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## ► To cite this version:

Fadia Bahri Korbi, Karim Ben Slimane, Dora Triki. Managing Crisis within International Joint Ventures: Insights from the case of Délice-Danone during the Arab Spring in Tunisia. EURAM Conference, Jun 2019, Lisbonne, Portugal. hal-03166488

HAL Id: hal-03166488

<https://cnam.hal.science/hal-03166488>

Submitted on 19 Apr 2021

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**Managing Crisis within International Joint Ventures:  
Insights from the case of Délice-Danone during the Arab  
Spring in Tunisia**

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Accepted for presentation at EURAM conference Lisbon 2019

**Abstract:**

Much of the extant literature attends to the question of how governance mechanisms are set and implemented in order to ensure international joint-ventures (IJV) performance. However, there is much to be told on particular organizational phenomena and situations that IJV can go through such as: Crisis. Crisis are unanticipated and unpredictable situations that paralyze organizations in a given period of time and threaten their survival. Successful crisis management requires the bricolage and the implementation of emerging new organizational practices and managerial processes.

This paper aims at addressing the question of how IJV partners navigate through crisis and how new governance mechanisms emerge and are implemented in order to protect the assets of both partners and to ensure the continuity of the IJV. Our findings are built on the insight derived from a single case study of an IJV located in Tunisia that went through the Arab Spring crisis. Our empirical analysis show that: (1) creating ad hoc structures, (2) strengthening partners' commitment and (3) the emergence of transitional leadership helped going through the crisis of Arab Spring and moreover, ensured the continuity of the IJV Délice-Danone in Tunisia.

**Key Words:** Arab Spring; International joint venture; Crisis management; Transitional Leadership

## **Introduction**

International Joint Ventures (IJVs) are organizational entities created and managed by local and foreign firms that collectively contribute resources in order to achieve strategic objectives (Shenkar and Zeira, 1987; Meschi and Riccio, 2008; Triki and Mayrhofer, 2016). When conquering emerging and developing economies, firms often engage in IJVs with local partner (Meschi and Riccio, 2013). Several studies have indicated that IJVs in emerging and developing markets are particularly unstable organizations with poor performance and a high rate of early terminations (Meschi and Riccio, 2008; Fang and Zhou, 2010). Some of these studies linked this high instability rate and failure to governance problems (Duplat et al., 2018; Ali & Larimo, 2016; Hoetker & Mellewigt, 2009). Indeed, the implementation of relational and contractual governance mechanisms « *are used in strategic alliances to coordinate resources and mitigate the risk of opportunistic behavior* » (Hoetker & Mellewigt, 2009 : 1025). Therefore, they are considered as a major issue for partners and key in enhancing IJV performance and continuity (Duplat et al., 2018 ; Lin & Wang, 2008). Much of the extant literature attends to the question of governing IJV especially between North and South countries (see: Meschi and Riccio, 2013).

However, despite a proliferation of empirical studies, investigations of the emergence and implementation of governance mechanisms in IJVs during crisis are lacking in the literature. It is worth noticing that external crisis situations are under-explored area in international business and more specifically in IJV research. During the last decade, tremendous political and institutional changes unfolded in many Arab countries with deep consequences on business environment and especially on the interaction between local and foreign firms. What had been named the Arab Spring using a poetic metaphor to refer to the opened perspectives of democracy and freedom, had reconfigured in a deep manner the business environment in

countries such as Tunisia and Egypt. However, how IJV's navigated through what countries such as Tunisia and Egypt endured during the chaotic period when social disorder and violence reached their climax remained an understudied phenomenon (Doh, 2015). Our knowledge of how JVI's reinvent and implement new governance mechanisms during crisis and chaotic situations such as the Arab Spring is still limited.

The goal of this paper is to investigate how governance mechanisms emerge when coping with a crisis situation in the context of IJVs. Our empirical setting is an IJV implemented in a developing country, Tunisia named Délice-Danone (Tunisian/French). This country is a very interesting setting for empirical study because prior to the Arab Spring that took place in 2011, Tunisia enjoyed relative stability and attracted foreign investments and IJVs. Since that, the economic performance of the country has considerably deteriorated due to striking political uncertainties and regional instabilities. While several multinational companies left Tunisia after the Arab awakening, a joint venture, among others, managed to remain thanks to emerging governance mechanisms crafted and implemented by the two partners. The results of our empirical analysis show that the creation of ad hoc structures, strengthening partners' commitment and the emergence of transitional leadership helped going through the crisis of Arab Spring and moreover, ensured the continuity of the IJV Délice-Danone.

The remainder of this paper is organized as follows. At the outset, we sketch out the theoretical background of the research and introduce our research question. Then, we describe the empirical study based on a single case study of an international joint venture located in Tunisia and formed with a French multinational entreprise in the dairy products and present the findings of our study. In the final step, we highlight our contributions to international business and to crisis management literature.

## **Theoretical background:**

### **1. IJV management**

While decisions concerning partner selection and mode of governance positively affect the success of a JV, the way management mechanisms are implemented is vital to its continuity (Kale and Singh, 2009). Indeed, the management of IJVs brings into alignment structures that are characterized by specific resources and competences together with organizational modes and management systems that are often quite different. Based on a set of specific means and methods, IJV management handles the relationships between partners, harmonizes their managerial practices and improves the management and transfer of large volumes of information and knowledge. Drawing on the principles of transaction cost theory, Courtney, Kirkland and Vigerie (2000) show that the effective management of an IJV considerably reduces coordination and integration costs as well as the costs of residual uncertainty.<sup>1</sup> Dyer et al. (2001) and Ireland et al. (2002) add that the ability to manage an alliance is an important source of competitive advantage. Therefore, IJV management is a major factor in its success.

Gulati and Singh (1998) state that the management of strategic alliances depends on a judicious combination of formal and informal control mechanisms. According to Das and Teng (1998), formal mechanisms encompass a set of standards, codified rules and procedures through which the partners can achieve shared objectives and reduce opportunistic behaviours. A review of the literature reveals a broad range of formal management mechanisms including the following: contracts (Gulati et al., 2012; Chen, Chen, and Zhou 2014; Wang et al., 2017); monitoring (Zhou and Xu, 2012); standard procedures, formalized rules and routines, rigorous reporting, approval processes, rewards or penalties based on

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<sup>1</sup>"The uncertainty remaining after appropriate analyses have been completed when forming and using an alliance" (Cf. Ireland et al., 2002, p. 435).

partners' performance (Schreiner, Kale and Corsten, 2009; Chen, Paik and Park, 2010), and so on.

However, formal mechanisms exhibit several limitations and may even signal mistrust and encourage opportunistic behaviours from one or the other of the two partners in the IJV (Dyer and Chu, 2003). This is why IJV experts have suggested that informal mechanisms such as trust (Dyer and Singh, 1998; Gaur et al., 2011; Jiang et al., 2015) are necessary for the successful operation of these interorganizational relations. In the same perspective, communication (Zaheer and Venkatraman, 1995; Mohr and Spekman, 1994; Chen, Park and Newburry, 2009), relational governance (Ben Slimane and Lamine 2017), the sharing of social norms and a common vision among partners (Zhou and Xu 2012; Wang et al., 2017) help to develop an ambience of cooperation rather than conflict and minimize the risk of opportunism on the part of the foreign partner. Other researchers (e.g. Nohria and Ghoshal, 1994; Chalos and O'Conner, 2005) point out that employing expatriates in the IJV helps convey the organizational values of the foreign partner, encourages the acquisition of new knowledge and competences by the local partner and thus contributes to building a shared organizational culture.

IJV management mechanisms do not only depend on the dyadic relationship between the two partners (Wang et al., 2017). Like all management practices and processes, these mechanisms depend heavily on the environment. For an IJV to be durable and achieve the profit levels expected by the two partners, it must adapt to the pressures and forces of the environment. External shocks are often described as a source of organizational instability and a trigger for change (Greenwood et al. 2002). Indeed, external shocks will increase uncertainty about the environment and may jeopardize access to resources and business continuity. Many studies

suggest that IJV management must adapt to unstable and turbulent environments (Luo, 2007a&b; Meschi and Riccio, 2008; Xia, 2011, etc.).

## **2. IJV management in crisis situation**

The characteristics of the external environment have a real impact on the stability of IJVs (Blodgett, 1992; Yan and Gray, 1994; Yan, 1998; Beamish and Jung, 2005; Meschi and Riccio, 2008; Xia, 2011). In the specific context of emerging economies, the political instability of less developed countries constitutes the main cause of failure in partnership relations (Lowen and Pope, 2008). Indeed, these relationships face numerous challenges owing to the turbulence of political, institutional and economic conditions that increase the risks and transaction costs of the collaboration (Ben Slimane and Lamine 2017; Meschi and Wassmer, 2013). Luo (2007b) adds that the volatility of the environment, structural instability, the unverifiability of information and unenforceability of laws that characterizes these economies is likely to increase the opportunism of strategic partners. In the same perspective, Yan and Zeng (1999) confirm that the instability of the political environment amplifies unpredictability and prevents the foreign partner from checking up on their local partner and foreseeing their future actions. The partners therefore need to rethink the mechanisms adopted for managing their alliance.

Crisis is characterized by low probability (Jallat and Shultz, 2011). A crisis is an event whose causes and resolution are complex and whose consequences are significant, threatening the survival of organizations and requiring quick decisions and urgent responses (Pearson and Clair, 1998; Andersen, 2008). A crisis may be considered as a process of destabilization and undermining of an organization's operational modes (Roux-Dufour, 2000). Darling (1994),

defines a crisis as "a decisive moment, crucial time, or a situation that has reached a critical phase." This includes natural catastrophes like earthquakes, fires, floods and hurricanes (Elliott and Smith, 2004; Pauchant and Mitroff, 1992) as well as new sources of crisis such as organizational scandals and acts of terrorism (Jallat and Shultz, 2011).

Organizations generally arm themselves with management tools to handle any crisis that may strike their IJV. For example, a review of the literature reveals several measures that may be taken by companies to deal with crises, such as response planning by predicting events, developing emergency plans, envisaging crisis scenarios (Mitroff et al., 1988), or implementing standard operating procedures to handle uncertainty (Moynihan, 2008).

However, in crisis situations that are sudden and extreme (Thiébart and Forgues, 1997), the very high uncertainty and ambiguity that accompany them render existing routines and management processes inoperable and obsolete (Weick, 1995). This is clearly shown by Weick's research (1993, 1995). The difficulty of making sense of the external environment and the inadaptability of existing routines in a crisis situation makes crisis management a major challenge for companies. Crises therefore lead to a loss and collapse of meaning that makes cooperation impossible and prevents members of the organization from constructing a collaborative response. Weick (1993), for example, studied a team of firefighters who found themselves in the middle of a giant wildfire they had not foreseen. The crisis led to the collapse of the organizational structure and most of the firefighters dropped their tools and fled in different directions. In addition to the collapse of the organization, most of the team members perished in the crisis. The crisis thus had a considerable impact on the organization.

However, Weick (1995), who considers an organization to be like a collective mind, recognizes that organizations and individuals have the ability to improvise and put in place ad hoc structures and practices to handle a crisis and ensure organizational continuity. In spite of its importance, the adaptation of IJV management mechanisms in a crisis situation have important considerations in terms of continuity and the long-term survival of the partnership. A crisis situation poses more problems to the management of an IJV than an independent organization, owing to the constraints of coordination and governance between two partners. In addition to the risk of operational disruption for the IJV, the partners have to contend with the difficulty of managing and maintaining their relations in the future. The crisis may also engender problems of interpretation on both sides and expectations that each partner imposes on the other. Further, as explained above, IJV management involves an informal aspect based on trust and human relations. These mechanisms are the first to run into difficulties. The outbreak of a crisis in an IJV pushes the two partners to invent new ad hoc management mechanisms in order to maintain their contractual relationship and get through the crisis.

Set against this theoretical background, we formulate the following research question: how do companies handle crisis situations in an IJV?

## **Case study, data and methods**

### **1. Presentation of the case study**

Our empirical work is based on a study of the Délice–Danone joint venture during a major crisis in Tunisia known as the "Arab Spring" in which the country underwent a sudden regime change. The Tunisian revolution, which broke out in December 2010, began with a short period (about one month) of extreme violence and clashes. After the dictator Ben Ali was ousted on 14 January 2011, Tunisia experienced a long period of political and social

instability characterized by institutional breakdown and often violent social protests accompanied by factory blockades and strikes.<sup>2</sup>

### **1.1 The IJV: Délice-Danone**

Founded in 1979, specializing in yogurt and dairy products, the Tunisian company Stial gradually became a leader in the Tunisian dairy industry, achieving a 30% market share in 1993. During the same period, the Danone group decided to strengthen its position in the Middle East North Africa region as part of its international expansion strategy. In this context, Danone and Stial developed a strategic alliance in the form of a joint venture through the creation of a subsidiary called Délice-Danone, whose ownership is shared equally by the two partners (50/50). The purpose of this joint venture was the development, production and sale of yogurt on the Tunisian market. The two partners were therefore jointly involved in the alliance's value chain and mobilized a combination of complementary resources, bringing together Danone's know-how and new technical and technological competences, the Délice brand's reputation and infrastructure, and Stial's well-developed local relational network. The management of this JV was supported by formal and informal mechanisms, in particular the monthly executive management meetings, ongoing control through regular audits conducted by the French partner, standard reporting and visits, direct and indirect communication via video conferencing, as well as expatriates working in the offices of the Tunisian company.

### **1.2 The crisis: the Arab Spring**

The dictator Ben Ali came to power in Tunisia on 11 November 1987. Subsequently, he established an autocratic regime with little respect for human rights and freedom of speech (Yousfi, 2015). Living under heavy oppression for more than 20 years, with no spokesperson and no leader, the people rose up after the suicide of Mohamed Bouazizi, a street hawker who

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<sup>2</sup>Hamadi Khammar, "La révolution tunisienne dans la presse internationale", 25 January 2011, *Le Temps*.  
Jean Tulare, "L'an 1789 de la révolution tunisienne", 20 January 2011, *Le Temps*.

Nadya B'CHIR, "Le mooned parle 'Tunisian'", 19 January 2011, *Le Temps*.

Adnane Ben Yachted, "Retour à Sidi Bouzid, où le suicide de Mohamed Bouazizi a déclenché les troubles" 12 January 2011, *Le Monde*.

had been humiliated and prevented from working by a policeman. After a month of protests and violent repression that resulted in hundreds of casualties, the former president left the country on 14 January 2011.

Ben Ali had established a regime that was both autocratic and repressive. By opening the way toward a democratic transition, the revolution destabilized the state and its institutions, which had formerly been shaped for and dedicated to the service of the dictator and his clan, not the general interest. The early period of the revolution was therefore marked by a weakening of the state and its institutions, which were no longer able to maintain order and protect the physical integrity of citizens and their private property. Social unrest quickly transformed into a public campaign punctuated with violence and scenes of chaos (Ben Hammouda, 2012), triggering an unprecedented crisis in the country.

The crisis had a major impact on both local and foreign companies operating on Tunisian soil. The problems encountered were numerous, ranging from the destruction of work equipment, breakdowns, work stoppages and blockades, a significant drop in the volume of transactions and also unfair competition owing to a surge in contraband. These consequences precipitated the closing of businesses and the disinvestment of many foreign companies (FDI decreased by 25.7% in 2011 over 2010, according to World Bank reports).<sup>3</sup>

Other companies and alliances demonstrated their resilience; they were able to ensure the continuity of their operations during the crisis and survived. The Délice-Danone joint venture belongs to this second category they were able to react effectively and handle the crisis

## 2 Data collection

In order to answer our research question about the management of JVs in crisis situation, we collected different types of data on the Délice-Danone joint venture and also on the Tunisian

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<sup>3</sup><http://www.worldbank.org/content/dam/Worldbank/document/Debt/TRajhi%20Debt%20Sustainability%20&%20Political%20Transition%20in%20NA.pdf>  
<http://www.worldbank.org/en/news/press-release/2014/01/14/global-economy-turning-point-world-bank>  
<http://documents.worldbank.org/curated/en/623021468279879364/The-trade-performance-of-the-Middle-East-and-North-Africa>

context during the period of turbulence. The period of analysis extends from the beginning of the popular uprising in December 2010 to the first free and democratic election held on 23 October 2011 to form a constituent assembly. This date therefore marks the end of the period of crisis because it symbolizes the peaceful transfer of power from a transitional government to a freely-elected government and also marks the restoration of the country's institutions with a legitimate parliament and government (Harzoune, 2011). "On the 23rd of October 2011 Tunisians voted. Freely! For the first time since Ben Ali, since Bourguiba, and since a certain 'protectorate', purveyor of civilization and modernity".<sup>4</sup>

Concerning the Délice-Danone JV, the data mainly come from 16 semi-structured interviews conducted face-to-face with both the Tunisian and French partners between April and October 2012 (see Table 1). All the interviews were recorded (18 hours in total) and then fully transcribed. In addition to this data on the JV, we collected business activity reports and publications produced by the two partners during the period under study.

In order to understand the context of the Tunisian revolution and its key events, we collected articles from newspapers and business publications (*Le Monde* and *Le Temps*) found in the Factiva and Europress databases for the period December 2010 – December 2011. We also collected reports produced by independent international institutions like IPEMED (Institut de Prospective Economique du Monde Méditerranéen), the World Bank, etc.

### **3 Data Analysis**

Our research is based on a single exploratory case study, a method that is well suited to new theory building (Langley 1999, Yin, 2003).

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<sup>4</sup>Harzoune, M. (2011), "Ghannouchi, Jenni, l'orque et les autres...", *Hommes & migrations*, 1294, p.124-130.

**Table 1. Data sources and description**

<b>Data source</b>	<b>Description</b>
Face-to-face interviews	<ul style="list-style-type: none"> <li>• 12 interviews with employees of the local Tunisian partner conducted between April 2012 and October 2012:           <ul style="list-style-type: none"> <li>- Tunisian general manager (twice)</li> <li>- 2 Brand Manager s</li> <li>- CIO</li> <li>- Deputy CEO</li> <li>- Sales administrator</li> <li>- 2 Sales representatives</li> <li>- CFO</li> <li>- HR director</li> <li>- Logistics manager</li> <li>- Media manager</li> </ul> </li> </ul> <p>13 hours approx.</p>
Newspaper articles	<ul style="list-style-type: none"> <li>• 4 interviews with employees of the French partner conducted between July 2012 and August 2012:           <ul style="list-style-type: none"> <li>- French CIO</li> <li>- French R&amp;D Manager</li> <li>- French Deputy Manager</li> <li>- French strategic marketing manager</li> </ul> </li> </ul> <p>5 hours approx.</p> <p>Articles taken from:</p> <ul style="list-style-type: none"> <li>- <i>Le Monde</i> (14 articles published between December 2010 and December 2011)</li> <li>- <i>Le Temps</i> (25 articles published between December 2010 and December 2011)</li> </ul> <p>60 pages approx.</p>
Reports drafted by independent international institutions and organizations	<p>FIPA (Foreign Investment Promotion Agency)            IPEMED (Institut de Prospective Economique du Monde Méditerranéen)            World Bank            UNCTAD (United Nations Conference on Trade and Development)</p>
Corporate websites of the two partners	<p><a href="http://www.deliceholding.tn/fr">www.deliceholding.tn/fr</a>  <a href="http://www.danone.com">www.danone.com</a></p>

Having lived through the crisis of the Tunisian revolution—marked by its sudden, unexpected nature and also by its magnitude given that it caused the collapse of the country's institutions—the Délice-Danone joint venture constitutes an extreme case, as per Pettigrew (1980). Our analysis of the Tunisian company's financial reports shows that the JV maintained a significant level of growth and enjoyed increasing success, manifested in double-digit increases in sales and gross profit during the period studied.<sup>5</sup> This situation therefore exhibits the two conditions —rarity and seriousness —that we sought in our project to produce new knowledge on JV management during institutional crises.

We started our analysis by exploring newspaper articles in order to understand the effects of the Tunisian revolution. This first stage, which also included the analysis of reports from international institutions, produced a table of the most notable events of the Tunisian revolution (Table 2). These events allowed us to understand the threats that hung over the JV and grasp the consequences that they might have on the relationship between the two partners. For example, the first weeks of the revolution were marked by scenes of looting and vandalism that threatened the physical integrity of the JV's employees and assets.

During this stage we also analysed data relating to the Délice-Danone JV, especially the interviews. The analysis then followed the steps of the Gioia method (Gioia, Coreley and Hamilton, 2013) for producing knowledge using an inductive and interpretative approach. We began an open coding process (Miles and Huberman, 1991), staying as close as possible to the discourse of the interviewees and without any theoretical *a priori*, seeking to capture their perceptions of the events linked to the period of crisis, the various actions taken and the measures implemented to manage the JV.

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<sup>5</sup>Délice Holding's financial report (in French)  
[http://www.tustex.com/sites/default/files//mac\\_dh\\_112015.pdf](http://www.tustex.com/sites/default/files//mac_dh_112015.pdf)

In the second stage, we conducted an axial coding process (Strauss and Corbin, 1967), starting with iterations and comparisons with theory on IJV management and on crisis. During this stage, we were able to integrate and compare the emerging codes with theoretical frameworks (Locke, 2001). During this coding work, the co-authors team discussed and exchanged ideas to align their views and comprehension. While the trust established between the first author and the interviewees was essential for gathering information, the fact that the two other authors never met the interviewees provided an external viewpoint that reduced the bias of excessive familiarity and proximity with the terrain. This is in keeping with the approach adopted by Gioia et al., (2012): "For that reason, we always have one member of the collaborative team adopt an outsider perspective—a devil's advocate, really, whose role it is to critique interpretations that might look a little too gullible."

The third and last stage of the Gioia method consists in grouping the second-order themes into aggregate dimensions in a "stepping up" of abstractness. Each of the aggregate concepts corresponds to theoretical constructs coming from our study.

**Table 2. Table of events:**

17 December 2010	Mohamed Bouazizi, a street hawker, sets himself on fire following an altercation with police in the city of Sidi Bouzid.
18 and 19 December 2010	Popular uprising and riots in Sidi Bouzid, the clash with police results in several deaths and injuries.
20 December 2010	The uprising and riots spread to the neighbouring regions of Kasserine and throughout the territory. Police stations are set on fire. The police shoot real bullets, killing dozens of people and injuring hundreds.
24 December 2010	In Menzel Bouzayane, 60 km from Sidi Bouzid, the police shoot at demonstrators, resulting in two deaths.
13 January 2011	The UGTT union (majority) declares a general strike and calls for demonstrations against the government. General protests throughout the country and a historic demonstration takes place in front of the Ministry of the Interior.
14 January 2011	President Ben Ali leaves the country with his family and goes to Saudi Arabia.
15 January 2011	The president of parliament M. Foued Mebazza is named interim President of the Republic. He appoints Beji Caid Essebsi as Prime Minister. He is tasked with holding a presidential election within 60

	days.
14 January 2011-February 2011	Riots and looting throughout the country. Many institutions and private property are vandalized and burned. There are hundreds of dead and injured. The curfew is made stricter.
20 January 2011	Members of President Ben Ali's family and former high-ranking political officials are placed under arrest. Police raids are carried out among business people.
23 October 2011	The first free elections are held to form a Constituent Assembly. More than 150 political parties participate.
13 December 2011	Transfer of power from interim President Foued Mebazza to Moncef Marzouki, the new President of the Republic.

## FINDINGS

Our analysis of the data reveals three types of mechanism implemented by the Délice-Danone two members to handle the conflict situation caused by the outbreak of the revolution in Tunisia: the creation of ad hoc structures, the emergence of transitional leadership, and a strengthening of the partners commitment (Table 3).

### 1. Creation of ad hoc structures

Crisis situations are characterized by uncertainty and ambiguity that upsets the structure of the organization (Weick, 1993). The organization is not designed to respond to improbable and dire events. One of the biggest challenges during a crisis therefore concerns the organizational structure. Our results show how the organizational structure of the Délice-Danone JV was adapted during the period of crisis. The crisis response mechanisms we identified include the creation of new control mechanisms, the creation of new roles and the re-allocation of resources depending on emerging priorities.

#### 1.1. Intensification and strengthening of control mechanisms

The crisis perturbed the JV's normal control mechanisms and those that were part of its organizational routines, and forced the actors to create new ones. Traditionally, control was done through formal and informal mechanisms that had been set up by the two partners: (1) the joint venture agreement itself, which contains clauses about setting the objectives of the

joint operation, how management teams are to be set up and operate, the circumstances and procedure by which one of the partners may exit the alliance, and the contributions of each party to the agreement; (2) periodic audits carried out by the foreign partner on the premises of the Tunisian company; (3) standardized monthly reports and management team meetings; (4) monthly meetings of the management team to monitor the implementation of strategic plans and also to raise all the problems encountered and discuss possible solutions. This team is composed of both Tunisian and French members. On the Tunisian side, the people involved in the alliance are the CEO, the CFO, the general manager, the head of management control and the CIO. On the Danone side, they include the deputy CEO, the marketing director and the managers for the Africa and Middle East zones. Managerial, organizational and strategic decision-making processes involve both parties equally.

During the crisis, the influence of these control mechanisms proved inadequate given their infrequency (monthly) and also the fact that the management committees were limited to a few top managers and directors.

Acts of urban violence and looting were endangering the JV's factories, assets, and employees, both expatriates and their families and local personnel. Anti-government demonstrations and social protests took place every day, involving acts of arson, looting of businesses and clashes with police resulting in casualties on both sides. During the first two months of the popular uprising (December 2010 and January 2011), the social climate in Tunisia was insurrectional and had virtually paralysed the country and its economy.

For the Tunisian company, it was vital to keep the foreign partner informed about how the situation in the country was evolving. On the French side, the uncertainty was exacerbated by the distance and a feeling of a total loss of control over the situation. The Tunisian company was forced to create new organizational systems to cope with the challenges of the new situation. First, they had to increase the number of meetings, both face-to-face and

teleconferences, in order to maintain constant contact between the two partners. In addition to the management team, whose meetings had become more frequent, coordination was also expanded to include several directors from the two partners to ensure continuous reporting on the situation and to accelerate decision making.

As an illustration, the following interview extract shows the new control mechanisms that had been put in place because of the revolution: "We had to report any and all problems encountered to the partner (fire, crisis, contamination, strike, etc.) We had to provide constant feedback to the partner to work out together how we would handle and resolve all of these difficulties" (deputy CEO).

Furthermore, to adapt to the new circumstances, new means of long-distance communication were set up. Video conferences with the foreign partner so they could follow the most critical events proved very useful during the most difficult moments of the crisis to enable quicker responses and to save French managers from having to travel to Tunisia. By increasing the frequency of the meetings, the two partners were able to create the conditions necessary to make quick decisions in response to the situation, such as repatriating the families of expatriates, temporarily evacuating a facility, reorganizing work schedules or decisions concerning suppliers, creditors, and distributors who were also impacted by the crisis.

In addition to the meetings with the foreign partner, the Tunisian company increased the number of internal meetings to decide on measures needed to strengthen security and manage the crisis. These meetings were essential as they determined what action to take in a given crisis situation such as the announcement of a state of emergency, the curfew that was put into effect throughout the country, evacuation from a danger zone, or setting up salvage operations.

## **1.2. Autonomization of managers' roles**

The events of the revolution forced Tunisian companies to face new challenges and new priorities essentially oriented toward the security of assets and people, but also toward operations management that had become difficult to carry out and very dependent on the vagaries of the crisis. The JV responded to this new situation by reconfiguring roles in its structure to respond to the new priorities and emergencies of the unstable environment.

For example, the head of the legal department in the Tunisian firm, who was very experienced in local affairs and not at all involved in the management of the partnership, played a new role in the JV during the crisis. His role was to make a legal diagnostic analysis of the company's crisis management, to evaluate legal and administrative risks and to inform the French partner of the various administrative and legal procedures. For example, questions were raised about contractual relationships (penalties, compensation for delays, termination of contracts) with many suppliers and customers who were also undergoing difficulties because of the revolution. For example, the operations of some suppliers were halted during the first months of the revolution. And some customers, having suffered major losses, were practically on the verge of bankruptcy. All these problems directly impacted the operations management of the JV and required a reconfiguration of the legal department's role.

In the beginning, the management style and culture of the Tunisian partner tended to resemble a command-and-control management style based on centralized decision making. In view of the uncertainty of the environment during the revolution and the problems that continually arose, the Tunisian partner decided to allow more autonomy in the operational management of the value chain. The Tunisian partner granted a certain amount of autonomy to its employees, encouraging them to get more involved in operational decision making in order to become more agile. As the Tunisian director of strategic marketing pointed out: "Each day was

different and we didn't know what to expect: suppliers on strike, roads blocked, employee disputes, etc. In the face of these new and unexpected situations, we had to give more leeway to our managers. We needed more executives who were able to react quickly in the event of problems, to find a new supplier at a moment's notice, to negotiate with protesters and the authorities, etc.". Accepted and encouraged by the French partner, this approach improved the JV's response capabilities and helped to ensure continuity of operations.

### **1.3. Re-allocation of resources**

Faced with the crisis situation, the Tunisian company set up a resource re-allocation plan for its human, technical and IT resources.

During the interviews, it emerged that the JV's first defenders against looting attempts and urban violence aimed at its assets were its employees. Several workers, for example, were assigned to the surveillance and security of various company facilities, both day and night.

The following quote provides an illustration: "The first defenders of our company were the workers and managers. They were the ones who protected and watched over our offices and factories to guard against theft and arson" (Tunisian director of production, Délice).

In addition, the Tunisian company proceeded to secure its information system to protect its customer data bases, its accounting records and its archives. A cross-functional team (all departments) made up of several employees was dedicated to safeguarding the data of all the company's departments (production, marketing, finance, HR, etc.) to prevent any loss or hijacking of information in the event of an attack on its facilities (break-in, destruction, theft, etc.).

During the most perilous times of the crisis, the company's warehouses and facilities were used to shelter and protect its vehicles. Resources were also re-allocated between the company's numerous facilities in Tunisia. Indeed, some places were more exposed than others

because of their location. Management therefore made decisions to move assets and production equipment and sometimes staff from certain facilities.

## **2. Transitional leadership**

Crises are times when organizational meaning breaks down. The role of the leader in restoring lost meaning is crucial in crisis management (Weick, 1995). Our results show how the leadership exercised by the CEO of the Tunisian firm (Mr Meddeb) was decisive in managing the crisis. We use the term "transitional leadership" to refer to the new style of leadership that Mr Meddeb employed throughout the crisis.

### **2.1. Reassuring local employees**

During the worst part of the crisis, the Tunisian employees were worried about their working conditions, the dangers they faced and the risk of losing their job. Anxiety and even fear took hold of the majority of the employees, mistrustful of the now very fragile Tunisian political system. Faced with this situation, the normally distant Mr Meddeb focused his efforts on calming these worries and fears. In very frequent speeches, he constantly evoked his total confidence in the strength of the JV and its resilience, and reminded them of the crucial role that each employee had to play. Mr Meddeb became more involved in the company's internal affairs, working at the heart of negotiations and the resolution of conflicts.

The following quote provides an illustration: "*Even when some employees wanted to rebel, the boss was there, on site, to talk to them, to understand their needs and to respond to those needs*" (Tunisian brand manager, Délice).

This hands-on approach is a clear departure from Mr Meddeb's normal leadership style—usually distant and top-down. Conscious that the company's employees are a source of its competitiveness, the CEO sought to satisfy their needs by introducing exceptional bonuses for

all of them. In addition, a pay increase, especially for workers, was introduced to offset the drop in their purchasing power due to the excessive inflation that followed the revolution.

## **2.2. Reassuring the foreign partner**

With the aim of reassuring the foreign partner, the Tunisian company sent a letter as soon as the revolution broke out to reassure them about the security of their interests and to justify their continued business activity in spite of this crisis situation, as the following quote shows:

"As soon as the revolution broke out, we sent a letter to reassure our partner about the continuity of our business and the strengthening of our commitment to the alliance." Such an action constitutes evidence of the company's ability to react effectively to the crisis and to handle the unpredictable.

Mr Meddeb offered a personal guarantee to the French partner that his teams would be in control of the situation. For the duration of the crisis, he multiplied the regular direct communications with his French counterpart. Information sharing and the frequency of interactions between the heads of the two companies created a climate of trust that reassured the French partner despite the distance.

## **3. Strengthening the commitment**

Because of its magnitude, the crisis caused by the revolution raised concerns in the short term, which Mr Meddeb's transitional leadership was able to allay, but also worries over the long term regarding the prospects for recovery in Tunisia. Remember that Délice had been chosen by the French company Danone as part of its strategy for entering the larger African market, to which Tunisia would be the gateway. To reassure Danone about these concerns, the Tunisia partner went to great lengths to demonstrate its confidence in the future and its commitment

to the partnership. These efforts were manifested in a daily commitment to ensure the operational continuity of the JV and also in the launch of investment projects.

### **3.1. Ensuring operational continuity**

In spite of the negative externalities of the crisis, the Tunisian company was able to effectively manage the situation on a daily basis. Indeed, the revolution did not actually impair the company's day-to-day activities. All the production lines were still running, across all the facilities. The company maintained virtually the same level of activity as under normal operating conditions. The employees never stopped working in spite of the insecurity and the alarming situation that Tunisia was going through. Some employees, mainly managers, refused to take holiday time and continued to work remotely, which helped to maintain the company's level of productivity, as the following quote indicates: "During this period, there was a curfew almost every evening. Nevertheless, our staff refused to take days off. The employees worked remotely, from their homes, which kept the business running, maintained productivity levels and ensured the safety of our employees" (Délice general manager, Tunisia)

Being allowed to work remotely was highly appreciated by the foreign partner. This is evidence of an elevated sense of commitment to the organization on the part of Tunisian employees and their desire to save it in order to get through this difficult period. A greater sense of trust developed between the two allies.

### **3.2. Promote strategic investments**

The Tunisian company accelerated the pace of its investments and launched new strategic projects to show the French partner its confidence in the future. For example, it installed a new milk production unit in a poor and neglected region of the country, in spite of the

growing political and social difficulties. As the Tunisian general manager explained, "We opened a new factory in Sidi Bouzid, which is operating well with no problems, even though acts of terrorism are occurring only a few kilometres away."

As a consequence of the revolution, there was a sharp rise in inflation, marked by the depreciation of the Tunisian dinar, an increase in consumer prices and a drop in purchasing power. This situation acted as a brake on the consumption of Tunisian households. In agreement with the foreign partner, the Tunisian firm decided to revise its pricing policy and offer a range of products with prices that were more in line with the weakened purchasing power of Tunisian consumers. In addition, they undertook a diversification strategy, creating new products to expand the range. However, this strategy ran up against the constraint of the limited size of the Tunisian market. Consequently, the Tunisian company undertook a strategy to conquer new emerging markets and began exporting its products to Libya and some sub-Saharan African countries.

### **Discussion and Conclusion:**

The starting point of this paper is the dearth in our knowledge about governance mechanisms of IJV in situation of crisis. Indeed, despite all the ink split on the importance of governance mechanisms for IJV, it was striking how extant literature eclipsed studying IJV in situations of crisis. In current time of geopolitical instability, increase of economic uncertainty and ecological threats, crisis became more and more frequent. Take the case of Arab Spring and how public protests and social movements dislodged dictatorial regimes from some Arab countries and totally reshaped others. Arab Spring brought deep and tremendous changes to business environment in a short period of time. According to Doh (2015) it is one of the hot topics that scholars in International Business have to grasp.

Even though, by essence crisis are unpredictable (Thiébart and Forgues 1997), and Arab Spring fits very well with this definition, many scholars worked on understanding the

consequences of crisis on organization such as paralysis and the collapse of extant routines (Weick, 1995).

Navigating through crisis requires improvisation, creativity and bricolage (Weick, 1993).

However, IJV are particular organizational context that present peculiarity such as the dual contractual nature of JV and the lack of control of the foreign partner on the asset of JV

In turn, those specificities inner to JVI are real challenge for crisis management literature.

Our intention is therefore to fertilize IJV literature on governance mechanisms with crisis management literature in order to unearth and discover emerging and improvised governance mechanisms adapted to the specificity of IJV.

Our case study from the dairy sector, of a French–Tunisian joint venture, served as an exploratory empirical setting of the emerging and improvised governance mechanisms to ensure the survival of the IJV during the 2011 Arab awakening in Tunisia.

Our findings point to the importance of creating of ad hoc structures, strengthening partners' commitment and transitional leadership.

This work has both theoretical and managerial implications. First, instead of looking at governance mechanisms as routines required to running the IJV by the two partners, we analyse those mechanisms when coping with crisis situations. Our findings stress that priorities in crisis management within IJV are twofold.

As well as any other organizational context coping with a crisis the first priority is to maintain the operational activities of the JV and the protection of the assets of both partners. Our data shows Arab Spring was conducive to riots and public protests that endangered firm assets and blocked institutions. During more than one month the police was unable to protect the integrity of private and public properties and many companies ceased activities because of attacks.



**Table 3. Overview of results**

Interview quotes: First-order concepts	Second-order concepts	Aggregate theoretical dimensions
<ul style="list-style-type: none"> <li>- We had to report any problems encountered to the partner (fire, crisis, contamination, strike, etc.). We had to provide constant feedback to the partner to work out together how we would handle and resolve all these difficulties (deputy CEO, Tunisia)</li> <li>- The number of meetings with the partner doubled during this period: instead of just having a monthly meeting, we had more meetings (deputy CEO, Tunisia).</li> <li>- During this period, the company was managed by setting up a crisis management centre to centralize all the information, collect all the anomalies, send information to the people concerned and make them responsible for a specific task in order to correct all the anomalies and solve the problems (HR director, Tunisia)</li> </ul>	<b>Intensification and strengthening of control mechanisms</b>	
<ul style="list-style-type: none"> <li>- The company has a very centralized management style. We decided to hold more management team meetings and to have more executives that are able to make decisions, apart from the CEO. We put a lot of energy and effort into getting the Tunisian executives involved in decision making and acting quickly in the event of a problem (Strategic marketing director, France).</li> <li>- During this period, my boss always told me not to come in with problems. Instead, I had to bring solutions, to learn to take the initiative, to encourage me to think, to find solutions and to know how to evaluate them... (Brand manager, Tunisia)</li> <li>- To react more quickly and cope with the crisis, we gave the employees more room to manoeuvre in making decisions—within a short time frame. When there are grievances, when people are not happy, you have to give managers more leeway to solve problems quickly. (HR director, Tunisia).</li> </ul>	<b>Autonomization of managers' roles</b>	<i>Creation of ad hoc structures</i>
<ul style="list-style-type: none"> <li>- In the area of security, we strengthen the security and physical protection of our facilities. We upgraded the surveillance system at certain critical points and installed new surveillance cameras. Heightened vigilance was required of our security guards in order to strictly enforce all security procedures. (COO, France)</li> <li>- We had security training. The way we handled the crisis went very well. We didn't have any particular obstacles. Every week we received a briefing on security. In the event of a strike, the night before we were asked to change the route, to change the parking (Head of logistics, Tunisia).</li> <li>- All the workers stepped up during this period to protect the company's facilities, assets and warehouses. These people have a strong sense of belonging vis-à-vis the company and they want the business to continue. (Sales representative, Tunisia)</li> </ul>	<b>Re-allocation of resources</b>	

Interview quotes: First-order concepts	Second-order concepts	Aggregate theoretical dimensions
<ul style="list-style-type: none"> <li>- Even when some employees wanted to rebel, the boss was there, on site, to talk with the workers, to understand their needs and to respond to those needs (Brand manager, Tunisia).</li> <li>- Our CEO listened attentively to all the employees, whatever their status, during this period. I don't think I could leave Délice-Danone, even though I am a partner in another company that runs very well (Head of logistics for the Tunisian group).</li> <li>- The CEO assigned more responsibility to the directors of each sector and brought in all the resources needed to overcome this difficult period, in particular to cope with any unexpected events and security risks linked to the revolution (Head of media, Tunisia).</li> <li>- Mr Meddeb played an important role in keeping the situation under control. He is highly respected in the Tunisian business world and by his staff, whatever the level. He is close to his workers. His behaviour during the revolution strengthened the feeling of belonging and also employee confidence (HR director, Tunisia).</li> </ul>	<b>Reassuring local human resources</b>	
<ul style="list-style-type: none"> <li>- The partner is reassured more than the leading shareholder. CEO Meddeb, who is very intelligent, reassures foreign shareholders and they trust him completely. He played a very important role (CIO, Tunisia).</li> <li>- As soon as the revolution broke out, we sent a letter to reassure our partner about the continuity of our business activity and the strengthening of our commitment to the alliance (deputy CEO, Tunisia).</li> <li>- The CEO stayed in touch with the foreign partner through regular communication, meetings both in person and via teleconference, and trips to their head office to reassure and set their minds at rest about their name, their image and above all their reputation, which is what worried them the most (Head of media, Tunisia).</li> <li>- The partner was very happy with our crisis response and that of the CEO, compared to Monoprix and Carrefour where there was a lot of theft, looting, damage, etc. For the French partner, this further consolidated their trust in Délice, which had demonstrated very good risk management (Director of Purchasing, Tunisia).</li> </ul>	<b>Reassuring the foreign partner</b>	<i>Transitional leadership</i>

Interview quotes: First-order concepts	Second-order concepts	Aggregate theoretical dimensions
<ul style="list-style-type: none"> <li>- Our company did not have any trouble continuing its operations during the revolution (Brand manager, Tunisia) All of our production lines were running. Our staff did their utmost to keep the business running (CIO, Tunisia).</li> <li>- During this period, there was a curfew almost every evening. Nevertheless, our staff refused to take any days off. The employees worked remotely, from home, which kept the business running, maintained productivity levels and ensured the safety of our employees (CEO, Tunisia).</li> <li>- There were managers who spent the night in the factories. I saw that myself, managers spending the night there. They brought in food for the workers. It was extraordinary, it was like a family protecting its property (Director of Purchasing, Tunisia).</li> <li>- We maintained the distribution of our products across the entire country. I remember that the army intervened to distribute our dairy products so as not to run out of stock. During the curfew period, we reorganized the work by forming teams to do 12-hour shifts: from 6 a.m. to 6 p.m. and from 6 p.m. to 6 a.m. so as not to stop the work (Factory manager, Tunisia).</li> </ul>	<p style="text-align: center;"><b>Ensure business continuity</b></p>	<p style="text-align: center;"><b><i>Strengthening the commitment</i></b></p>
<ul style="list-style-type: none"> <li>- We sought to achieve the purpose of the contract by constantly adding new lines of business to improve the relationship with the partner (deputy CEO, Tunisia).</li> <li>- We opened a new factory in Sidi Bouzid, which is operating well with no problems, even though acts of terrorism are occurring only a few kilometres away (deputy CEO, Tunisia).</li> <li>- In spite of the revolution and all the difficulties, our company continued to grow in terms of earnings and sales thanks to the new investments we made (deputy CEO, Tunisia).</li> <li>- Our CEO is the only businessman among Tunisian CEOs who kept his promises during the revolution and opened a new production facility in Sidi Bouzid,</li> </ul>	<p style="text-align: center;"><b>Promote strategic investments</b></p>	

considered one of the largest factories in Africa. Every year we launch two or three new products. The best example for Danone is the Tunisian example. We are the market leader in Tunisia (Sales representative, Tunisia).		
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In such situation the operational management of the JV is a real challenge. Our findings highlight the determinant role of middle managers in managing emerging day to day issues and also their crucial role in keeping the top management aware and informed about the situation. This finding is in line with Weick (1993) work on the importance of initiative taking by managers in crisis situations and the importance of their involvement in crafting emerging governance mechanisms. However, middle managers involvement is not enough to ensure the operational continuity of the JVI. Indeed, our data show the significant role played by the CEO as a leader in assuring people took in a chaotic situation where concerns about the safeguard of employment melt with social revendications had been voiced. We named this transitional leadership at the opposite to traditional leadership in day to day organization operations. Transitional leadership is a specific kind of leadership that is adapted to situations of deep uncertainty and equivocality. It requires proximity and uses emotional intelligence competencies of empathy and assurance.

The second priority of emerging governance mechanism in managing crisis within IJV are oriented toward the maintenance of the relation between the two partners in the future.

IJV between north and south companies are often asymmetric alliances where the northern partner put its knowledge, financial ressources and often brand name and reputation in the hand of the southern partner. Therefore, the southern partner has more incentive to maintain the JV and has more to lose if the alliance is broken. In the Arab Spring aftermath many foreign companies left Arab markets because of the changes in the institutional and business environment. The Tunisian partner was aware of such risk and turned much of his attention to assure the French partner about the continuity of their partnership in the long run. Our data show that despite riots and political instability reached their climax in Tunisia, the Tunisian partner Délice disclosed future strategic investments. Foreign partners have often little control

on IJV therefore trust between partners is key. As local partner showed confidence in the future through announcing new strategic investments, the commitment of both partners had been strengthened.

We locate our second contribution on a better understanding of a MENA country, Tunisia, which has a growing importance on the global scene after the Arab Spring. Our paper answers to calls to studying Arab Spring (Doh 2015) as an important contemporaneous phenomenon with deep impact on the business and institutional environment overall in the region. Arab Spring was an important and a historical upheaval of the Arab countries at different degree. We've witnessed the dislodge of repressive regimes and the emergence of Islamic party in Tunisia and Egypt, the institutionalization of chaos in Libya, Syria and Yemen and proactive attempts to reform law toward more freedom in many other countries such as Morocco and Jordan. Arab Spring is a relevant crisis to study by International Business scholars for many reasons. First, the Arab Spring unfolding offers extreme cases of institutional voids that haven't been addressed before. Whereas the crisis studied in crisis management literature are mainly events that paralyze organizations and create uncertainty and equivocality in the environment, the Arab Spring offers unique illustrations of institutional voids. Indeed, during several weeks the in Tunisia as well as in Egypt organizations were paralyzed but the institutions of the countries had also collapsed. Therefore, Arab Spring offers interesting insights to the study of crisis management since organizational and environmental issues are entangled.

The conducted study reveals several limitations and provide promising research perspectives. It seems important to replicate the study using other IJV cases in different sectors and countries that experienced the Arab Spring. We invite also studies of IJV governance mechanisms in the Arab Spring aftermath. One prominent research avenue would be the investigation how the new values brought by the Arab Spring as well the new institutional

changes (Ben Slimane and Leca 2014) shaped IJV establishment between Arab and foreign companies.

The Arab Spring had also tremendous consequences on the perception of self-identity by Arab people as well as on the perception of western companies and western countries. Such changes offer interesting new empirical settings to study how such changes in identity perception shapes IJV.

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