urban planning. The goal of these sessions is to create a common language and tools for the city's youth who are eager to further influence their city. The first session was entitled "Towards Participatory Practice in Land Regulation: Existing Frameworks and Future Issues".

For the Big Bang Ballers, social innovation is clearly expressed in their activities. More specific links exist between the French association and the actions led in Senegal by Ousmane Diallo. Indeed, the French association finances a part of the Senegalese actions, which take place in Louga. Basketball camps and training sessions are organized. In addition, awareness is raised to promote and enable children to go to school. In particular, school supplies are distributed at the beginning of the school year to the young people who benefit from the sports programs. Volunteers, board members, and employees regularly visit Louga to exchange best practices.

Indeed, the "Sport for All" axis is set up in order to do sport differently, in a way adapted to the specific needs of individuals. For example, in 2012, the "World Games" were launched. It is about introducing children, in the extracurricular periods, to ball games played around the world. Additionally, in 2012, the "Prejudice Dunk" program began. This project involves using basketball to bring together audiences with the same passion for basketball but who have never been able to play together. Through a series of joint practice sessions and/or mixed tournaments, the goal is to promote the compartmentalization of the audience using a select mix of players with and without mental disabilities.

9.4. Conclusion

In this chapter, we have examined the concept of the social impact of international resource mobilization in NPOs so that we can study this concept in a type of organization that has not been studied before. The growing field of research on cross-cultural diversity and innovation is of obvious importance to social innovation. Globalization and increasing competition are forcing companies to innovate to survive. However, in most social fields, monopolistic governments exist alongside small units that are generally too small to innovate radically, which may be one reason why large-scale innovations are so rare. Studies are conducted on cultural diversity and innovation that are mainly in respect of large companies with employees, but social innovation is mainly carried out by NPOs. Thus, these organizations bring innovation, and a better understanding of how teams, consisting of volunteers and employees, participate in these innovations is a relevant research question. Thus, we focused on how cross-cultural management produces social innovation in this particular organizational context.

The two case studies highlight several conclusions:

- The lack of hierarchy among volunteers encourages initiative and allows for a greater creativity.
- Volunteers are seen as the driving force behind collective action, the strength of the associative dynamic, and the source of creativity and innovation.
- Peer meetings encourage the sharing of experiences that will create trust and proximity. These elements can be favorable conditions for a better understanding of each other's specificities.
- Cultural differences in the education, work experience, and personal experiences of volunteers enhance the organization's ability to respond to people's

needs in a relevant way, with new ideas for social needs, new methods that change individual relationships, and new modes of social interaction and policy.

• The organization's societal purpose creates a context for cooperation and information exchange. This purpose can also help to break down cultural barriers between individuals. Thus, it seems that some of the organizational characteristics of the NPO can be levers for intercultural management and innovation.

The limitation of this study is that the results from this research are necessarily contextualized only to the two cases we studied, which limits the ability to generalize the results. Thus, our study needs to be tested with larger scale research, as it would be interesting to examine and conduct further studies with other NPOs to improve our results.

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Part 3

The resources of SMEs in emerging countries facing the international market

Of all companies that develop internationally, SMEs are those for which issues relating to mobilizable resources are the most constraining. Globally, organizations located in emerging countries find themselves in more complex situations to manage. They combine both a shortage of different types of resources and a lack of domestic support due to a lack of sufficiently developed local structures. However, international openness is not out of reach if they manage to find the means they need to implement it. This is why this third part is focused on this issue which has both theoretical and practical implications.

Chapter 10 sheds light on the influence of the institutional environment on the internationalization of SMEs. Issam Mejri and Philippe Very analyze the situation of Tunisian SMEs, in the context of academic research. According to the theory of resources, the performance of companies is explained by the characteristics of the resources, tangible or not, that they possess. According to the institutional theory, social, political, economic, and legal systems shape the behavior of individuals and organizations. Finally, industrial theory focuses on the acquisition of industrial advantages. These approaches make it possible to observe that the regulatory resources are not very favorable for SMEs in emerging countries, considering that the financial resources are insufficient, the support structures are non-existent or fragmented, and the image of the product or the country is too incomplete.

The case of family SMEs is then discussed in the eleventh chapter. Alaa Gamie and Fabrice Roubelat study it using the example of Egyptian SMEs. The family dimension strongly influences the ability of managers to anticipate the future of the company and its activities, and to build its sustainability. Indeed, the future here appears determined first by a trajectory of the transmission or of conservation of a name, a tradition or a heritage that is difficult to change. There is also sometimes confusion between family structures and business organizations. A valuable resource, beyond intra-family cohesion and the education associated with it, is therefore the use of experts to manage relations with the environment.

The last chapter of this book offers us a particularly interesting reflection on the management of some paradoxes linked in particular to resources. Starting from the example of fair trade certification, Lahcen Benbihi and Anne Marchais-Roubelat raise the question of the fairness of South-North and South-South trade relations locally. The paradox of an economically viable market logic opposed to the search

for equity and sustainability is also mentioned. The problem of normative resources further arises when non-certified trading partners are not treated in the same way as certified ones. Certification in fact leads to the economic exclusion of some stakeholders, which goes against the objective of fair trade equity, locally or beyond. Possible answers then pass through a logic of dilemma by privileging an objective among those that prove to be incompatible, or through a logic of compromise that aims to partially achieve each objective.

10 The internationalization of SMEs in a transition economy

Issam Mejri and Philippe Very

Internationalization of enterprises from emerging economies, including small- and medium-sized enterprises (SMEs), has emerged as a fascinating area of research for both practitioners and researchers in international business. Many studies so far have investigated the internationalization of enterprises from emerging economies (Luo and Tung, 2018; Mathews, 2017; Ramamurti and Singh, 2009). In recent years, several multinationals from emerging markets have emerged as important players in the international business environment (Luo and Tung, 2018; Mathews, 2017). Emerging Multinationals (EMNEs), often large, well established, and publicly visible, have experienced significant development due to the acceleration of growth rates in their countries of origin (Aulakh, 2007; Kumar et al., 2019). They operate in different industries such as traditional industries (e.g., the steel industry) and high value-added industries and services (e.g., the pharmaceutical and computer industries). Companies such as Huawei (China), Cemex (Mexico), Embraer (Brazil), and Wipro (India) have proven to be strong competitors for multinationals in the Western part of the world.

Emerging multinationals, mostly state-owned, are characterized by the wealth of their resources and benefit greatly from the state's promotion policy in certain target industries (Deng and Zhang, 2018; Wu and Deng, 2020). These firms have internationalized in a rapid and aggressive manner to catch up on technological advantages (Mathews, 2006). Two theoretical approaches have often been used to explain this mode of internationalization, the Linkage-Leverage-Learning (LLL) approach and the Springboard approach (Luo and Tung, 2018; Mathews, 2006). Both models attempt to explain the accelerated internationalization of these firms by considering internationalization as a springboard to access certain strategic assets and overcome the disadvantages that arise from institutional weaknesses in their home countries. These models assume that these firms are technologically backward and often lack the capacity to compete in foreign markets (Mathews, 2006). These firms enter developed country markets with the aim of accessing tangible (financial, human, and physical resources) and intangible (brands, licenses) resources. They are motivated by the possibility of exploring new opportunities rather than by exploiting existing advantages. They use exploration to develop new technological and organizational capabilities and to overcome their competitive disadvantages.

Unlike these well-established multinationals, SMEs from emerging economies face a different set of challenges in terms of access to resources and skills and in terms of support provided by government agencies (Deng, Delios, and Peng, 2020; Kiss, Danis, and Cavusgil, 2012). Specifically, technology SMEs, through their creativity and entrepreneurial ingenuity, have exploited their technological innovations to expand internationally. Emerging multinationals and international SMEs from the same economies differ in their behavior and strategies for venturing internationally. While the EMNEs capitalize on their privileged relationships with local institutions allowing them privileged access to strategic resources, SMEs internationalize by using their internal capabilities without being helped by the local institutional environment (Wu and Deng, 2020). Because of these differences, we need to consider the institutional factors that influence the internationalization of large firms and SMEs differently from EMNEs (Wu and Deng, 2020; Zhu, Hitt, and Tihanyi, 2007). Research on the internationalization of enterprises from emerging economies has overshadowed issues related to SMEs internationalization (Yamakawa, Peng, and Deeds, 2008, 2013; Zhu, Hitt, and Tihanyi, 2007). Theoretical explanations of the challenges and institutional obstacles that SMEs, especially technological ones, face in their quest for internationalization are still ambiguous (Child and Marinova, 2014; Deng, Delios, and Peng, 2020; Sadeghi et al., 2019; Yamakawa et al., 2013).

Recently, research supports the idea that SMEs internationalization from emerging economies may be motivated or hindered by institutions in their home countries (Rahman, Uddin, and Lodorfos, 2017; Wu and Deng, 2020; Yamakawa, Peng, and Deeds, 2008). Recent work by Deng and Zhang (2018) and Wu and Deng (2020) shows that unlike EMNEs, Chinese SMEs are internationalizing in order to escape domestic institutional barriers. Institutional escape represents a strategic response by SMEs to address local institutional constraints (Deng and Zhang, 2018; Cuervo-Cazurra et al., 2018). The emerging economies from Africa and the Middle East offer interesting contexts to study the effects of the institutional environment on the development of entrepreneurial activities (Nasra and Dacin, 2010; Sadeghi et al., 2019; Zahra and George, 2002; Zoogah, Peng, and Woldu, 2015). In the context of these economies, and in particular Tunisia, the local environment generates an institutional obstacle (excessive bureaucracy, inadequate regulation, lack of government support for international activities, etc.) that limits the perception of opportunities available to technological SMEs and pushes them to venture abroad. In this dynamic and complex context, the study of the impact of the institutional environment of the country of origin on the SMEs internationalization represents a fascinating area of research. This chapter aims at answering the following research questions: how do entrepreneurs of technological SMEs in an emerging country such as Tunisia perceive the institutional environment of their country of origin? How do the formal institutions of the country of origin affect their strategic choices in terms of internationalization?

In order to answer those questions, we use a qualitative approach based on the multiple case study method (Eisenhardt, 1989). We studied the impact of the local environment on the internationalization of seven Tunisian Tech SMEs in the

ICT sector. Our findings show that the internationalization of technology SMEs in emerging markets can be explained by institutional escape. Technology SMEs are motivated to venture abroad to escape local institutional constraints. However, weak formal institutions in their home country may hinder their quest for internationalization.

This study contributes to the existing research on international business and internationalization theories by highlighting the role of home country institutions influencing the internationalization of SMEs from an emerging economy and their behaviors. This adds to the existing knowledge about the development of international business in emerging economies (Kiss, Danis, and Cavusgil, 2012).

The rest of the chapter is organized as follows. First, we present a literature review on institutions and SME internationalization. Second, we outline the research context and data collection methods and explain our approaches to data analysis. Third, we interpret the results to develop three research propositions and construct a theoretical model. Fourth, we discuss our findings, before moving to the conclusion section to describe the study's contribution to theory, practice and policy, and offer suggestions for future research.

10.1. Influence of the institutional environment of the country of origin on internationalization

In international business research, two theoretical approaches have often been used: the resource-based view (Barney, 1991, Peng, 2001; Westhead, Wright, and Ucbasaran, 2001) and the industrial-based view (Porter, 1985). Proponents of the RBV have proposed explaining the difference in performance between firms by the characteristics of the tangible and intangible resources that each firm possesses (Prévôt et al., 2010). The industrial-based view highlights the process that enables a firm to gain a competitive advantage by mastering the forces that structure its competitive environment better than its competitors (Porter, 1985). In recent years, a third theoretical approach has emerged in international management research: the institutional theory approach (Nasra and Dacin, 2010; Peng, Wang, and Jiang, 2008), particularly in the specific context of emerging economies (Cuervo-Cazurra et al., 2018).

Institutional theory highlights the role of social, political, economic, and legal systems in shaping the behavior of individuals and organizations (North, 1990; Scott, 1995). These behaviors are the product of ideas, values, and beliefs that originate in the context of the institutional environments to which organizations conform. More specifically, entrepreneurs and businesses make strategic choices based on the institutional framework in which they are embedded (Peng et al., 2009; Yamakawa, Peng, and Deeds, 2008; Zhu, Wittmann, and Peng, 2012).

Institutions are defined by economist Douglass North (1990, p. 3) as "the humanly designed constraints that shape human interaction", that is, the "rules of the game" of society. From an economic perspective, institutions represent the rules, agreements, and norms of conduct that structure the relationships between

economic agents. It is in this sense that North (1990) distinguishes formal insti-
tutions (rules, laws, and written contracts) from informal institutions (norms of
behavior, codes of conduct, customs, etc.). Later, Scott (1995, p. 33) defines in-
stitutions as "the regulatory, normative and cognitive structures and activities that
bring stability and meaning to social behavior". He identifies three institutional
pillars: the regulatory, normative, and cognitive pillars, and each of these can affect
behavior and strategic choices (Scott, 2001). The regulatory pillar is defined as the
formal system of rules and regulations that constrain or promote certain behav-
iors. The normative pillar refers to more informal and society-oriented models of
acceptable behavior while the cognitive pillar refers to the culturally constructed
rules and meanings that shape human behavior (Bruton, Ahlstrom, and Li, 2010).
Theoretical research on entrepreneurship in emerging economies has examined
only cultural institutions; regulatory and normative institutions have been largely
ignored (Bruton, Ahlstrom, and Obloj, 2008). This study focuses on the regulatory
dimension because of the issues that will be addressed.

Research on firms from emerging economies has focused in particular on the
role of institutions (Peng, Wang, and Jiang, 2008) as they are particularly vulnera-
ble to change (Hoskisson et al., 2000). These economies are characterized by insti-
tutional turbulence and a lower level of economic development than in developed
countries (Bianchi, Carneiro, and Wickramasekera, 2018; Cavusgil et al., 2002).
Firms from these economies often face weak market structures, poorly specified
property rights, and changing institutional environments (Atiase et al., 2018; Ca-
vusgil et al., 2002). In these economies, entrepreneurial activity entails uncertain-
ties that typically stem from the potential economic (e.g., high taxation), social
(e.g., lack of adequate labor), and political (e.g., regime upheavals and revolutions)
instabilities that entrepreneurs may encounter (Nasra and Dacin, 2010).

Governments through public and private institutional structures provide the
regulatory and legal framework influencing the business environment in which
entrepreneurs operate (Nasra and Dacin, 2010). Governments are responsible for
implementing an institutional framework that enables or limits entrepreneurship
development, influencing the balance between productive and non-productive
forms of entrepreneurship through its role in enforcing (or not) the rule of law
(Smallbone et al., 2010). In their research on the role of government in entrepre-
neurship development in Ukraine, Smallbone et al. (2010) show that regulatory
burdens and inconsistencies in the legal framework affect the number of enterprises
created.

Institutional voids such as inadequate regulations, shortcomings in the imple-
mentation of economic development projects, lack of properly qualified judges,
and economic courts also affect the behavioral characteristics of companies that
have to adapt to the specific external conditions they face. Recently, Atiase et al.
(2018) show that there are different processes such as political and legal pro-
cesses that can influence the business environment. First of all, governments in
each country through their legal systems directly influence the business environ-
ment by changing existing policies, regulations, and laws. They determine the

fiscal and monetary policies that directly influence business activities, including internationalization.

Finally, the issue of political stability has an important impact on the ease of doing business in both local and foreign markets.

Policies aimed at the internationalization of companies have also attracted the attention of various governments. Many countries regulate or restrict international business activities (Minniti, 2008). Most often, these policies consist of the creation of special tax and financial regimes that avoid penalizing exporting enterprises, the simplification of administrative procedures, and the introduction of instruments such as export credits and guarantees. Overall, the literature tells us that formal institutions in the country of origin influence entrepreneurial activities, including the internationalization of SMEs. Some institutional failures could motivate SMEs to flee the local market and move to foreign markets where institutions are more efficient. On the other hand, other institutional voids could limit this internationalization.

10.2. Research methodology: a qualitative study through multiple case studies in the Tunisian context

Our research is part of a qualitative study method based on case studies; many of these works are currently attracting much interest (Yin, 2014). The qualitative approach corresponds in particular to the exploratory nature of the objectives that we set for ourselves in our research. Qualitative studies are particularly suited to the exploration and construction of hypotheses about a new phenomenon that has been little studied (Yin, 2014). Admittedly, the literature on the internationalization of companies is abundant today, but, as we have already mentioned, studies on emerging countries are in a development phase.

10.2.1. Research context

Tunisia has a population of 11.5 million and is located in the MENA region (Middle East and North Africa). The World Bank (2018) ranked Tunisia among the lower middle developing/emerging economies. In 2017, Tunisia's per capita GDP was $3,490.83. For decades, Tunisia has been regarded as a model of success on the African continent. The country has implemented economic development programs and has implemented a strategy of economic opening and liberalization, such as the establishment of a structural adjustment plan (SAP) in 1986 in cooperation with the IMF and the World Bank and the signing of a free trade agreement with the European Union in 1995. The Tunisian economy is characterized by the diversity of its economic sectors. Despite its historical link with agriculture, non-manufacturing industry (mining and energy), and tourism, the country has focused over the past decade on high added value technological sectors, notably software publishing and the integration of services in the fields of information technology and telecommunications. However, after a slowdown in growth in 2010, the currency devalued,

social conflicts and insecurity increased, and inflation worsened. Several structural reforms dictated by the World Bank and the IMF have been undertaken in recent years to improve the environment for local businesses (Table 10.1). The results of these reforms were not long in coming, and economic activity has recovered since 2016 (OECD, 2018).

After the January 2011 revolution, Tunisia suffered from political and security instability aggravated by regional turbulence, particularly in Libya and Algeria. This period of uncertainty had a negative impact on the country's economic performance and business development (OECD, 2018). Politically, however, the country appears to be succeeding in its democratic transition by adopting a new constitution and holding its first post-revolutionary parliamentary and presidential elections in 2014. This democratic transition has been consolidated by the holding of new elections in 2019.

The business culture in Tunisia has been shaped by various geographical, historical, cultural, and religious specificities. Due to its geographical location, the country has for centuries experienced multiple invasions from the north and east and has thus accumulated the influence of several cultural areas (Zghal, 2008). Business culture in Tunisia is a synthesis of the different Arab-Muslim and Mediterranean cultural characteristics with an influence of French culture. From the point of view of business relations, personal relationships, trust, and hierarchy are key characteristics of the local business culture (Santander Trade, 2019). Relational and personal networks are a decisive factor in the conduct of business negotiations and the signing of contracts. Tunisian executives often want to get to know their foreign counterparts and establish a certain level of trust before doing business. Strong and lasting personal relationships and trust are necessary to do business. Negotiations often take time. The decision-making process is usually cumbersome and often time-consuming (Boudabbous, 2005). Private initiative and enterprise creation have been encouraged since the mid-1990s, with a wide range of financial and fiscal measures for SMEs. The SME sector is the backbone of the country's economic growth, despite the fact that most of these enterprises face multiple difficulties in accessing financial, human, and social resources. SMEs accounted for 90% of all enterprises and provided 57.92% of the workforce in 2016 (OECD, 2018).

Table 10.1 Key indicators of Tunisia, 2017

Population (million)	11.565
GDP (billions of dollars)	39.861
GDP per capita (billions of dollars)	$3,490.83
Human Development Index (HDI)	0.735
IDH ranking out of 189	95
Unemployment	15.4%

Sources: World Bank, World Development Indicators 2018 | UNDP, Human Development Report 2017 | Economic Freedom Index 2019

10.2.2.   *Case study design and data collection*

This document offers an exploratory study based on a qualitative method using multiple case studies (Eisenhardt, 1989). The qualitative approach is interesting for intensive and in-depth research on a small number of social entities. It is particularly suited to the exploration and construction of hypotheses (Yin, 2014) and to a well-established research strategy in the field of international management. Admittedly, the literature on internationalization is abundant today, but, as we have already mentioned, studies on SMEs in emerging economies are in an embryonic phase. In our research, the use of a qualitative methodology makes it possible to understand in detail the influence of a complex institutional environment on the internationalization of technological SMEs in an emerging economy, Tunisia.

We carried out seven case studies (Eisenhardt, 1989; Yin, 2014). The choice of the number of cases is not made for statistical reasons; the question is approached conceptually (Miles and Huberman, 2003). The number of cases is linked to the number of repetitions sought. The stronger the replication, the more certain the results (Yin, 2014). Multiple cases add validity to the results (Miles and Huberman, 2003). Eisenhardt (1989) also noted that with fewer than four cases, it is often difficult to develop a very complex theory. The SMEs selected in our sample employ between 24 and 250 people and were chosen in collaboration with the Export Promotion Center (CEPEX).

We have chosen to centralize on a single industry in order to control the effects of the industry on internationalization. We deemed it necessary to limit ourselves to a specific sector because of the exploratory purpose of our research. We established a starting postulate according to which the choice of a specific sector makes it possible to understand in depth the influence of the institutional environment on the internationalization of Tunisian technological SMEs. Like several researchers in international entrepreneurship (Coviello and Munro (1995), Mejri, MacVaugh, and Tsagdis (2018)), we have chosen to study SMEs in the information and communications technology sector. These knowledge-intensive companies generally pursue niche strategies in international markets from an early age.

We are interested in the ICT sector because it occupies an important place in Tunisia's development strategy. In recent years, the digital sector has become one of the most efficient in the Tunisian economy. According to the National Institute of Statistics (INS), the sector contributes 7.2% of GDP with an average annual growth rate of 7.7% between 2015 and 2016 and employs between 90,000 and 100,000 people. In addition, the sector represents 20% of the exports of the services sector and around 3% of the country's total exports, or one billion Tunisian dinars. In addition, Tunisia has often occupied a position of regional leader in the ICT sector (ranked 5th in Africa, according to the NRI index of the World Economic Forum—Network Readiness Index, 2015).

The data were mainly collected from in-depth interviews. The interview allows the researcher to access the story of the interviewee's own experience, with a very subjective mixture of interpretation and opinion (Wacheux, 1996). An interview guide has been drawn up, which includes the various subjects to be covered. Miles

and Huberman (2003) recommended the use of a relatively structured interview guide to ensure that all topics are covered in each case. The aim of the interview guide is to collect similar data in a systematic way in order to allow comparisons to be made between the different cases and to answer the research questions in the richest possible way. We opted for open questions. In addition to interviews with entrepreneurs and company executives, we opted for semi-structured interviews with export consultants, the use of informants, and analysis of internal documents as well as sector studies to better understand the country context.

Data collection was conducted during the third quarter of 2011 and the second quarter of 2012, a period of political transition following the Tunisian revolution. We returned to Tunisia in the third quarter of 2020 to confirm the validity of the data collected in the first phase and to update certain contextual elements. In co-operation with CEPEX, 7 SMEs were selected in the ICT sector (Table 10.2) that meet the criteria requirements of our study.

10.2.3. *Data coding and analysis*

Data analysis was carried out in two phases. The first phase consisted of transcribing the interviews. As recommended by Guba and Lincoln (1994), all interviews were recorded and transcribed digitally. All interviews were conducted in French. The personal interviews lasted between 60 and 140 minutes. The audio recording of the interviews allows us to focus on the interview process and reminders, without worrying about the risk of missing certain information. However, some respondents wished to add things informally without being recorded; this information was noted and considered during the transcription and analysis. All the interviews were transcribed into Word in order to be used by the NVivo data analysis software. Secondary sources of information were used, such as annual reports, company publications, newspaper and magazine articles, brochures, and company websites. By triangulating the various types of data, we improve the validity of the construction and overcome the limitations of using a single method, which provides a solid basis for the development of the theory (Yin, 2014). The second phase consisted of an intra-case analysis. We studied each company (Table 10.2) individually in order to build its chronological history and to bring out the internal and external factors explaining its international expansion. In a second step, obtaining these data through the analysis of the cases was carried out by adopting the techniques proposed by Miles and Huberman (2003). We looked at the similarities and differences between the cases. The analysis reflected the challenges and opportunities of the internationalization of technology SMEs in Tunisia.

10.3. Results and discussion

The institutional environment in an emerging economy like Tunisia is characterized by institutional gaps and discretionary practices that encourage local entrepreneurs to seize business opportunities in other markets. Indeed, the different components of the institutional environment influence the perceptions and decisions of

Table 10.2 Presentation of the companies studied

	Case	Founding year	No. of staff (2013)	Main activities	Year of 1st International activity	Markets	Subsidiaries abroad
1	Case A	1987	55	Integrator of informatics solutions	1999	**Maghreb:** Algeria, Libya, Mauritania **Francophone Africa:** Mali, Cameroon, Senegal, Burundi, Ivory Coast	Libya, Mauritania, Mali
2	Case B	1998	60	Social Security information systems	1998	**Francophone Africa:** Benin, Burundi, Cameroon, Congo, Gabon, Mali, Niger, Rwanda, Senegal, Chad, Togo	Rwanda
3	Case C	2002	240	Banking and insurance software	2002	**Africa:** South Africa, Morocco **Europe:** France, Belgium, Spain, Malta, UK Luxembourg **Asia:** UAE, Bahrain . . .	France, Germany, Belgium, Luxembourg
4	Case D	2005	105	Offshoring	2005	**Europe:** France, Germany, Belgium **Maghreb:** Algeria, Mauritania **Francophone Africa**: Mali, Cameroon, Senegal, Burundi, Ivory Coast	France, Germany
5	Case E	1999	24	Quality management software	2006	**Europe:** France **Maghreb:** Algeria, Morocco **Francophone Africa:** Benin, Burundi, Cameroon, Congo, Gabon, Mali, Niger, Senegal, Chad, Togo	France

(*Continued*)

Table 10.2 (Continued)

	Case	Founding year	No. of staff (2013)	Main activities	Year of 1st International activity	Markets	Subsidiaries abroad
6	Case F	2005	80	Security Systems	2009	**Maghreb:** Libya, Mauritania, Algeria **Francophone Africa:** Mali, Cameroon, Senegal, Burundi, Ivory Coast	Ivory Coast
7	Case G	2002	40	Software for the petroleum and energy sector	2002	**Africa:** Algeria, Angola, Egypt **Asia:** Saudi Arabia, UAE, Qatar, **America:** USA **Europe:** France, Italy, Spain, Norway, UK.	Italy, USA

Source: Authors

entrepreneurs on the local and international market. All the entrepreneurs in our study stressed that the local institutional environment remains complex, not very transparent and restrictive for entrepreneurial activities (Table 10.3). The regulations relating to the public procurement code, the ineffectiveness of tendering procedures on the local market, and the lack of institutional support and financing mechanisms for internationalization are the main factors influencing the development of the internationalization of Tunisian technological SMEs.

10.3.1.   *Bureaucracy and dysfunction of the local market*

Inadequate regulation

All the entrepreneurs interviewed complained of inadequate regulations not adapted to the specificities of IT projects. Respondents explained that the public procurement code is strongly oriented toward the public works sector and that, as it stands, it does not favor the development of high value-added IT projects, which results in local businesses losing opportunities in respect of innovative and pioneering projects. These institutional failures push companies to escape from the local institutional environment and seek business opportunities outside the national market.

[In the mid-90s, I started to lose interest in the local market. In Tunisia, the public procurement code was pulling down (with the lowest price law rules, ineffective procedures for awarding contracts, low-cost local competition, etc.). . . . The public procurement code derives from construction and public works companies e.g., engineering projects. . ., even the limitations are not adapted to the ICT sector, the competent authorities did not want to recognize the concept of complex markets, always simple markets, while the software is part of complex markets. They do not want to recognize the concept of governance. 70% of the software markets are not flat rate projects, they are managed. The public procurement code is very poorly made.]

(Case-B)

Ineffective tendering procedures and IT project management on the local market. Entrepreneurs also pointed out the ineffectiveness of the tendering procedures followed by the administration and large public enterprises. These tenders are often lacking in quality and multiply the constraints and requirements. Tenders can be postponed or canceled by the administration without considering the time and money already invested by bidders.

[In Tunisia, we have very few local services entities, very few in number, many reasons, because in Tunisia if we have a market it is with the wholesale state (70% of the markets with the state) and in general we go bankrupt before having the market, because the tendering procedures are so cumbersome and unbearable and when we win a contract it's even worse, we die faster,

Table 10.3 Summary of the results of the influence of formal institutions on the internationalization of international technology SMEs

Classification	Description	A	B	C	D	E	F	G	Overview
Bureaucracy and dysfunction of the local market	Inadequate regulation	*	*	*	*	*	*	*	Very high 7/7
	The ineffectiveness of tendering procedures and IT project management on the local market	*	*	*	*	*	*	*	Very high 7/7
Malfunctions in the management of internationalization	Weak institutional support and lack of effective internationalization assistance mechanisms	*	*		*	*			Moderate 4/7
	Difficulties related to the financing of international activities	*				*	*		Moderate 3/7
Weak technological attractiveness of the country		*	*	*	*	*	*	*	Very high 7/7

because it 'is a very bad payer and the projects are endless. . . . Today it is not at all rare, to have a tender of 2 to 3 years which falls in the water, so it kills no matter who. We, our main costs are employees, so if we plan to do a project with a colossal load and it is only executable in 5 years, it is our end that we sign.]

<div align="right">(Case-C)</div>

The founder of a software engineering company underlines an important point concerning the mentality of public contractors vis-à-vis Tunisian technological products. He is also critical of the state's payment methods, which sometimes render projects unsuccessful.

[To work in Tunisia, the company is a little too Tunisian in the eyes of major prime contractors, who prefer to award most Tunisian contracts to European companies, with equivalent qualifications. Tunisian principals (big state companies) look for any little beasts so as not to pay you, they are not constructive and they are not cooperative, they do not know that a Tunisian company if it earns money, it will invest in R&D, it will recruit and it will grow. I say if someone succeeds in Tunisia, he can succeed anywhere in the world.]

<div align="right">(Case-G)</div>

The same shortcoming was highlighted by the founder of a company that publishes quality management software, who complains of shortcomings in terms of payment times on the part of Tunisian companies.

[What weighs more is the habits of Tunisian companies in terms of collection, generally public companies do not meet payment deadlines and deadlines. You're wasting a lot of time and energy getting paid. We don't have a tradition of payment terms paid by bank transfer. There are a lot of things to do in Tunisia in terms of social responsibility and responsibility towards suppliers and respect of commitments.]

<div align="right">(Case-F)</div>

All entrepreneurs pointed to corruption and the complexity of exchange regulations and administrative rigidities in the granting of authorizations when transferring funds abroad. As the entrepreneur of company "C" notes:

[The institutional environment has done everything to kill other businesses and keeps alive only the businesses of the fallen president's family. Basically, it was not good. We have chosen the status of a fully exporting company and even to have the status of an offshore company. Otherwise, we will be subject to exchange regulations here and if we are subject to these regulations, we cannot travel and we cannot work to make it fast.]

<div align="right">(Case-C)</div>

The earlier discussion leads us to the following proposition:

Proposition 1: *Tech SMEs from emerging economies are looking to international-ize in order to escape bureaucracy and local market dysfunctions.*

10.3.2.   *Malfunctions in the management of internationalization and prospects on foreign markets*

Weak institutional support and lack of effective internationalization assistance mechanisms:

All entrepreneurs confirm the absence or ineffectiveness of internationalization assistance mechanisms apart from the FAMEX (Export Market Access Fund) program. Entrepreneurs point out the absence of a public or para-public environment, which would allow Tunisian business to be boosted internationally. The only existing structure is CEPEX, whose main objective is to support Tunisian entrepreneurs in participating in fairs and shows abroad without providing assistance, advice, or support for entrepreneurs in the marketing of their products, the search for partners, or the identification of business opportunities in foreign markets. This problem stems from a public focus geared toward inward FDI. Public bodies that are based abroad (commercial and economic missions) and local bodies and institutions such as FIPA (the Agency for the Promotion of Foreign Investment) have had as their primary vocation only to develop the Tunisian market for foreign businesses. Tunisian companies that internationalize are only assisted on the administrative aspects (through Tunisian embassies and consulates abroad), but the business aspect and especially financial support are lacking. The words of the founders of case A are illustrative in this respect:

> [There is not today, apart from FAMEX, a strategy of the Tunisian State to promote this sector, whereas this sector in my opinion is the most competitive and has the greatest capacity for employment. . . . Also, apart from the skills certification program where the State takes charge of 70% of the engineer certification fees for both national companies and for foreign companies established in Tunisia.]
>
> <div align="right">(Case-A)</div>

Tunisian entrepreneurs who have chosen to operate on the African market (Case-B, Case-A, Case-E, and Case-F) highlight the weakness of diplomatic representation in certain very promising markets. The founder of Case-E considers that the country's relations on a regional and global scale have a direct influence on their international activities. The company's customers are often public telecommunications operators. In this context, the success of negotiations is often influenced by the relationships between the country where the target clients are located and Tunisia.

> [Also, Tunisia's bilateral partnerships with African countries break the ice; the fact that there are these partnerships makes the task much easier. As an

example, recently we had a project in Ghana, we found that there was no Tunisian embassy in Ghana, so we were forced to pass the project through our Moroccan subsidiary. Likewise, we had an opportunity in the Congo, and it is the same we did not have an embassy to facilitate our process.]

<div align="right">(Case-E)</div>

Difficulties related to the financing of international activities.

In emerging economies, such as that of Tunisia, the underdeveloped capital market forces entrepreneurs to rely on self-financing. Tunisian entrepreneurs face financial obstacles that affect the growth and development of their businesses on the local and international market. Among these obstacles, Tunisian entrepreneurs highlight the difficulties of accessing financing for international activities, the absence of financing and insurance mechanisms linked to exports (especially in the services sector), the requirements imposed by banks for guarantees, and the absence of a Tunisian banking network abroad. All respondents pointed to the difficulties associated with financing their activities in foreign markets.

[No Tunisian bank takes the risk to finance an export operation because there is no export insurance cover. COTUNACE covers only manufactured goods and up to 100 thousand dinars. . . . The banks only finance local activity, there is not to my knowledge a banker who finances contracts in IT exports.]

<div align="right">(Case-A)</div>

[We tried to find financing, it is very difficult, the technological field is not looked upon favorably by the banks, they do not believe in intangibles, in addition venture capital does not exist here, there are people who present themselves as venture capitalists but they behave like banks and the banks behave like creditors, there is no such culture of risk sharing.]

<div align="right">(Case-G)</div>

Lack of access to finance has been identified in many countries as one of the most important barriers to the survival and growth of SMEs (Zhu, Wittmann, and Peng, 2012). Access to finance represents an important barrier for SMEs, which must invest in R&D and improve their innovation and marketing capacity, to access new markets (Radas and Božić, 2009). In the specific context of Tunisia, Adair and Fhima (2013) stress that bank credit is the main source of external financing for SMEs, in the absence of recourse to the financial markets and the weakness of other financing instruments (venture capital, leasing). The authors state that the relationship between banks and SMEs is characterized by the non-compatibility of the financial specificities of SMEs with the requirements of banks. SMEs often complain about lack of bank financing or having to accept excessive conditions to access it. On the basis of the earlier observations, we make the following proposition:

Proposition 2: *the weakness of the support structures for internationalization and the absence of funding for international activities, block technological SMEs from emerging economies in their internationalization endeavors.*

10.3.3.   Weak technological attractiveness of the country

Analysis of our interviews shows that in their process of identifying international opportunities, Tunisian entrepreneurs have often been confronted with the problem of the brand image of their origin and the origin of their products or services. In the literature, the concept of "country brand" is recent. It refers to the notion of "made in", which is at the heart of thinking about the competitive advantage of nations. For example, "made in France" has often been associated with a luxury image, or "made in Italy" has been associated with a lifestyle. In Tunisia, government officials have for decades conveyed the image of an economy based on tourism and the export of products with low added value for more mature European markets. However, the country has never been promoted as a location for emerging technology industries.

> [We do not have the brand image of a technological country, like India, it is a brand image that works in the very long term. We are rather a country of tourism, export of olive oil and dates and textiles. In technology we don't have that image yet.]
>
> (Case-A)

> [We have to be aware how people think, so that everything becomes easy, let's take the case of cars, if someone offers you a German or English car, you will accept it, if they tell you that I have an Ethiopian car you are asking yourself questions. . . . Similarly, Tunisia is not known worldwide for being a high-tech center, it is not linked to the state of the country or the fact of being in the Third World, today India has made a name for itself in computer science, if you come to say that I have Indian software that no longer makes people laugh. So the fact that Tunisia, was not known at all for IT and is not known for IT, it is clear that at the beginning that this was an obstacle and that meant you had to be better than the others by far, making a level playing field with other IT suppliers very difficult.]
>
> (Case-C)

These remarks should, however, be qualified in the sense that Tunisia has been classified among the best countries of the continent in terms of ICT development (ICT Development Index by the International Telecommunication Union). In this context, the primary objective of the country's digital strategy for 2020 was to become an international digital reference and make ICT an important lever for socio-economic development. In light of the earlier discussion, the following proposition has been made:

Proposition 3: *The weakness of the technological attractiveness of the country of origin is hampering technological SMEs from emerging economies in their process of internationalization.*

10.4. Discussion

In this chapter, we rely on institutional theory and a qualitative case study approach to conceptualize a model of internationalization of technological SMEs from emerging economies. Our research has highlighted the influence of formal institutions in the country of origin on the internationalization of technological SMEs in Tunisia, an emerging economy that has received little attention. Through our conceptual model (Figure 10.1), we show that formal institutions in the country of origin are both motivators and constraints for the internationalization of technology SMEs. First, all of the entrepreneurs interviewed considered bureaucracy (e.g., the regulations linked to the public procurement code, the ineffectiveness of local market tendering procedures, and exchange regulations), corruption, and the absence of institutional support as a set of factors that generate institutional evasion and the search for profitable opportunities in foreign markets. Thus, our results support recent studies according to which SMEs from emerging economies may have to venture abroad to escape national institutional
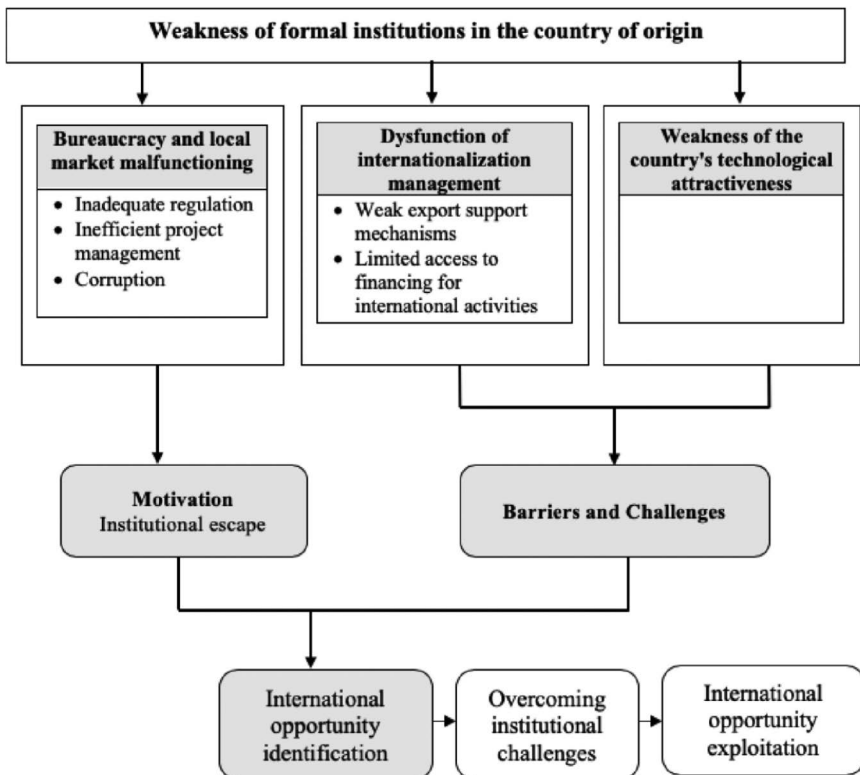
Figure 10.1 Internationalization model of technological SMEs from emerging economies

constraints. With an institutional escape strategy, they can establish a footprint abroad and bypass difficult institutional obstacles at home (Deng and Zhang, 2018; Wu and Deng, 2020). Second, our study complements existing knowledge on the barriers to the internationalization of SMEs by considering the weakness of technological attractiveness as one of the main challenges to the internationalization of technological SMEs in addition to the weakness of support mechanisms for exports and limited access to funding for international activities (Rahman, Uddin, and Lodorfos, 2017).

10.4.1. *Theoretical contributions*

Our study contributes theoretically to academic research. Indeed, the importance of the institutional environment in research on the internationalization of technological SMEs in an African and especially Arab context has been little studied (Zoogah, Peng, and Woldu, 2015). First, it contributes to the calls on researchers in international management to use institutional theory. Our study highlighted the impact of formal institutions in the country of origin on the internationalization of Tunisian technology SMEs. More specifically, we studied the effects of institutional gaps (e.g., bureaucracy and regulatory dysfunctions in the local market), lack of government support for international activities (e.g., weak export support structures and funding for international activities), and the low technological attractiveness of the country. Some formal institutions can be seen as an opportunity for internationalization or as a threat and barrier to the identification and exploitation of international opportunities (Figure 10.1).

10.4.2. *Managerial contributions*

Our research has several implications for entrepreneurs and public decision-makers. The conceptual framework (Figure 10.1) that we present can help entrepreneurs of technological SMEs from emerging economies to understand that they face challenges on several levels when they internationalize. Understanding the challenges they may face in their home countries can encourage these entrepreneurs to provide proactive strategic responses to meet these challenges. Likewise, it allows entrepreneurs to better prepare and adapt their strategies by accounting for the costs that these institutional gaps can generate (Li and Ding, 2017). In this context, entrepreneurs should develop social and business relationships on the local and international market and be innovative and creative to deal with institutional constraints and competitive disadvantages on the local market. Our study also helps public authorities to reflect on improving the legal and regulatory framework dedicated to technology SMEs. In this context, the Tunisian government launched in 2019 the "StartupAct", a legal framework dedicated to facilitate the launch and development of startups. This study also identifies gaps in terms of international support. The authorities should also audit the performance of their export assistance and financing mechanisms for existing international activities and suggest improvements to make them more effective.

10.4.3. Limits of the study and avenues for future research

Our exploratory study has several limitations suggesting the need for future research on the subject. First, institutions are made up of both formal and informal types (North, 1990). We have only studied the formal, especially regulatory, institutions that surround SMEs in Tunisia. Although it is obviously essential to study the formal dimension, it would be interesting to study the institutional environment in its entirety and to show how the three regulatory, normative, and cognitive dimensions interact and influence the international activities of Tunisian technological SMEs.

In addition, future research should collect data from different sources to further our research. Statistical data on emerging countries, and in particular African countries, are incomplete and unreliable. The weakness of the statistical systems and the predominance of the informal economy make it difficult to grasp the phenomenon, hence our qualitative work with seven technological SMEs. We studied seven companies in the same industry and in one economy. It is likely that the local institutional environment may affect the internationalization of SMEs differently in a different context. It would therefore be interesting to extend our research to several companies from different sectors of activity and other emerging economies in order to improve the richness and the degree of generalization of the results obtained. In addition, our study only considers institutions in the country of origin. However, with their international orientation, international technological SMEs from emerging economies have to deal with institutional environments in host countries that are sometimes more complex. These institutional environments may present other constraints that entrepreneurs must overcome. Despite these limitations, we believe that our study offers a new angle for studying the internationalization of technological SMEs from emerging economies.

10.5. Conclusion

This research focuses on the influence of the institutional environment on the internationalization of technological SMEs from emerging economies. Thanks to a theoretical anchoring in institutional theory and a qualitative analysis by case study conducted with seven Tunisian technological SMEs, we have built a conceptual model whose results show that the weakness of formal institutions in the country of origin pushes entrepreneurs to seek opportunities abroad on the one hand and forces them in their quest for internationalization on the other. Entrepreneurs face institutional gaps that mainly push them to develop on the local market and do not accompany them in their internationalization process. The results of our study show that the institutional environment in Tunisia remains complex, not very transparent, and restrictive for entrepreneurial activities, including internationalization. Entrepreneurs have to be resourceful.

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11 Anticipation capacity of SMEs and transgenerational entrepreneurship

The case of family SMEs in Alexandria

Alaa Gamie and Fabrice Roubelat

Research on forward-looking organizations aims to measure the ability of these companies to ensure their sustainability and long-term success (Rohrbeck, 2010). This research perspective has been extended to include continuous scanning of the environment to detect discontinuous changes and strategic surprises in order to continuously update strategic planning and improve strategic decision-making. Rohrbeck and Kum (2018) assume that companies use foresight to identify the factors that drive environmental changes, to anticipate future changes in the markets, and to define an action plan to improve their competitive position and performance. As a practice, anticipation thus lies at the heart of strategic thinking. However, are anticipatory practices universal, or specific to certain sectors, certain types of businesses, certain territories, or certain periods?

Work on anticipation in organizations mainly concerns large companies. However, it has been pointed out that the management style, the organizational structure, and the characteristics of managers of small firms often differ from those of large firms (Tilley and Fuller, 2000). Compared to large firms, small firms are often poor in resources, which pose a problem of access to finance, labor, and time to deal with environmental problems (Welsh and White, 1981). Since SMEs are not small, large firms (Tilley and Fuller, 2000), they need their own solutions. Limited resources, operational focus, and organizational environment (mainly shaped by the mode of family governance of SMEs) have led to short-term management practices lacking effective anticipation and limited entrepreneurial spirit. De Lema and Duréndez (2007) found that managers of family businesses use certain management tools such as management accounting systems and cash budgets to make decisions but they place less importance on management programs, strategic planning, and staff training.

Long-term anticipation and direction may be more strategic for family businesses than for non-family businesses due to the relatively greater emphasis placed on achieving non-economic goals (Chrisman et al., 2012) these being better taken into account in their pursuit of a strategic action (Gomez-Mejia et al., 2007). For example, family businesses are primarily concerned with securing the transmission of the business to future generations, which requires at least implicitly integrating long-term considerations into their strategy. Following on from this work on the anticipation and transmission of small family businesses, our research aimed to study

the anticipation capacity of Egyptian family SMEs from the angle of transgenerational entrepreneurship by examining five SME case studies in the pastry sector in Alexandria. In the first part, we discuss the conceptual perspectives of the literature on anticipation, focusing on family SMEs in a transgenerational logic. After having exposed the research design of the Alexandrian cases, we present the main results by discussing them vis-à-vis the main conclusions of the literature while questioning the specificities of SMEs in Alexandria.

11.1. Literature review

11.1.1. *Anticipation capacity, stakeholders, and networks*

Anticipation is the ability to act in relation to a certain effect or the future state of the world (Zamenopoulos and Alexiou, 2007). It corresponds to the capacity to construct an implicit or explicit representation of future states or effects, before the effective realization of the action which produces them (ibid.). It is also defined as the capacity to analyze, evaluate, and collectively develop images of the future related to sustainability issues and sustainability problem-solving frameworks (Withycombe, 2010). Concerned about the sustainability of competitive advantages based on the firm's resources, Teece and Shuen (1997) proposed the concept of dynamic capabilities, in reference to the firm's ability to manage moving future skills to cope with technological changes.

According to Fuerth (2009), foresight is the ability to anticipate future alternatives, based on sensitivity to weak signals, and the ability to visualize their consequences in the form of multiple possible outcomes. Foresight practitioners continue to try to develop the most appropriate tools to acquire knowledge and build meaningful images of the future. Nikolova (2014) considered participatory foresight as a method of anticipating the future and underlined the inclusion of different agents in the anticipation process. The inclusion of different stakeholders (experts, citizens, and non-governmental activists) and their perspectives was seen as a way to broaden the visibility of the future (Nikolova, 2014).

In his model, Rohrbeck (2010) considered the dimension "people and networks" as one of the capacities constituting the future direction of the organization. This dimension highlights the ability to capture and channel information. Rohrbeck's model consists of three elements: the external network, the internal network, and the characteristics of the prospectivists. External networks have the role of capturing external data while internal networks are able to disseminate information effectively within the organization. People chosen for anticipation and foresight activities must have certain characteristics: being curious and receptive, open-minded and passionate, possessing broad and deep knowledge, possessing strong external and internal networks.

The prospective attitude of looking to the future in order to take action in the present is not what characterizes SMEs (Tilley and Fuller, 2000), even if some work has introduced foresight into the field of research devoted to SMEs (Barrand and Goy, 2005). Foresight research has focused its attention on family businesses

(Randerson, Dossena, and Fayolle, 2016), family businesses being defined as businesses controlled by members of the same family or a reduced number of families, which allows it to be sustainable across generations (Chua, Chrisman, and Sharma, 1999). Thus, the field of family businesses incorporates a temporal dimension, future generations being likely to constitute the reason for the strategic management of the company, in particular with a view to the protection and transmission of the family heritage. Thus, the relationship to the future is found in these companies less focused on the external environment than on the transmission of the company to new generations.

11.1.2. *Strategic transition and transgenerational entrepreneurship*

Researchers generally view family businesses as an important type of organization and a unique context that improves the performance of entrepreneurial-driven businesses (Nordqvist and Melin, 2010, Lee and Chu, 2017). Family dynamics influence entrepreneurial behavior. (Nordqvist and Melin, 2010). Family dynamics such as the transfer of the business to the next generation or the maintenance of family control over the business influence the entrepreneurial behavior of heads of household business owners (Berrone, Cruz, and Gomez-Mejia, 2012). Applying the entrepreneurial event formation model of Shapero and Sokol (1982), the presence of successful entrepreneurial models represented by parents encourages the pursuit of entrepreneurial orientation and the success of the entrepreneurial process of subsequent generations.

According to Basco (2019), in order to explain the success and sustainability of family businesses across different generations, two academic approaches are best suited. On the one hand, corporate entrepreneurship assumes that family businesses are able to use, mobilize, and transfer the entrepreneurial mentality of families to achieve entrepreneurial and innovative behaviors over time (Zahra, Hayton, and Salvatao, 2004; Naldi et al., 2007). On the other hand, the resource-based approach asserts that the competitive advantage of family businesses depends on the ability of families to create, retain, and exploit unique and inimitable resources and capabilities (Habbershon and Williams, 1999). The two approaches were integrated by researchers affiliated with the STEP project (Successful Transgeneration Entrepreneurship Practices), which created the concept of transgenerational entrepreneurship.

Habbershon, Nordqvist, and Zellweger (2010) defined transgenerational entrepreneurship as: "the processes by which a family uses and develops entrepreneurial mindsets and family-influenced capacities to create new flows of entrepreneurial, financial and social value through generations". This definition is based on two main assumptions: (1) family involvement in the business is a source of unique and inimitable resources and capabilities, called familiness (Habbershon and Williams, 1999) and (2) the entrepreneurial orientation of the firm encompasses the processes, practices, and activities of the decision-making process (Lumpkin and Dess, 1996) associated with the management of resources and capacities in an entrepreneurial manner.

Transgenerational entrepreneurship is the subject of research in a large number of qualitative studies suggesting that family businesses around the world succeed across different generations if they combine their unique family resources and capacities with their entrepreneurial orientation (Basco, 2019). Companies that thrive across generations combine the specifics of familiness and entrepreneurial orientation (Cruz and Nordqvist, 2012). The development of unique capacities through transgenerational entrepreneurship is an important but not sufficient condition for ensuring success across different generations. Familiness leads family businesses to develop precious, scarce, inimitable, and non-substitutable resources capable of creating sustainable competitive advantages (Barney, 1991). Family businesses must be careful to establish processes and practices to leverage these unique resources over time to achieve a sustainable competitive advantage (Basco, 2019).

The question that can then be asked is "how do families develop transgenerational entrepreneurship and how does this spirit pass from one generation to the next?" Jaskiewicz, Combs, and Rau (2015) have shown that transgenerational entrepreneurial families have what we call an entrepreneurial legacy. Entrepreneurial Legacy (Figure 11.1) includes stories that piece together the family's accomplishments or resilience in the past. These narratives or stories motivate and give meaning to current and future entrepreneurship, and they also make sense of entrepreneurial behaviors by associating family members with a rich history that defines their identity as a business and as a family. It makes an impression on children thanks to their active involvement in the family business. It is a process by which actors reconstruct past events to influence the present and the future (Suddaby et al., 2010).

According to Jaskiewicz, Combs, and Rau (2015), the entrepreneurial legacy creates a key distinction between entrepreneurial and traditional family businesses. Their study concludes with a theory that explains how transgenerational entrepreneurial families have an entrepreneurial heritage. They show that families with an entrepreneurial heritage engage in three strategic activities that go beyond ordinary succession (successful transfer of ownership and control) (Miller and Le Breton-Miller, 2005): strategic education, entrepreneurial transition, strategic succession, and which consequently promote transgenerational entrepreneurship.

Strategic education occurs when the older generation encourages new generations to engage in areas of education and work experiences that are strategically relevant to future entrepreneurial opportunities for companies. Penrose (1959) observed that managing day-to-day operations reduced managers' ability to exploit entrepreneurial opportunities for business growth, what she called "the entrepreneurial capacity problem". During the entrepreneurial transition phase, the older generation gives the company essential stability and continuity while giving the successor the opportunity to experiment, recognize, and exploit opportunities (Jaskiewicz, Combs, and Rau, 2015). Therefore, entrepreneurial transition solves the problem of entrepreneurial capacity. At the end of the entrepreneurial transition lies what Jaskiewicz, Combs, and Rau (2015) call a strategic transition which they define as the formal transition of ownership and control to the next generation, protecting the resources necessary for entrepreneurship.

11.2.   Methodology

For relatively new areas of research in which knowledge is comparatively limited (such as our area of research on anticipation and transgenerational entrepreneurship), a qualitative research plan is recommended (Eisenhardt, 1989; Yin, 2003). Our research adopts the holistic type multiple case study design. This kind of case study studies several cases and treats each as a unit of analysis (Yin, 2003). According to Yin, the evidence from multiple case studies is often considered more convincing, and the overall study is more robust. The multiple case study presents a broader picture of a complex phenomenon (Stake, 2005). We have reviewed several cases to understand the similarities and differences between them. According to Yin (2003), the multiple or collective case study can be used to either (a) predict similar outcomes (literal replication) or (b) predict contrasting outcomes, but for predictable reasons (theoretical replication). The case studies follow a theoretical sampling logic. Sampling is different from large-scale statistical research and is not motivated by representation of the entire population (Rohrbeck, 2010).

The data were collected through two series of semi-structured, targeted interviews with CEOs and managers of five pastry SMEs in Alexandria. Interviews are particularly useful when the goal is to investigate strategic phenomena for which interviewees need to reflect on their daily practices. Interviews are also flexible, allowing researchers to adapt to the interview and business context (Rohrbeck, 2010). At the start of each interview, we asked each interviewee for permission to record the conversation. All five CEOs refused, and the interviews were transcribed by the researcher. The people were interviewed for 30–60 minutes. We did two rounds of interviews. The first series was a preliminary contact in order to request authorization to access their premises, to have a general idea of the history of the company and of its founder, as well as of the general strategy followed and of their perception of anticipation by firms' directors. The second series of interviews, conducted several months after the first series, covered topics such as the ability to anticipate, transgenerational entrepreneurship, the involvement of different generations in the management of the company, the cultural context, and organizational culture.

It is necessary to mention the distinction between the research analysis unit and the data collection unit. The sources of data collection are individuals (CEOs and managers) while the unit of analysis in our case study is the family business (the collective unit to which the individual presenting it belongs). SMEs anticipate the future on a personal basis or on an ad hoc and non-institutionalized basis (Becker, 2002) unlike large companies in which anticipation is practiced at the company level (Rohrbeck and Kum, 2018). Therefore, the interview and the questionnaire questions begin with "you".

Multithematic interview coding was chosen as a content analysis method to analyze the data in order to focus on the interpretations and personal adaptations that each individual makes, consciously or not, to the language. The interviews were transcribed without correction because the specific style of the actors interviewed and the vocabulary they use are important in the context of the research.

Multithematic coding made it possible to divide the content of the actors' speech into units of analysis that relate to the same theme and to classify these units into categories defined according to the subject of the research (codes). The categories (codes) were defined "a priori" and "a posteriori"; the a priori categories (constructed by deduction) were defined before coding from the literature and the results of previous research, and the a posteriori categories (constructed by induction) were defined after the first series of interviews because it brought to light new aspects of the research theme.

11.3.   Results: discussion of the analysis of the anticipation capacities of SMEs in the pastry sector in Alexandria

Our research focuses on the anticipation capacity of family pastry SMEs in the context of transgenerational entrepreneurship and uses the case method to analyze in depth five pastry companies in Alexandria. Table 11.1 presents the five cases, specifying their characteristics.

11.3.1.   *Family governance as a way to protect the future of family SMEs in Alexandria*

Egyptian family businesses are all the more complex as the roles of family, management, and shareholders are mixed (Lievens, 2006). It was concluded that in the case of successful Egyptian family businesses, establishing a formal board of directors is not a fundamental necessity for business success. The family governance

Table 11.1 Identity card of the companies studied

Enterprise	Cookie Man	Classique	Talaat	El Halaby	Saber
Interviewee	Mrs. Nahed, the founder and her son Mr. Mohamed	Mr. Karram, the founder	Mr. Sharkass, branches manager	Mr. Hamza, one of the owners and branch manager	Mrs. Fatma, founder's daughter
Generation to which the interviewee belongs	First, second	First	-	Fourth	Second
Generation that manages the company	First and second	First and second	Second	Third and fourth	Second
Creation date	1986	1977	1960	1909	1962
Number of employees	500	750	170	40	50
Shareholding	Family business				

Source: Authors

mechanism found in all five cases resides in informal family meetings whose mission differs from that proposed by Suess (2014). According to him, the mission of coordination of family meetings is to create links between the family and the board of directors, which does not exist in our cases. On the other hand, Beckhard and Dyer (1983) concluded that the board of directors is the link between family and business. In contrast to the results of existing studies in the literature, it was concluded that the family dominates the business and runs it directly through informal family meetings. Since the family plays the roles of owners, shareholders, and managers, it is therefore seen as the governance structure.

Family-owned SMEs in Alexandria tend to stay 100% family-owned businesses by rejecting external partners or even the idea of franchising except for family members because they are the only ones who will protect the business name. Mr. Mohamed—the son of the founder of Cookie Man company—describes his company as a "closed group". The results of the study confirm the stewardship theory proposition suggesting the positive influence of family governance. Likewise, Mr. Sharkass—the business unit manager of the Talaat company—spoke of the responsibility of maintaining and protecting the Talaat company name—which is also the family name—for the next generation. Mrs. Fatma—the daughter of the founder of Saber company—justified the desire of the next generation to run the business so that "interests reconcile". Consequently, the results of our research are compatible with the literature, which highlights the role of *protector* that can be devolved on the future generation, without showing in the SMEs cases studied the other modes of transfer (reformer, rebel, opportunist). The cases emphasize the link between this protective role and the corporate governance structure.

11.3.2.   The operational nature of the anticipation by CEOs of family pastry SMEs in Alexandria

The managers of the studied family SMEs in Alexandria have a low capacity for anticipation, with a time horizon that does not exceed one year. This limited capacity for anticipation is associated with three main themes: an unstable and bureaucratic environment, an anticipation centered on the company, and a culture shaped by religion.

Unstable and bureaucratic environment

Bureaucratic and legal problems constitute barriers that hamper the ability of companies to anticipate. Our results show two different entrepreneurial reactions by CEOs to corruption issues. Mr. Karram—the founder Classique company—was completely pessimistic while Mrs. Nahed—the founder of Cookie Man company—was more optimistic.

In this context, the anticipated scenarios are very rudimentary. According to Pina e Cunha, Palma, and Guimarães da Costa (2006), the scenario development method requires imagining all the scenarios—at least those that would have serious consequences for the organization—and preparing adapted responses. Mr.

Sharkass—representing the administration of Talaat company—proposed a single incomplete scenario for the medium-term future of the pastry industry. He anticipated the consequences of a new economic crisis without anticipating its effects on the Egyptian economy in general and on his business in particular. On the other hand, the company has not prepared adequate responses to this crisis.

Anticipation centered on the company

The leaders of the companies studied reduce anticipation to operational considerations. According to them, anticipating refers to determining the opening of new branches, the need for new factories, the number of employees needed, the most appropriate places for new branches, the needs and reaction of the workers and customers, and the types of products demanded. The actions taken to prepare for the future boil down to having several suppliers and determining the daily production volume. For Talaat and El Halaby, the future of their businesses during the three-time horizons determined by the study (long, medium, and short terms) translates into operational expansion plans.

These operational considerations reflect the orientation of SME leaders whose vision does not go beyond the limits of the company. Thus, the sugar crisis was preceded by a rice crisis, and they could have anticipated the sugar crisis if they had been aware of the external events and their effects on their businesses. Managers and directors focus on their companies and products and go so far as to deny the existence of competition in order to avoid the anticipation of competitive actions. Internal orientation and the denial of competition are uncalculated reactions that hide the inability of Egyptian CEOs to anticipate the future, with this inability increasing with the distance from the time horizon and the environment to be taken into account (Figure 11.1). Negative responses from leaders to questions about anticipating the future express the inability of leaders to anticipate what will happen in the future. The content analysis words for this dimension included "I can't talk about it, it's God who knows, it's knowledge of the unseen علم الغيب, I don't know". We have found that the number of negative responses increases with increasing distance from the environment and the time horizon.

Culture shaped by religion

As we have just underlined, the interviewed leaders used several times expressions like "the future is in the hands of God, it is the knowledge of the invisible, it is God who knows, Thanks goes to God" when speaking of the future. In Egypt, religion plays a major role in everyday life. The future is in the hands of God and it is undesirable to predict the future. Egyptian researchers added the dimensions of religion and spirituality (Elsaid and Elsaid, 2012) to the cultural dimensions of Hofstede (2001). According to Kreiser et al. (2010), hierarchical distance negatively affects the proactive behavior of companies. In the analysis of Hofstede (2001),
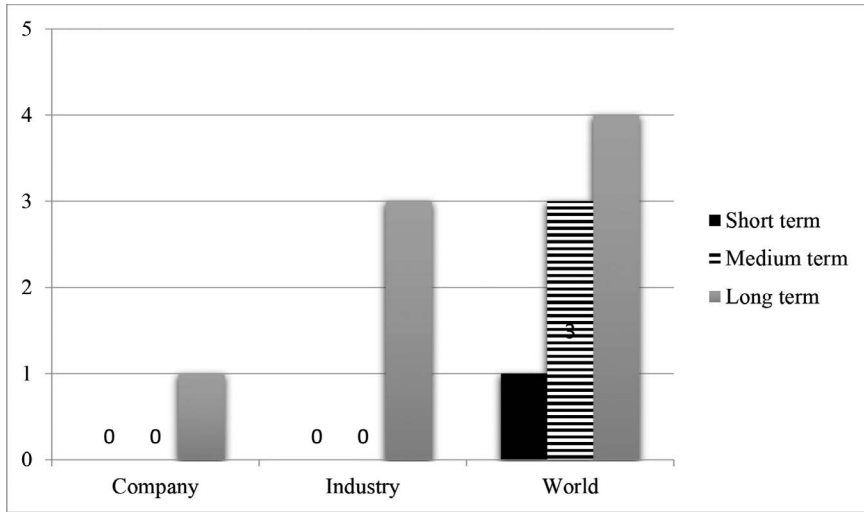
Figure 11.1 Number of negative responses from CEOs of SMEs to questions about antici-
        pating the future

Source: Authors

the hierarchical dimension was noted 80 for the Arab countries, which is relatively high compared to the scores of the United States (40) and the United Kingdom (35) (Cliquet and Elzeiny, 2011). The results of Atiah (1984) confirmed the idea of weak proactive behavior for Arab managers who devote less time to planning and more to control and command, which brings us back to the very operational nature of the anticipation of the leaders interviewed.

11.3.3.   *Entrepreneurial spirit and involvement of the next generations*

In the case of Classique company, Mr. Tarek introduced a vision that transcended the limits of his company and which led him to transform Classique from "inter-nally oriented" into an "externally oriented" company. He was not only interested in introducing new technology into the company; he was looking to be prepared for threats in the future. He was alarmed at the start of a contraction in the pastry industry and the need to prepare for it by adding a new specialty like catering. In addition, the next-generation calls for the recruitment of functional specialists. Mr. Hamza (El Halaby) and Mr. Sharkass (Talaat) are aware of the importance of the presence of specialists within the company. Talaat has embarked on the creation of a marketing department by choosing a specialist in this field in order to have a solid basis for carrying out an expansion plan while Mr. Hamza and his nephews are trying to convince the company elders to hire such specialists.

The goal and vision of Egyptian family SMEs are the transmission of the business to the next generation and their current and future involvement in the management of the business. According to the five CEOs interviewed, the long- to medium-term future of the company is the responsibility of the next generation. They mentioned the role of the next generations even before being questioned. From the point of view of the CEOs of Classique, Cookie Man, Talaat, and Saber, the next generation has the same motivation as that of the founding generation. They are responsible for introducing new technologies and managing websites. Mr. Sharkass attributed this motivation to the socialization done by the founding generation. Children are raised by their parents to enjoy the job and to strengthen relationships between business owners and employees. In El Halaby, the motivation of the next generation is approached differently. According to Mr. Hamza, there is a difference between people who have kneaded pastry dough by hand and those born in comfort. Currently, there are no other vacancies for him and his nephews. Therefore, the family business is the only opportunity available, all the more natural as they are raised to protect the family name and continue on the path laid out by their grandfather. The hypothesis of the decline of the entrepreneurial spirit in the second generation (Miller and Le Breton-Miller, 2005) is called into question by the five cases. The next generation is very active, enthusiastic, creative, and above all very intelligent in the use of digital media and the adoption of modern technologies even if the case of El Halaby raises questions of the lack of outside opportunities.

The results of the study also showed that the participation of the next generation increases the tendency to take risks. Table 11.2 shows that the SMEs studied have a high level of innovation and risk-taking under the leadership of the next generations. Saber, which has no entrepreneurial orientation dimension, is an exception (explained by the conservatism of Mrs. Fatma who refuses even innovation in production processes—she works in the same way as her father). While anticipation manifests itself implicitly in the proactivity dimension, we see that proactivity is the dimension most absent in the five companies. Therefore, while Egyptian family SMEs show positive results regarding innovation and risk taking, they are not proactive.

Table 11.2 The entrepreneurial spirit of SMEs in relation to the managing generation

Enterprise	Entrepreneurial orientation dimensions			Managing generation
	Innovation	*Proactivity*	*Risk taking*	
Classique	High	High	High	First and second
Cookie Man	High	Low	High	First and second
Talaat	High	Low	High	Second
El Halaby	High	Low	High	Third and fourth
Saber	Low	Low	Low	Second

Source: Authors

11.3.4.   *Transgenerational entrepreneurship in Egyptian family SMEs*

The transgenerational entrepreneurship process proposed by Jaskiewicz, Combs, and Rau (2015), whose objective is the transmission of the entrepreneurial spirit (orientation) from the founding generation to the next generation, is called into question by our research. The first phase of strategic education is absent in all five cases. The company elders did not push the next generation to seek education and work experiences strategically relevant to the future entrepreneurial opportunities of their companies since they are convinced that education has no relationship to their job. Working within the company requires experience and technical skills and it also requires knowing the components of products, raw materials, and how to deal with and work with employees. Despite the absence of the first phase of the transgenerational entrepreneurship process, the five companies have an entrepreneurial legacy. The leaders want to pass on enthusiasm, motivation, and love for work to the next generations by telling them the story of the founding of the company and its daily life. Mr. Hamza led to the adding of a new aspect to the notion of entrepreneurial legacy. In his opinion, the transmission of motivation and love of work is not sufficient for the successful preparation of the next generation; it is essential to instill awareness of family ties and love of family through family gatherings and meetings in which small children play together and strengthen the bonds of the family network because in the future, they will be working partners. The results also confirm the proposition of Jaskiewicz, Combs, and Rau (2015), which indicates the role of entrepreneurial heritage in the success of the survival of the company through the generations through an efficient succession process.

11.3.5.   *The cultural dimension of the management of family SMEs*
in Alexandria

According to Cherchem (2017), family businesses that wish to ensure a long-term entrepreneurial orientation must introduce changes in their cultural models when several generations are involved. Clan culture promotes higher levels of entrepreneurial orientation when a single generation is involved while hierarchical culture promotes higher levels of entrepreneurial orientation when multiple generations are involved simultaneously. Classique and El Halaby have experienced a change in organizational culture following the inclusion of the next generation in management. Mr. Tarek has established formal rules in order to establish a robust and efficient management system. He decided to specify a sales target for each branch. For El Halaby's company, the third generation separated the financial accounts of the family from those of the company after the sons' participation in the management that confirms the conclusions by Cherchem (2017).

Company culture affects the thinking and behavior of those running businesses and therefore affects the organization's response to environmental forces. Talaat's reaction to corruption and bureaucratic pressures was framed by the culture of the company's leaders, shaped by religious values. They refused to pay bribes; they innovated in terms of recruiting; and they decided to hire a retired

government insurance manager. This person still has personal connections and professional knowledge that allows him to solve bureaucratic obstacles in return for his legal salary paid by the company. Talaat, therefore, possesses the "people and networks" capacity (Rohrbeck, 2010) by hiring someone with strong external networks.

The results of the study—the different reactions by CEOs to corruption and bureaucratic difficulties—showed that organizational flexibility and CEOs' responses to environmental pressures are also affected by entrepreneurial traits. For Cookie Man company, Mrs. Nahed gave several examples to show that her determination and perseverance have helped her to overcome the challenges she has faced since the founding of her company. Cookie Man's ability to act courageously in situations of uncertain outcome, profit, and cost can be explained by Mrs. Nahed's strong personality, determination, and persistence.

11.4.   Conclusion

In essence, family businesses are future oriented concerning the transmission of the company to the next generations. This search for protection is confirmed in the case of the companies in Alexandria studied in our research. The future is then limited to a closed world, that of the family or families who own the business, it being understood that the company's strategy is guided by this concern for the preservation of the name, even of traditions. Here, the logic of sustainability taken up by the literature on the future of family businesses (Randerson, Dossena, and Fayolle, 2016) is actually a logic of sustainability of the company as an organization that merges with the family. In the Alexandrian companies studied, this closed world is centered on itself, the anticipation of the leaders being essentially an operational anticipation. Of course, the next generation has started to integrate specialists, especially in marketing, into the management of the company, but the future of the company must remain in the family. Added to this are cultural factors that make anticipation tricky—knowledge of the future being reserved for God—as well as an unstable and bureaucratic environment marked by corruption that does not encourage anticipation.

Emphasizing this articulation between anticipation centered on operational management and preparation for the future geared toward the next generations of the family, this research raises the question of the relevance of the concept of entrepreneurial anticipation in the context of family businesses when we should rather speak of transition. The work on French companies revealed different types of transitions between generations that do not appear in the case of the Alexandrian companies studied: no reformer, no opportunist, and even less a rebel. In the companies studied, the next generations claim the protection of the family inheritance, which can only be conceived in the family. Perhaps it is through research on these family structures, which the literature has already undertaken from the angle of communities and their entrepreneurial culture (Seaman, Bent, and Unis, 2016), that research in comparative international management could understand the future of family SMEs in different countries and different cultures.

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12 Fair trade certification between the international and the territorial

Management or creation of paradoxes? The case of women's argan oil cooperatives in Morocco

Lahcen Benbihi and Anne Marchais-Roubelat

According to the consensual definition established by FINE in 2001,

> Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks a greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South.

Since its emergence as an alternative mode of international trade between the North and the South, fair trade, "constructed as a form of collective action instituting rules of social justice—in the sense of a priority improvement of the lot of the poorest—in the commercial relationship" (Chanteau, 2008), has been traversed by numerous debates on the relationship between its vision and its practices (Stringer, 2012; Ballet and Pouchain, 2015). The study of labeling processes and the contradictions they generate (Ruggeri, Orsi, and Corsi, 2019) is one of the major themes that has emerged since the early 2000s. Standardizing the global value chain, certification guarantees the Northern buyer that the criteria establishing the ethical nature of the product are respected (notably the traceability of the product, exchanges between suppliers and sellers based on a "fair" price, and the use of the premium resulting from the extra price paid by the final consumer in local development projects). It thus allows the growth of fair trade, whose products can be sold in supermarkets, but at the same time causes a depersonalization of the ethics that is at the heart of its project (Ballet and Carimentrand, 2010).

As Le Mare (2012) has pointed out, debates on fair trade remain from the perspective of Northern institutions and consumers, and a critical approach based on the study of fair trade enterprises in the South is missing. This appears all the more necessary as the general notion of "producer" on which fair trade communication relies constitutes a simplification that attracts the Northern consumer but ignores the specificities of local workers (Davenport and Low, 2012). However, these specificities can influence the behavior of some of the producers integrated in their territories and react in return on the tension between practices and principles of fair trade.

   This research on the management of Moroccan fair trade-certified cooperatives is inscribed in a double critical perspective of fair trade: in its principles and practices tension and in an entrepreneurial vision centered on the local producers involved in the territories where they work. The cooperatives involved in fair trade have not only economic exchange relationships but also social relationships with other producers in the context of the territory where the women who are their members live. The aim of this study is therefore to investigate, in a particular territory of the South—the argan tree territory in Morocco—the actors grouped under the term "producers": first of all the cooperatives and their members but also other possible participants in the fair trade value chain, in order to evaluate, in a critical approach and from a Southern perspective, the paradoxical role played by the certification process in the integration of new stakeholders (in the sense of Mitchell, Agle, and Wood, 1990) into fair trade.

   From this perspective, we first clarify the relationship between fair trade and certification as a standard that organizes relations between stakeholders in a territory. Second, after presenting the research approach used and the characteristics of the field studied, we present the results of an empirical study carried out on two Moroccan women's argan oil cooperatives that are fair trade certified. The results show that certification does indeed provide better sales conditions and a guarantee of their rights to women who supply the raw material or semi-finished products when they are included as stakeholders in the certification process, but this is not the case when they are not. This divide contributes to inequality and poverty in the territory of the cooperatives, which can generate organizational hypocrisy at the international level (Brunsson, 1990, 1993) that is incompatible with the project that underpins the existence of fair trade. To avoid this tension, the certification auditor encourages small producers to integrate excluded women in the exchange. However, this process brings out an ethical paradox at the level of the cooperatives. These results lead us to discuss, in a third step, the future ethical challenges of managing this paradox in the short and long terms for fair trade.

12.1.   Fair trade certification: a paradoxical management method for a paradoxical exchange?

The fair trade space is a nebulous area that can nevertheless be delineated on the basis of its normative project. The association between fair trade and certification as a standard organizing the relations between stakeholders in a territory allows us to pose the research question and the hypotheses.

12.1.1.   *Certification as a paradoxical management tool for a paradoxical fair trade*

Since its appearance on the international scene, where it opposes the dominant logic of market control (Audebrand and Pauchant, 2009), fair trade has aimed to reconcile two logics in the exchange: the market logic on the economic dimension and the search for equity on the social dimension. Its dual conception is a source

of paradoxes insofar as it forces the combination of competing demands, both contradictory and interdependent (Smith et al., 2017). As F. Bruhlart, A. Grimand, C. Krohmer, E. Oiry, and A. Ragaigne point out,

> [T]he very nature of the paradox forbids reducing it to a dilemma (in other words, the choice between two solutions based on a comparison of the benefit/cost ratio of each option) or to a compromise (the quest for a synthesis that very often implies the use of a third, mediating concept).
>
> (Bruhlart et al., 2018)

For fair trade, it is not possible to choose between the economic and ethical dimensions in a logic of dilemma or to seek a synthesis in a logic of compromise: it is necessary to act according to both, since it is necessary to reconcile profit and social commitment. But the rules of exchange differ in these two dimensions. On the one hand, it is a matter of maximizing individual economic profit; on the other hand, it is a matter of sharing equitably the value created by the exchange. Since this value is global and multidimensional (societal, ecological, and economic), the search for equity can conflict with the search for profit maximization, which then creates a paradox.

Unlike other paradoxical relationships where the actors' capacity for negotiation and action is sufficiently weakly asymmetrical that regulatory modalities can be co-constructed between partners—which is for example the case in the coopetition relationships of small local producers (Ralandison, Milliot, and Harison, 2018)—the asymmetry of the exchangers roles in fair trade is such that the paradox only applies to the dominant actors upstream in the value chain. The dominant actors in the exchange—a priori the small local producers—are faced with an economic dilemma: to respect the counterparts imposed on the exchange and which reduce the increase in the benefit they expect from it, or to leave fair trade.

12.1.2.　*Defining the fair trade space through certification*

Debates about the importance of equity in fair trade highlight the contrast between the project and the practices, for while conceptualizations of fair trade appear "sometimes analytically contradictory", they produce "a mechanism of structural, institutional, and moral reforms that guide actions" (Ballet and Pouchain, 2015). J. Ballet and D. Pouchain distinguish between the Fair Trade project as "an initiative to make the market less unfair in a less than ideal world", with this very broad conception leaving "the possibility for very different organizations to interpret the various elements of the definition as they see fit"; and the "normative project" of fair trade, which can be defined by "criteria that allow us to say that fair trade is this or that". The consensus definition proposed by the FINE group of fair trade certification bodies is part of this normative project.

In the context of the normative project, this definition proposes a reduced approach to fair trade, whose certification guarantees that the criteria will be met, not only for the consumer but also for all the actors in the trading partnership.

Even if small producers are not able to have their rights recognized, certification not only respects them but also guarantees to the Northern buyer that these rights are respected within the limits of the established criteria. The "normative" approach of fair trade thus makes it possible, at least in appearance, to transform the paradoxes of exchange with small producers into dilemmas about criteria, by replacing the contradictions between the economic and societal dimensions with a reference to a third dimension, that of the norm, for which conformity to the established criteria is the rule of behavior, and for which the purchase by the final consumer is the desired efficiency.

12.1.3. *When managing a paradox creates a new one*

The stakeholder approach (Mitchell, Agle, and Wood, 1990; Mitchell et al., 2016; Ali, 2017; Miles, 2017) introduces the social dimension into the analysis of business relationships between producers and suppliers of raw materials. According to this approach, a person or organization is considered a stakeholder and therefore is fairly considered by certification if it can be associated with at least one of the three attributes established by Mitchell et al.: power, legitimacy, and urgency.

If certification guarantees all participating fair trade partners access to better trading conditions and guarantees the rights of "marginalized producers and workers" (FINE), then not only must it treat participants whose trading relationships are regulated by certification (as a standard) as stakeholders (Assumption 1), but it must also treat the local trading partners of fair trade producers in the same way, even if these partners are not themselves certified (Assumption 2). If these two hypotheses are verified simultaneously, certification attests to the overlap between the space of the procedure and that of equity. Otherwise, an "organizational hypocrisy" (Brunsson, 1990, 1993) is created, with the facts contradicting the discourse of the fair trade project and posing an ethical problem for future decisions that could call into question the entire fair trade project in the value chain.

12.2. Fairness beyond the procedures, inequity beyond? The case of Moroccan women's argan oil cooperatives

In order to test the two hypotheses in the field (participants whose trade relations are regulated by the standard are treated as stakeholders/all trade partners, even those who are not certified, are treated fairly), research was carried out on two Moroccan argan oil cooperatives. Despite its difficult access, this is an extremely rich field where contextual characteristics are important to avoid misinterpreting the results.

12.2.1. *Research methodology*

In Morocco, the majority of fair trade certifications concern women's argan oil cooperatives in the Souss-Massa and Essaouira regions. According to ODCO (Office du Développement de Coopération) figures, in 2018, the number of cooperatives

whose activities are related to argan oil amounted to more than 400, or 2% of the national cooperative fabric, 93% of which were created by women.

The majority of certified products according to fair trade standards are food or cosmetic products based on argan, marketed mainly by cooperatives or groups of cooperatives. The main label used is the "organic fair trade" label based on Ecocert's Equitable Solidarity Responsible (ESR) standard. This label has become "Fair for life" since 2017 following the acquisition of the Swiss Bio-Foundation's Fair for life program.

Some customers require other private labels, including the "Fair Trade Max Havelaar" label, which guarantees good working conditions and includes ecological criteria. The label financially supports the producer and their community through minimum pricing and premiums. This label is managed by FLO International (Fairtrade Labelling Organisations). The control is carried out by an independent organization: FLO-CERT.

The research is based on two case studies (Hlady-Rispal, 2016, Yin, 2018) of two cooperatives in Souss Massa. This Moroccan district constitutes a rural territory, inhabited by a Berber population. Its surface area corresponds for the most part to the area of the argan tree, an endemic tree that exists only in this region.

The two cooperatives are members of the same economic interest group (EIG). Created in 2005, Alpha was integrated into the EIG in 2007. Beta is older: created in 2002, it joined the EIG in 2003.

For each of these cooperatives, the number of members is around 100, mostly from the same large family for Alpha, and from different families in the same large village for Beta. Between them, they represent nearly a third of the members of the EIG, which includes six cooperatives (537 members in total) within a 200 km radius of Agadir. The members are exclusively poor women, married women whose husbands are unemployed, women who are single, divorced or widowed (in Alpha 60% are single, divorced or widowed, 80% in Beta).

The research is based on cross-checking administrative documents from Moroccan institutions for context, as well as on the study of internal data from the cooperatives and the EIG: internal management documents of the cooperatives, exchanges with the EIG, raw data, and documents concerning certification. These data are all the more difficult to obtain as the data available on the Internet are not updated, are incomplete, and sometimes approximate. They were supplemented by observations made either during key moments of the certification process (preparation of the audit, debriefing) or during routine periods in order to better understand the daily functioning of the cooperatives, the social relations, and the unspoken aspects during the interviews.

Two rounds of semi-structured interviews were conducted in the spring of 2018, supplemented by interviews with the EIG (Table 12.1). These interviews were conducted on the one hand with the leaders and managers or employees of the two cooperatives and on the other hand with women members of each of the two cooperatives (group interviews), in the crushing workshop for one in an office of the cooperative in the presence of the director for the other.

Table 12.1 Status of interviewees and duration of interviews

Organization		Number interviewed and interview duration				Total
		Management	*Managers*	*Assistant employees*	*Members*	
Interviews	**ALPHA**	1–0.5h	2–3.5h	2–3.5h	2–3.5h	11h
durations	**BETA**	1–6h	1–4h	—	10–12.5h	12.5h
	GIE	1–1.5h	3–4h	—	—	5.5h
Total duration of interviews						29 h

The interview table shows a contrast between the management of the two cooperatives, as the director of Alpha imposed a specific data collection protocol—the number of interviews, people to be interviewed, types of data to be collected—and was present during most of the interviews. However, the interpretation of this protocol is delicate because it is also necessary to take into account the sociological characteristics of the women members (some of whom, e.g., may be reluctant to talk to a researcher) and local lifestyles (at Alpha, most of the women were absent on the day of the interview because they were participating in the harvest).

The interviews covered several themes. Some of these themes correspond directly to the literature on the local effects of fair trade, which we wanted to test in a comparative approach. One part deals with the management choices of the cooperatives and the evaluation of the democratic character of the members' participation. The points of view of the different actors were crossed and analyzed according to the criteria of the grid by Mitchell et al. The results of these two parts are synthesized in a first thematic set on the entrepreneurial logic of cooperatives and the role played by members as stakeholders.

The third part deals with the practices and experiences of life in and around the cooperative. For this theme, the objective was not to classify data according to existing categories but to bring out elements of narratives about lived experience in a grounded approach (Paillé, 1994) that "pays particular attention to the narratives and lived experience of people involved in Fair Trade, drawing attention to the need to include Southern perspectives into a renewed conceptualization of Fair Trade" (Le Mare, 2012, p. 314). "One of the assumptions of this approach [grounded theory] is that previous studies have missed or neglected empirical dimensions that are missing from the progression of knowledge" (Joannidès and Berland, 2008). This part is constituted by an empirical-inductive survey (Foucart, 2018) and open coding, that has allowed us to highlight a new category of producers ("gatherers") who participate in exchanges but are not stakeholders according to the established categories in the sense of Mitchell et al.

12.2.2. *Results*

The results are presented in two stages, in order to highlight the contribution of the grounded approach to a Southern perspective, which allows for a rethinking of the

conception and role of the "producers" category. First, the commercial nature of the entry of cooperatives into fair trade is established. The logic is entrepreneurial rather than social, with the fact that the members and the management team belong to the same territory structuring the life of the cooperative. In this context, the members are stakeholders, although their participation in the cooperative's management choices is limited. Once this is established, it is possible to compare the commercial relations between the cooperative and the members who sell argan nuts to the cooperative, on the one hand, and the cooperative's relations with the other women, who not only sell the nuts but also process them at home, doing the same work as the members, on the other hand.

Within the cooperative: a commercial logic, respected procedures, members who are stakeholders

Even if they do not equate fair trade with certification, the managers of the two cooperatives consider that entry into fair trade depends on their customers. At the request of French clients via the EIG, the two cooperatives studied have been certified fair trade since 2007 according to the Fair Trade Organic label of the Ecocert Fairness, Solidarity and Responsibility (ESR) standard. At the request of Japanese clients who contacted each of them directly, the cooperatives were awarded the Fairtrade label, Alpha in 2016 and Beta in 2017. Sales through the EIG represent about 50% of total sales (40% for Alpha, 60% to 70% for Beta), with the remainder of sales to Moroccan customers and other foreign customers in the United States, Europe, Asia, and Africa. The administrative and commercial manager of Beta, the CEO, and the employees of Alpha consider that the reasons for choosing fair trade are, first of all, the demand of foreign clients and the socio-economic benefits that fair trade provides, such as the fair price, the just price, and the premium for social development.

From the point of view of the standard of living, the managers interviewed believe that certification has improved the social situation of the members thanks to the increase in their remuneration and the use of the social premium for literacy projects, crèches, and social coverage. Interviews with members confirm these statements.

The members are very involved in the general assemblies, where decisions are taken on the evolution of the cooperative, the membership policy, the projects and strategies of the cooperative, the subsidies received, and the budgeted expenses. They generally express their satisfaction, but the president and the management of the Beta team point out that "the degree of satisfaction is linked to the profits distributed; it is high as long as the profit distributed is important".

In the cooperative, the members are stakeholders. Their expectations are mainly related to a decent remuneration for their work, transparency of management, the distribution of profits, improvement of their social situation, training, and equity. They are involved in the general assemblies, where they express their demands, and their concerns are taken into account in the decisions.

This conclusion must be qualified. On the one hand, because their involvement is mainly on essentially operational points, their lack of training in any case creates limits to their understanding of the management of the cooperative, even if

transparency is respected. There is therefore a gap between the strategic level of the decisions taken by the cooperatives' managers and the more operational level at which the members are involved, even if it means asking for accountability for the results obtained.

Second, it is difficult to determine whether certification improves member participation because Moroccan law organizes governance in the cooperative. However, the certification procedures are respected. In reference to certification as a standard, members meet the criteria of legitimacy and urgency, but not power, as they delegate it to either the general manager (Alpha) or the board of directors (Beta):

> [The cooperative is structured as follows: at the top is the board of directors, which delegates management authority to me (except for financial matters) because I am the founder of the cooperative which allows me to control its management. I supervise all the other services, namely administration, production, commercial service, accounting and traceability.]
>
> (DG of Alpha)

As far as the members are concerned, certification, through the respect of procedures, guarantees access to better commercial conditions and guarantees their rights. They are stakeholders in the certification, and the sale of argan nuts to the cooperative is regulated by the procedure, which guarantees a standard price, higher than the market price. These results confirm the results generally obtained by fair trade impact studies (Bacon, 2005; Dammert and Mohan, 2015; Dragusanu, Giovannucci, and Nunn, 2014; Méndez et al., 2010; Parvathi and Waibel, 2016; Vagneron and Roquigny, 2012), and unsurprisingly the first hypothesis is verified.

The supply of argan nuts in the territory: a continuity of the value chain but women excluded from governance

Between 30% and 40% of the argan nuts are sold to the cooperative by women members who collect them from their families or the village's argan groves, with the rest of the supply coming from traders or other women in the village who are not part of the cooperative. These nuts can be sold as they are (affyach: dried fruit), pulped, or crushed (amendons), and the work done is the same as that done by the members in the cooperative's crushing workshop. However, the price differs, which the cooperative's members are aware of: "We are well paid, especially compared to women who are not members" (collective interview with Beta members).

Without counting their share of the profits distributed at the end of the year, the members are paid above the standard price for crushing (40 dh). For the other women who work informally on behalf of individuals who produce argan or to deliver their production directly to the cooperative, prices are very variable over time.

> [We are paid 45 dh per kilo of crushed fines. We can make, during a normal working day more than one kilo. In addition, we receive our share of the

profits distributed at the end of each year. We are therefore well paid, especially compared to the other women who are not part of the cooperative and who are paid randomly on the basis of a bag of nuts with a remuneration of about 50 dh per bag of crushed and cleaned nuts. These women work informally on behalf of individuals who produce argan.]

<div align="center">(interview with Beta member women)</div>

While all of them supply the same products to the cooperative, there is inequity in remuneration and employment conditions between the members whose rights are guaranteed by the certification and the other women, whose work is informal. The second hypothesis is not validated.

Women who are not members are excluded from the governance system even though they provide a significant part of the cooperatives' raw material supply (directly or indirectly via traders), as well as semi-finished products. They have no decision-making power, no legitimacy, no claims, and no urgency: they are not stakeholders in the sense of Mitchell et al. The information that could be gathered on them comes exclusively from interviews with the members who know them and exchange with them because they are part of the same territory. They constitute a category of actors that is particularly difficult to grasp and that only the Southern perspective adopted has made it possible to highlight.

When asked about women who would have liked to become members but were unable to do so, the members highlighted two categories of problems, social for Alpha and economic for Beta. Alpha members have experienced women who were denied membership "because they did not respect the principles of the cooperative":

[To become a member, the applicant woman must respect two main conditions: she must have a good reputation in the village and have completed two years of literacy classes.]

<div align="center">(interview with Alpha members)</div>

Since these women are housewives, it is likely that the problem is illiteracy. In Beta, the members link the rejections to the limited capacity of the crushing workshops. But they add that women find the membership fee high and are unable to pay it:

[We know of women who have not been able to join the cooperative because they do not have the amount of the membership fee, which has become increasingly expensive, and the capacity of the crushing workshops is almost saturated.]

<div align="center">(collective interview with Beta members in the crushing workshop)</div>

The information that can be gathered on the women excluded from governance shows that they are poor and illiterate, more economically marginalized than the women of the cooperative, although socially anchored in their territory.

With regard to the management of supplies of raw materials and semi-finished products for producers (the cooperatives), commercial relations with members are regulated by certification and they remain stakeholders. On the other hand, a category of marginalized women whose work is informal and whose commercial relations with the cooperatives are not regulated by certification is emerging. The latter does not treat certified and non-certified business partners in the same way, so the second hypothesis is not verified.

The boundaries of procedure and fairness do not match. At the boundary of the organization, an inequity appears, which poses an ethical problem for fair trade because the women who are excluded from governance by not being able to become members are excluded precisely because they are more marginalized than the members.

12.3. Discussion of the results: what future and for whom?

The inequity highlighted today is beginning to be taken into account by the certification process, one year after the first audit, but its origin is older since the cooperatives integrated fair trade before 2010. It would be inappropriate to judge today the relationship between procedures and fairness as if this past did not exist because consumer demands have evolved. What appears problematic today was not problematic yesterday without real organizational hypocrisy at work. On the other hand, it would also be inappropriate to dismiss all hypocrisy without questioning the future of women in the territory of the certified cooperatives, and that of fair trade as a project (normative or not). The discussion on the hypocrisy of fair trade thus leads to the proposal of two possible transformations of fair trade in the territory of the cooperatives, in relation to the awareness of the women of the cooperative of the action they can carry out, in an entrepreneurial logic, in favor of their neighbors.

12.3.1. Is fair trade "hypocritical"?

The question of the organizational hypocrisy of fair trade is not simple. As excluded women have no particular claims, their highlighting is not an issue unless the standard incorporates it. In this respect, the fact that the managers of each of the two cooperatives have dissociated two fair trade modalities according to the certifications requested by the French and Japanese clients is an indicator of the complexity of managing the different interpretations of fair trade.

The Ecocert certification mentioned sourcing but did not address it in terms of stakeholders. Fairtrade certification, which only dates back to 2016 and 2017 for both cooperatives, was requested by Japanese clients who explicitly ask that the raw material used for the production by women members be guaranteed by another certification. The October 12, 2018 audit of the two cooperatives and their grouping requested a rough estimate of the minimum income needed for the pickers and that the monitoring of social and environmental aspects related to the collection of

affyach that was carried out at the level of member women be extended to external pickers with a complementary procedure. It notes that

[the position of the GIE with respect to the rightful claimants (collectors/ pickers) outside the groups is not clarified [in the existing diagnosis]: what are the main supply patterns, the justification for the fact that at present these rightful claimants are not considered "beneficiaries", and the prospects for including these rightful claimants.]

and asks the question "whether the 'collectors' are also stakeholders to be included more directly in the project".

This audit evokes a management method based on the reduction of the gaps between the discourse and the creation of procedures as they are detected, in order to maintain a sufficient level of guarantee in relation to the evolution of the end client's requirements. It is the integration of environmental considerations into the commercial guarantee in response to the demands of Japanese clients that leads to the consideration of reduced "inclusion perspectives" for pickers, which are not the problems of producers (cooperatives) who must also manage their relationship with women who do the same work as the members. There would therefore be hypocrisy by omission: the omission of stakeholders outside the scope of certification, and the omission of the consideration in certification of the questions of a stakeholder (the cooperative), for whom the problem goes beyond the regulation of commercial relations with pickers. The normative constraint of certification transfers responsibility for inequality on its territory to the cooperative, either through the absence of adequate procedures or through non-compliance with procedures: how, for example, will the cooperative go about obtaining from the traders from whom it obtains its argan nuts appointments with the women who work for them informally in order to inform them of the main social and environmental risks linked to harvesting, as required by the audit?

There would then be two forms of inequality: one in the treatment of women in the territory, created by the activity of the certified cooperatives and which they must begin to transform following the audit, and the other in the participatory process of client-oriented certification, which in fact deprives the most upstream participants in the value chain of negotiating power.

12.3.2. *The management of inequity by fair trade: a race to spread the standard?*

In 2018, a study conducted by the United Nations Food and Agriculture Foundation (FAO) and the European Bank for Reconstruction and Development (EBRD) estimated the number of argan cooperatives at 300, comprising 4,000 members (Pereira and Santos, 2018), or an average of 13.5 members per cooperative. The two cooperatives studied, Alpha and Beta, are large cooperatives, and relatively old. They have invested and are beginning to diversify. In contrast to Beta, whose

equity is estimated at 2,000,000 dh (about €190,000), a cooperative can be created with an initial contribution of 1,000 dh (about €900).

From an equity perspective, the level of training is currently a general problem. Some women do not have the minimum level required to join, but cooperatives can provide transition periods during their training. Others participate in the management of the cooperative, but despite the respect of procedures and even if the decision-making processes are quite transparent, they are forced to delegate strategic choices and the evaluation of these choices to the management team due to a lack of sufficient knowledge in management. Finally, in order to diversify or move up the value chain, cooperatives that can do so need to recruit sufficiently trained people, even experts in certain fields.

The initial Alpha and Beta growth model is beginning to reach its limits, as cooperatives need to recruit new members to grow their business and cannot do so, in part because membership fees have become too expensive for new members. A short-term solution would be—if the cooperatives cannot recruit or can only recruit insufficiently—to encourage the creation of new cooperatives gathering new members among the poorest women and concentrating their activity on the upstream part of the value chain, from harvesting to the production of semi-finished products.

Such a dynamic would lead to a diffusion of the standard, both in the argan oil spot price by increasing the number of cooperatives and/or members and by impregnation by progressively integrating previously ignored stakeholders.

It is not certain, however, that this race to disseminate will make it possible to align equity with the standard and the procedures in the long term. Two contrasting scenarios can be envisaged. In the first ("normalization as usual"), cooperatives include women on an ad hoc basis, managing conflicts with traders. Standardization spreads, and the argan sector is totally dependent on the translation of foreign clients' demands through certification. The oldest cooperatives dominate the others in the territory if they have been able to diversify sufficiently; otherwise they fragment into smaller cooperatives. The most recent cooperatives depend on certification and on the other cooperatives they supply, their members are the least trained, their margins are the lowest, and investments are difficult. The cooperative sector, unable to transform argan oil in the territory, loses market share to a multinational that becomes the main exporter of argan oil.

In a second transformation, the cooperatives coordinate themselves ("management of the norm") by managing successive generations of daughter cooperatives on the scale of the argan tree territory that they accompany. The cooperatives are supported by university training and development programs in the region, the objective being to raise the general standard of living sufficiently by associating it with environmental management to reduce the disparities with the other participants in the global value chain to the point of leaving fair trade.

Because fair trade has had a dual nature since its inception, both market and movement, a distinction can be made between the notion of "durability" associated with the ability of a production system to last, and the notion of "sustainability", which introduces environmental and generational considerations (Lekakis, 2014).

The first transformation is more "durable" in the sense that certification allows a production system to last, the second more "sustainable". The origin of the differentiation of these two transformations is essentially the relationship of the norm to the territory. In the first, which remains limited to the normative project of fair trade, procedures are spread to guarantee that the criteria demanded by clients are applied without taking into account the interaction between the application of the standard and the territory, at the risk of the fair trade organization changing its nature and becoming a variant of ethical trade, polarized on the respect of standards and where ethics is reduced to a behavior:

> [If we talk about ethical trade, it is rather about the operating modes (codes of conduct, for example) specific to multinational companies operating in developing countries. In this way, they demonstrate their sense of ethical and social responsibility to their employees and partners.]

The second corresponds to the Fair Trade project, where organizations, and even institutions, reinterpret and appropriate the management of the standard within the territory, with the horizon of no longer depending on certification but eventually becoming part of a renewed vision of local fair trade (Blanchet and Carimentrand, 2012).

Thus, depending on the cooperatives' management choices and their ability to coordinate locally, the feedback effects of the injunctions to comply with the standard imposed by certification will react differently on fair trade, either because the cooperatives' strategies serve its durability as an institution at the cost of an ethical paradox or because the cooperatives appropriate in a coordinated manner the impetus launched by this injunction to transform it and provoke, in a resolutely Southern perspective, a dynamic of development in their territory. This problem cannot be perceived from a Northern perspective, where only the need to integrate new stakeholders emerges as the need for traceability, and transparency brings out the risk of loss of consumer confidence.

12.4.   Conclusion

Because fair trade is primarily a business partnership, certification is demand-driven, so it does not have to take into account the concerns of workers or producers other than those for whom it aims to provide better trading and working conditions. Yet it contains an ethical dimension that goes beyond compliance with regulations and engages it "in its obligations to the society in which [the organization] operates and on which its activities have an impact" (Ramondjy, 2009). By showing the heterogeneity of the category of "producers and workers" in the South on which fair trade communication is based, this research highlights a paradox of the certified sector: the integration of stakeholders ignored by the certification process, "producers and workers", who are even poorer than those who participate in it, is carried out at the expense and risk of those who are just downstream. It is carried out not in a logic of local development but in a logic of transferring—onto

the stakeholders least able to negotiate, upstream of the value chain—the risk of denouncing the hypocrisy that can be constituted by the divergence between principles and practices. In this respect, this research contributes to the current questioning of the potential capacity of fair trade to transform conventional economic models.

Ignoring participants in the value chain when they are not of direct concern to clients leaves the poorest unsupported, at the risk of a widening gap with those already integrated into the Fair Trade certification process. Such a risk must be taken into account because cooperatives are not always able to integrate all women who wish to do so, as is already the case in the two cooperatives studied.

Currently, standards and procedures guarantee the consumer, who lives in a remote area, a certain equity on the territory of the producers, but not beyond the cooperatives and their members. In the short term, as the guarantees demanded by the consumer evolve, it becomes apparent that the perimeters of the standard and equity do not completely overlap, which can lead to a loss of legitimacy and encourages the creation of new procedures to extend the perimeter of the standard to include the marginalized. In the longer term, the question arises as to the effects of such a tactic, which fails to take into account the integration of an organization in a territory. It can lead to a hypocrisy of fair trade if standards and procedures contribute to maintaining global inequality by confusing the project with the procedure. The question of the management of the standards by cooperatives then becomes strategic, as does their capacity to create equity beyond standards and procedures.

However, a critical approach based on the study of fair trade enterprises in the South cannot simply denounce their shortcomings: an in-depth analysis of the field shows a very active socio-economic fabric, where cooperatives are involved in both entrepreneurial logics and logics of solidarity and a sustainable development dynamic. Depending on their organization, local producers are likely to react in an unpredictable way in a perspective oriented by Northern institutions and consumers.

The Southern perspective highlights the underlying local dynamics: the multiplicity and integration of participants in a local dynamic go beyond pre-established categories and open up innovative avenues for the evolution of fair trade. It leads to an exploration of the evolution of the "sustainable" communities (Botta, 2016) that participate in it, opening up avenues of research on the evolution of their role in international trade (Roberts, 2010) as well as on their evolution in the territories they transform.

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Conclusion

Sophie Nivoix and Christian Marcon

Most of the contributors of this book have presented case studies of great richness, with theoretical contributions in many ways, and also the limits of their research because at the international level uniformity does not exist. However, some chapters offer benchmarks and advices that are quite transversal to international contexts.

- In the perspective of an interaction with an international partner, Romain Weigel recommends taking into consideration two forms of proximity: a rational proximity that of the processes implemented within the framework of a partnership, and a relational proximity between players.
- Issam Mejri and Philippe Very see in the weakness of the formal institutions of the emerging countries the ferment of an incentive for companies to seek international opportunities, an incentive paradoxically hampered by the will of the authorities of these countries to strengthen local development and consequently, not to accompany the processes of internationalization.
- Lahcen Benbihi and Anne Marchais-Roubelat note that the certification processes for fair trade sectors are not carried out "in a logic of local development but in a logic of transfer—to the stakeholders least able to negotiate, upstream of the value chain—the risk of denouncing the hypocrisy that may constitute the divergence between principles and practices".

Other authors have endeavored to dig into localized, precise, cultural aspects that feed the corpus of case studies as much as they can provide valuable benchmarks to the actors in the field.

- Vincent Montenero and Philippe Very maintain, on the basis of the study of seven cases of Russian-Western industrial partnerships, that the identification of favorable and unfavorable factors for the conduct of international partnerships takes place via a process of acculturation that works by attractions and tensions.
- For those companies who want to establish an international agreement with an Algerian partner, Nawal Daffeur and Christian Marcon recommend understanding what characterizes maarifa: a valuable means of reducing informational asymmetry, once the actor has provided the proof of their skills and professional

qualities, thus deserving the commitment of the actors of the local professional networks.

- Alaa Gamie and Fabrice Roubelat draw the attention of analysts of managerial practices to the specificity of Egyptian family businesses, which seem less focused on a logic of anticipating the future from operational management considerations than from a simple perspective of generational family transition.

Finally, three authors focus on what appear to them to be explanatory variables of efficiency in approaches to mobilizing intangible resources.

- Mobilization in commitment: in the context of a study devoted to crowdfunding, Yousra Abdelwahed, Hanane Elzeiny, and Johannes Schaaper confirm that knowledge translates into action and that intentions to participate are good predictors of future behavior.
- Mobilization of adherence to the manager's professional identity: Josiane Martin-O'Brien demonstrates how mastering the international language of management (ILM) contributes to a discursive construction of professional identity. It presents four typical identity constructions around fundamentals such as modernity, expertise, the gatekeeper, and the global vision of the world.
- Mobilization of creativity and initiative: Finally Hana Abdo observes, in the context of non-profit organizations, the multiple benefits in terms of creativity and initiative of a weak hierarchy among volunteers, thereby questioning even the management organization in general.

This non-exhaustive perspective of these works opens many areas for future research in international business.

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