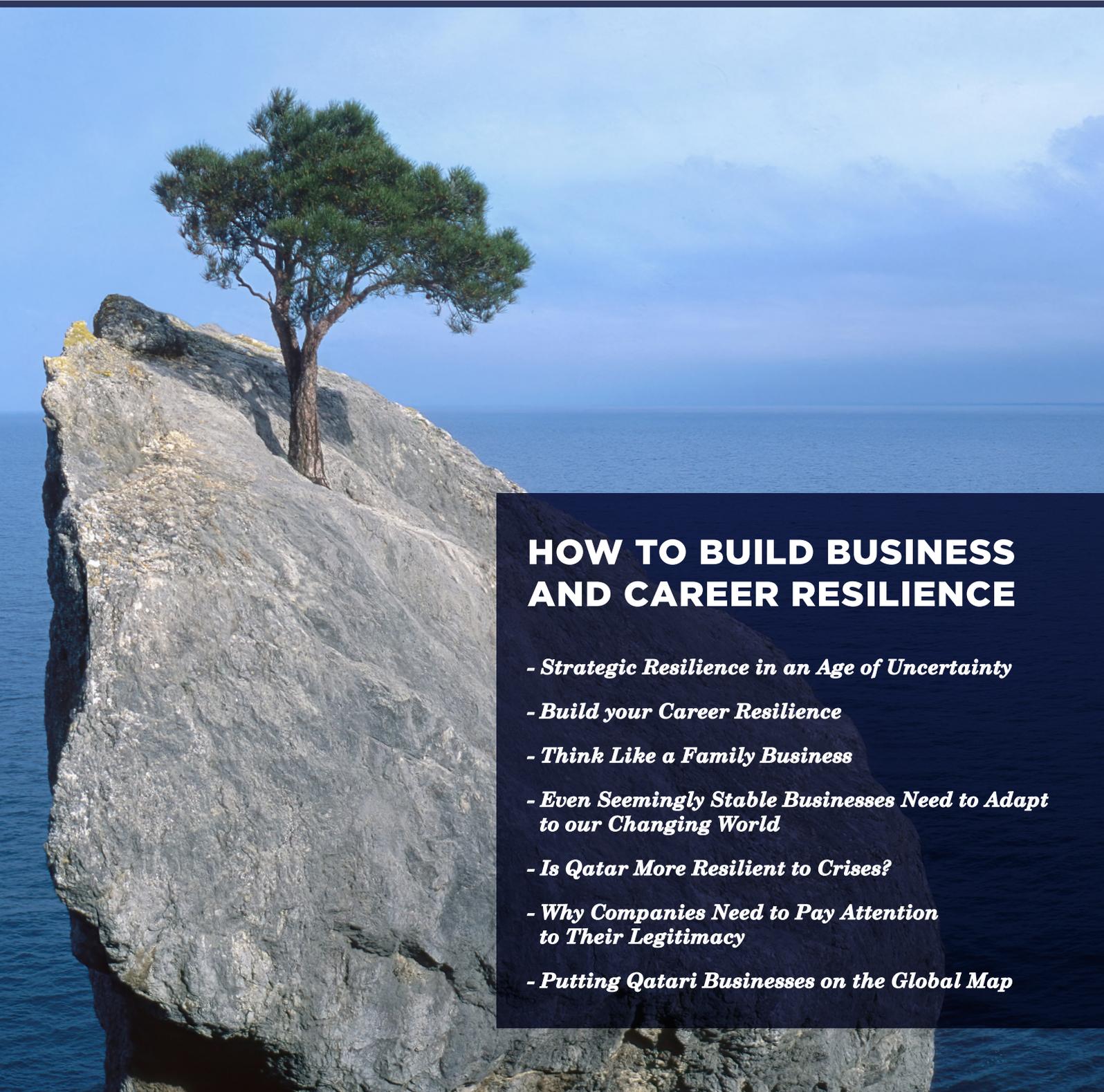


# Knowledge@HEC

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## HOW TO BUILD BUSINESS AND CAREER RESILIENCE

- *Strategic Resilience in an Age of Uncertainty*
- *Build your Career Resilience*
- *Think Like a Family Business*
- *Even Seemingly Stable Businesses Need to Adapt to our Changing World*
- *Is Qatar More Resilient to Crises?*
- *Why Companies Need to Pay Attention to Their Legitimacy*
- *Putting Qatari Businesses on the Global Map*

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# Strategic Resilience in an Age of Uncertainty

How can private companies and public bodies reorganize their short- and long-term strategies in the current economic context? For years, Professor Bertrand Quélin has been researching the collaboration between private firms, public authorities and civil society to offer solutions aimed at building resilience in cities and designed to tackle the challenges of climate change.



The ongoing economic, health and geopolitical crisis has rocked the business world in ways researchers are still grappling to measure. Yet strategy specialist Bertrand Quélin, who holds the Bouygues Chair on Smart City and the Common Good, believes two trends are beginning to appear: "To begin with, international banks are becoming aware of the need to finance long-term sustainability projects to offer cities and states solutions to answer the challenges of water provision and social infrastructure (such as schools, hospitals, etc). So, they are beginning to reshuffle projects to pick the right materials and coherent urban designs aimed at reducing our carbon footprint and protect the rare resources that we've preserved." Quélin's second observation is linked to the turpitudes of the times caused by the pandemic and the Russian invasion of Ukraine: "This has caused a high level of uncertainty in collecting funds to support major projects. That's the result of a backlog of short-term actions carried out by states, regions and cities to find financial mechanisms to have access to oil, wheat, basic cereals to feed the population. Authorities are beginning to re-invent mechanisms to attenuate these shocks to our financial system."

"But," he continues, "these create tensions between long-term projects and short-term priorities. Many decision-makers must

answer these short-term emergencies and, inevitably, they pay less attention to long-term plans." The author of Smart Cities: the Sustainable Program of Six Leading Cities maps out the current state of insecurity for private companies: "This has made supply chains unreliable and businesses are having to work with volatile timetables and uncertainty over the volume of goods that will be delivered. They have an uncertain time horizon to work on investment and projects - and are having to reshuffle them constantly. Because of the new policies decided by the West, many brands have disappeared from Russia, for example in the sectors of distribution networks, retail, banking systems, fast food chains. Moreover, energy plants in Russia and Ukraine have been forced to stop working or are selling off their previous investments at break-even prices."

## ONUS ON LOCAL SUPPLY CHAINS?

Quélin insists on the huge impact on companies' return on investment and the reorganization of their geographical coverage. "This has pushed us to reconsider the opportunity to invest on local and regional areas of the global supply chains. We're exploring developments with

North Africa and Asia in a realignment of the supply maps. And there are explorations of regional considerations to reorganize the value chain. There are interesting possibilities within the textile, automotive and agro-business sectors in West and North Africa, for example. However, we need to qualify suppliers, assess if they can provide the necessary quantity and quality to fuel the market adequately."

The strategy specialist spotlights the evolution at Renault carmaker: "The tensions in East Europe and the energy and economic crises mean they have accelerated considerations on what remains of their core business of selling cars. They are considering the long-term perspectives of renting them out; or selling mobility services to reflect the new direction to organize the market and develop a new business model."

In terms of public policy to help resiliency strategies, Quélin notices trends towards better controlling key resources such as water levels in Western Europe and sub-Saharan Africa: "Look at what happened in Tirupur, India, (in the Tamil Nadu state)" he says, in reference to the southern Indian city known as one of the country's major textile and knit wear export hubs. "In this case, there was pressure on the water supply which is vital for the city's shops and factories. The local business community and authorities put forward a clear and transparent business model which satisfied Indian banks and the World Bank. Companies were ready to pay four to eight times more than households for access to water to face the massive, traumatic shortages. In this case, resilience meant that the partnership between private and public interests came to terms with a core resource

(water) which is in short supply. However, this is also a good example of tensions between short- and long-term objectives. There was no shortage of water at the start of the adduction, then the state and the population faced an impressive drought, creating a significant shortage of water for households and the textile industry."

## INFORMAL AND PARALLEL MARKET MECHANISMS IN THE SOUTH

While Quélin admits the COVID-19 crisis exacerbated the rich-poor divide between the global North and South, he says he is fascinated by the resiliency shown by many communities in the latter. "It seems that there are several elements outside of market mechanism which helped them survive and they need to be further researched. We are still far from fully understanding them, but there could be important social networks that are based on strong family bonds or community ties. Then there is the role of the informal sector and its mechanisms to provide people with food and energy. This presents non-market cases which in the face of a huge health crisis, proved to be more efficient than the price-based mechanisms. However, it is very hard to know the figures yet."

"Speaking of which," continued Quélin, whose research interests include the economics of organization, "we must strive for an improvement in data collection which largely relies on the efforts of the public domain. Even the World Health

Organization needs to have reliable data on the spread of the virus and the number of victims. At the moment, it's a kind of black box and opening it will help these parallel social organizations to solidify their resilience. If they do, they can secure these quality ties and thus align themselves with other market mechanisms."

At present, Professor Quélin is working with some of his doctoral students (Anicet Fangwa, Mohammad Hosseini and Marc Legrand) on strategy issues which range from property and control rights to stable governance and sustainability prerogatives. Social dilemma is about access of many to scarce resources. "These works aim to analyze how to satisfy different actors with different interests. Can we set up these rules of governance to satisfy a large enough community of people in terms of a tipping point, people ready to share the same awareness of the common good?" And he turns to an example being explored with Marc Legrand. "We suppose there is a model in which each individual has a tree. The traditional model would encourage people to cut it down after reaching maturation and profit from the sales. But think of community interest, think of quality of the air trees produce for all of us. Can we find a way to set up a governance that organizes collectively the cutting down of the trees? To jointly renew the forest landscape? This is a model based on each individual serving both her/his private interest and contributing to the common good. We're working on this connection between private interests and sharing with the community. This is vital in terms of long-term, sustainable objectives."



READ THE ARTICLE AND LISTEN TO THE PODCAST ON KNOWLEDGE@HEC



# Career Resilience, Your Hidden Asset for Professional Success

*In a rapidly changing professional world, where the pandemic changed the rules of the game, careers may feel like roller-coaster rides. To better respond to turbulence and take ownership of our careers and lives, we need to move into the driving seat. How so? By learning and nurturing resilience.*



**“DEVELOPING RESILIENCE INVOLVES TAKING A DIFFERENT APPROACH TO OUR WORKING AND PERSONAL LIVES”**

*Shaheena Janjuha-Jivraj*

Associate Professor of Diversity, Leadership and Innovation at HEC Paris in Qatar (Education Track - Doha Campus)

## CAREER RESILIENCE TO MITIGATE THE STRESS ARISING FROM UNCERTAINTY

Squiggly, stop-start, hi-potential, clear trajectory, hustles, gig working, full-time, part-time; what best describes your career? Our careers today are not linear – we can change careers up to seven times during our working lives. Change creates immense opportunities but can also be quite overwhelming, particularly when inundated with too many options. We need clarity over what drives our choices.

The pandemic has created exogenous shocks to the organizations – challenging the heart of how we work. As a result of recurring lockdowns, the ongoing debate about working from home, the stop-start processes have created significant uncertainty and stress at work. It is hardly surprising that one of the buzzwords over the last two years has been resilience, particularly the importance of career resilience.

Resilience is our ability to adapt to stress and adversity. We adapt through our reactions, learning new behaviors and actions. To mitigate the stress arising from uncertainty, career resilience can help identify opportunities and navigate your career.

## ALIGNING PURPOSE AND CAREER TO GAIN MOMENTUM

Over the last few years, during the pandemic, we experienced the effects of work and personal lives merging without foresight or forward planning.

In a recent event with Gwen Hines, CEO of Save the Children UK, and Nazreen Visram, Head of Charities for Barclays Bank, the discussion on purposeful leadership focused on the overlap between work and personal lives and the impact on how we work. Purpose aligned with a career can be a powerful driver to achieve momentum. However, as Nazreen Visram highlights, outputs still need to be aligned with organizational goals. This means having valid measurements in place to track progress; in other words, what gets measured gets done.

## RESILIENCE TO PREVENT BURNOUT

Other complexities have risen to the surface, such as multiple generations working together, bringing different expectations and

perspectives into the workplace. This can provide opportunities for creative discussions on work. However, this situation can create tension when teams are under pressure to deliver under challenging circumstances and colleagues are not aligned. This leads to burnout and fatigue. Understanding resilience and integrating it into your career is essential to reduce the risk of burnout.

As CEO of Save the Children UK, Gwen Hines is very familiar with the demands of colleagues and volunteers working in challenging situations under intense emotional pressure to protect children. Developing resilience is an essential skill for individuals working in these situations. During the pandemic, these humanitarian skills and behaviors were shared with frontline staff in the UK health sector to help reduce the impact of burnout on individuals. Nurturing resilience helps individuals withstand stressful situations, but handling emotions also create conditions to shift thinking to find opportunities.

## TEACHING OUR BRAINS RESILIENCE

Resilience is not something you have or don't have; it's learned over time thanks to our brains' neuroplasticity. Building memories of recovery and retrieving these experiences helps to strengthen neural connections that support resilience. The speed of signals between our prefrontal cortex and the amygdala (where our memories are stored) determines how quickly our brains recover from a turbulent or stressful experience. The more neurons (white matter) between the prefrontal cortex and amygdala, the greater our resilience.

Developing resilience involves taking a different approach to our working and personal lives. Resilience is more than just getting back on track. It's how we learn to recover successfully and become more robust. In the book I recently co-authored with Dr. Naeema Pasha, we explain the critical building blocks of career resilience-building:

- Positive self-view: how you assess your skills and ability to move forward.
- Adaptability and risk: how you respond to changes and become comfortable with the chance of failure.
- Self-reliance: proactivity and autonomy in generating new ideas and actions.
- Ambition and networking: creating connections beyond your immediate network.
- Motivation to learn: commitment to ongoing re-skilling to adapt to innovation and new practices.

Each of these areas requires conscious attention consistently. When handling turbulent and complex situations, the default can be to get through one emergency after the next without developing specific patterns or ways of thinking about the situation.

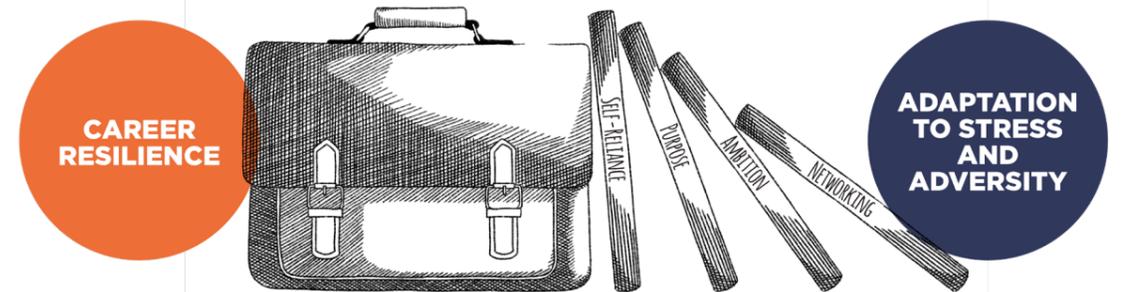
## MAKING A CONSCIOUS EFFORT TO STRENGTHEN RESILIENCE

HEC Paris in Qatar alumna Amy Johnson, CEO, A and B ME Holding, shares her experiences of developing resilience during the pandemic: “You can't treat every day the same way. I believe that when you're going through something as challenging as we all went through, every day should be

treated uniquely. It is going to be different, and that's okay. You realize that you don't have the rules for every single day. And if you don't adapt, if you don't adjust, you're dead in the water because there are too many curveballs hitting you every day.” For Johnson, a vital resource was her team and maintaining the relationships through remote working: “When you're forced to work on Zoom, you realize communication and being honest with each other is imperative. One person doesn't have all the answers and isn't available all the time. I had some incredible team members alongside me during the pandemic that helped to keep delivering results despite the challenges we all faced.”

While handling work, Johnson and her husband also juggled home-schooling with four small children. Johnson extends the importance of teamwork at home: “Every morning before the kids woke up, my husband and I would talk through how we would manage and get through the day. This allowed us to review what had worked and what hadn't worked the previous day and gave us space to think about what we needed to do differently, particularly when a lot of things felt out of our control.”

Johnson shares what she does that strengthens the building blocks of career resilience: “I take time every week to focus on myself. I'm keeping an eye on my focus and planning time. Today the decisions I make are more conscious, more selfish, and sometime still one day at a time. Being resilient both personally and professionally takes practice and is a journey. Try, adapt, grow, adjust and repeat has been my recipe for success.”



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# Organizational Resilience: Model it Like a Family Business

*The ups and downs of economic cycles take most companies for dangerous roller-coaster rides, but family firms weather crises much better than their competitors. That's because they focus on resilience rather than on immediate performance. At a time when the global economy seems to experience crisis after crisis, lessons can be drawn from family firms, or non-family ones that behave (and survive) like them.*



**“OUR CONCLUSION WAS THAT FAMILY BUSINESSES FOCUS ON RESILIENCE MORE THAN PERFORMANCE.”**

**Alain Bloch**

**Affiliate Professor of Entrepreneurship  
Co-founder of the HEC Family Business  
Center at HEC Paris,  
and serial entrepreneur**

The average life expectancy of a company does not exceed 40 years, according to several international studies. Yet some manage to clock 100 years or more, like Brink's, Michelin and General Electric, which all survived the wars, economic turmoils and crises of the 20th century, and have entered the 21st century full steam ahead. What is the secret to their exceptional longevity, or to use a word that has become particularly popular in management circles, their resilience?

## **SURVIVING INCREASINGLY FREQUENT CRISES**

Finding out how companies weather storms is all the more relevant nowadays as periods of fair weather seem shorter and shorter, with one crisis following the other nearly back-to-back. Furthermore, beyond the question of mere corporate survival lies an important issue: When an organization aims for resilience, by definition, it is more respectful of the stakeholders overall, for instance more respectful of its employees - who after all are the crew that will take the organization through the storm-, more respectful of its suppliers

and this respectful behavior is oriented toward the long term. So how do companies successfully gear their strategy for the long term?

## **LEARNING FROM FAMILY BUSINESSES**

The answer lies in a set of characteristics that we identified by examining family businesses. Although the term "family business" conjures images of mom-and-pop shops, family-controlled groups may be huge, like Walmart. We compared 149 publicly traded, family-controlled businesses with revenues of more than 1 billion dollars based in Western Europe and North America and a similar group of non-family-controlled companies. While family-controlled groups earn less than their peers during economic booms, they outperform them during economic slumps. Also, when looking across business cycles from 1997 to 2009, we found that their average long-term financial performance was higher.

Our conclusion was that family businesses focus on resilience more than performance. What they do is that they forgo the excess returns available during good times in order to increase their chances

of survival during bad times. At a later stage, we carried out additional research with interviews with executives from 19 European firms or European subsidiaries of US firms that were more than a century old and found that they made similar strategic choices. This confirms that well-run family businesses can serve as models, even for companies with different ownership structures.

Here are the strategic choices that we identified as fostering resilience.

### **1/ FRUGALITY**

A quick definition of frugality would be "to spend well". When managers have a sense that the company's money is the family's money (whether this is strictly true or not), they quite simply do a better job of keeping their expenses under control. They splash less on swanky headquarter offices than their peers, for instance, and keep the bar high for capital expenditures, only investing in very strong projects. One owner-CEO told us: "We do not spend more than we earn". Prudent rules may mean missing out on opportunities during periods of expansion, but this also limits their exposure in times of crisis.

The same caution applies regarding debt and acquisitions. Family-controlled firms are less leveraged (debt accounted for 37% of their capital on average versus 47% for non-family firms) and make fewer, smaller acquisitions (worth 2% of their revenues

vs 3.7% for non-family). Instead, family businesses prefer organic growth and will often pursue partnerships or joint ventures instead of acquisitions.

### **2/ RELIABILITY**

Long-lasting firms are very similar to what has been called "high-reliability organizations" in the academic and scientific literature, usually in contexts of high risks (such as a nuclear power plant). They ensure that their processes are reliable and will resist shocks. For instance, at Spie, a construction group, there is a strong focus on training in work safety, which has helped keep the accident rate at half the usual level in the sector. Incidentally, reliability helps reduce costs, in turn supporting frugality.

### **3/ AMBIDEXTERITY**

Resilient companies combine operation and exploration, the need to attend to the present by exploiting the existing capabilities and to prepare the future by exploring new opportunities. One example of an ambidextrous company is Saint-Gobain, which operates in the sector of construction materials. Its research branch has full latitude to set its own goals, but is firmly anchored in the company's strategic markets to help make innovations commercially viable.

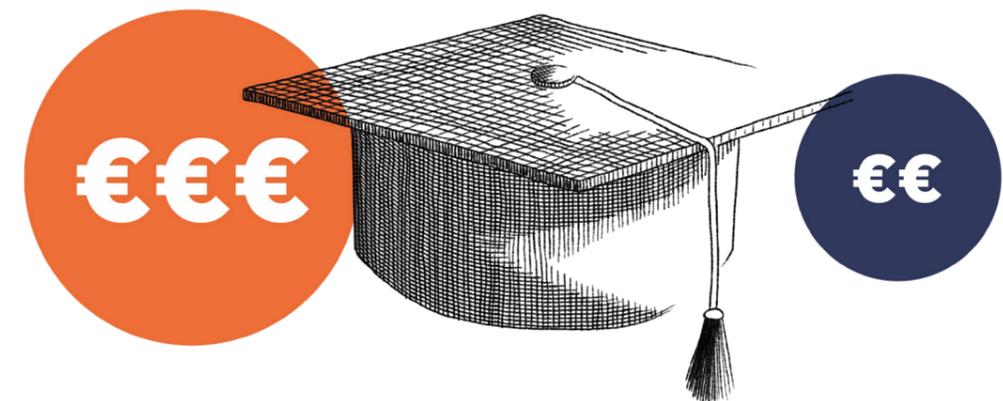
### **4/ VALUE PLACED ON HUMAN RESOURCES**

Family businesses (and those that emulate them) are better at retaining talent than their competitors. How? Not necessarily through financial incentives, but by avoiding layoffs during downturns, which contributes to stronger employee engagement and helps them keep skills and expertise. They also invest significantly more in training, spending on average €885 per year per employee on average versus €336 at non-family firms.

Leadership also is more stable, with executives at century-old firms displaying 20 years' seniority (pretty classic longevity in family firms), while most CEOs at Fortune 500 companies tend to only have been around the company 8 years before taking the helm.

What is most interesting about the main principles that resilient companies follow is that they are coherent and synergistic, each principle reinforcing the other. For example, frugality and low debt reduce the need for layoffs, which improves retention; fewer acquisitions mean less debt; money saved through frugality is available to be invested wisely and so on. This virtuous circle is likely one that other companies will want to adopt to become more resilient and weather the frequent crises of our global economy.

## **Family firms invest more in training than non-family firms**



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# Even a Seemingly Stable Business Needs to Adapt to Our Changing Digital World

No business can relax for too long, but in our digital world, it's a matter of adapt or die. And as the boom of e-commerce has revolutionized supply chains and profoundly altered customer demands, data standards for retail products have needed to evolve. This has been a challenge for GS1, the original global provider of barcodes, which has had switch from providing "data-as-a-product" to "data-as-a-service", totally rethinking its business model in the process.



## GS1: AN ENDURING REFERENCE OR AT-RISK ORGANIZATION?

In 1974, a pack of Wrigley's chewing gum became the first ever product with a barcode to be scanned in a shop. Ever since then barcodes have encoded the prices of items and can also record basic data such as a short description.

In order to thus identify their products, companies get their barcodes, otherwise known as Global Trade Item Numbers (GTINs), from GS1, a not-for-profit organization that supports businesses to sell their products in the global marketplace. The numbers are unique and authentic within the GS1 system around the world. This helps companies better sell and digitize their products, automate their transactions, optimize their logistics and improve the traceability of flows.

GS1 also co-designs best practices, standards and a common language to meet business challenges and to develop a more efficient value chain. What could be more stable? After all, maintaining standards, by definition, appears to be a static concept with a seemingly stable business logic. In addition, customers for such a business also appear to be relatively fixed.

Yet our work has shown that although GS1 is a seemingly stable organization, it needs to adapt to the rapidly changing technological environment. Indeed, both the standards and the customers of product supply chain standards have been changing. So GS1 has had to reimagine its business model. Incidentally, this is something almost all businesses can learn from.

## CHANGING BUSINESS LOGIC

Information Technology (IT) has evolved into becoming the bedrock of organizations' business strategies. Whether it is the quest for exploring new strategic opportunities enabled by artificial intelligence and social media analytics, or enrichment of the ongoing business operations through efficient enterprise resource planning systems, the role of IT is now deeply entwined with the core business. The ability to process, capture, transfer and store data is ever-growing and becoming more affordable. As the world goes increasingly digital, the barcode's potential has exploded.

The result? GS1's original goods-dominant logic needs to switch to a service-dominant logic, focusing on the service instead of the product

itself. In other terms, the organization needed to switch from merely supplying a product (its barcode classification system), viewed as a source of value for the consumer ("value-in-exchange", in theoretical terms), to creating what is termed "value-in-use", where value is co-created through mutual interactions between service users and providers.

In practical terms, GS1 had to reimagine the data standards and make them accessible to the stakeholders involved.

## CONSCIOUS CONSUMERS, SUPPLY CHAIN PARTNERS, REGULATORS: MORE STAKEHOLDERS' INTERESTS TO ADDRESS

Back when the first packet of barcoded gum beeped through the tills, GS1's only stakeholders were Wrigley's and the shop selling it. GTINs allowed manufacturers to follow their products as they travelled across the supply chain. Vendors used GTINs to track products from the shelf into the hands of the consumer. Now, there is a third party for whom GTINs are valuable: the end consumer.

More and more people are interested in finding out more about the products they

are buying, for example details about the sugar and fat content of foods or the carbon footprint of an electrical appliance. Can all this data can now be embedded in a product's barcode? This also adds value for regulators, who may want to track information about the labor involved, or authorized additives, or any other specific characteristic, and also for supply chain partners, who want to better analyze and market products.

One solution to meeting the client demand for more data is that GS1 starts collecting that data itself. This approach is already underway. Now, when GS1 allocates a new GTIN, it is gathering seven fields of basic information for most products.

In sum, there is a definite shift in the use of data by GS1 from a mere "identification" of products to getting detailed "information" about the products, which can be used to create value-added solutions for the consumers.

## ONLINE COMMERCE: TOWARDS THE END OF BARCODES?

Historically, the physical point of sale was very important, but with online shopping the simple barcode is becoming redundant. The other change being driven by e-commerce is that it empowers smaller companies and sole traders to sell their products widely. So

GS1 had to innovate to make its standards accessible to these new users of online supply chains.

GS1's innovation to tackle the lack of barcode use for smaller players is called CodeOnline. Any sellers can go through this process to create their own GTINs for sale transactions. This is part of what we call the democratization of data and standards.

As a society, we are ingesting more information in multimedia forms. And that is a challenge for the future for some companies like GS1. One avenue to explore is that GS1 increases its resilience by representing data in audiovisual ways.

## METHODOLOGY

After studying service-dominant logic literature, we explored GS1 as a retrospective longitudinal case study to examine how the definition and need for product data exchange has evolved over time and how GS1 is adapting accordingly.

We interviewed the management team at GS1, their ecosystem partners, stakeholders, supply chain partners and final consumers of products. We also reviewed and analyzed GS1's activity reports, websites, published articles, internal reports, and video clips.

## GS1 rethinks its business model



## APPLICATIONS

From our discussions with other companies, we have seen that traceability is a common theme of importance. How can products be traced and certified? How can blockchains (shared databases) be implemented? This is something else that GS1 is looking at.

All businesses - even stable ones - need to be constantly scanning the local and global environment to spot and predict issues that may impact them. In the digital era, companies must have constant conversations with their evolving set of stakeholders and with the technology around them so that they can benefit from it, rather than being consumed by it.

Based on an interview with Shirish C. Srivastava and on his book chapter "Re-imagining the Use of Data Standards for Retail Products: The Case of GS1 Through a Service-Dominant Logic," co-written with Stéphane Cren (Innovation Project Manager at GS1 France). Professor Srivastava was the holder of the GS1 France Research Chair.

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# Qatar More Resilient to Crises Thanks to Fast-Growing Entrepreneurial Ecosystem

*Qatar may have been significantly more resilient to the shock of the COVID-19 pandemic than other countries, thanks to its experience of economic blockade and a fast-growing digital entrepreneurship ecosystem that is actively transforming the country's economy. This is the principal finding of a compelling new study led by Allan Villegas-Mateos, Research Associate at HEC Paris in Qatar.*



Between 2020 and 2021, Villegas-Mateos conducted a series of in-depth interviews with a broad sample of Qatari entrepreneurs working predominantly in digital technologies. All of the respondents reported that their businesses had grown both during the Qatar blockade of 2017 to 2021 and during the pandemic itself, with the majority of firms now ready to internationalize their operations and markets going into the post-COVID economic context.

This resilience to shock was measured across five key dimensions, from internal market forces, national culture, government support, operating costs and access to funding, says Villegas-Mateos; and most likely it is the direct product of the country's lived experience of – and response to – crisis immediately prior to and during the pandemic.

In 2017, Qatar was subject to a commercial blockade imposed by neighboring Saudi Arabia, Bahrain, Egypt and the United Arab Emirates who cut off all diplomatic relations with the country, suspending trade by land, sea and air. In response, Qatar redoubled its efforts to become internally resilient and robustly self-sufficient – efforts that have simultaneously driven the impetus to transition

to a knowledge-based economy, says Villegas-Mateos. The result is that Qatar was uniquely positioned to respond to the constraints of COVID-19 and withstand the economic shocks.

“It was as if Qatar already knew a pandemic was coming. They transformed their economy, incentivizing domestic investments, the use of technologies, and consumption of local products before COVID-19 arrived.”

Qatar's experience of overlapping crises – the blockade and the pandemic – served to fortify its economy in spite of stringent containment measures such as the closing of schools and businesses which were enacted to prevent the spread of COVID-19 in 2020.

“Qatar reported its first case of COVID on February 29, 2020 and the government responded quickly to enforce social distancing and widespread testing. By the beginning of 2021, the blockade was over, so in effect, the country experienced an overlap of two crises for a period, both post-pandemic and post-blockade. Qatar is now positioning itself as a leading economy and entrepreneurial powerhouse in the region for developing businesses in technology, FinTech and other areas.”

Villegas-Mateos' findings are backed by independent studies by the likes of PwC, which reports steady growth in Qatar throughout the pandemic. The purchasing managers index (PMI) is a standard measure of economic activity, and a reading of 50 or more indicates growth. Qatar was averaging 51.5 even amid national lockdowns in April 2021, the PwC report indicates. Meanwhile, the World Bank forecasts growth in real GDP of 4.9% as we go into 2022.

Meanwhile, there is a growing body of research that links economic resilience to entrepreneurial skills and activities, particularly in the area of digital technologies, says Villegas-Mateos. Evidence points to technology and internet penetration facilitating increased startup activity and the emergence of entrepreneurial ecosystems that are more robust to exogenous shocks such as COVID-19 and economic sanctions, he explains, because entrepreneurs typically have “the agility, the resources and the innovation mindset to pivot and respond quickly when events or circumstances suddenly change.”

Qatar is currently ranked at the top of the Global Internet Adoption list by Hootsuite's *Global State of Digital 2021* report, which features in-depth profiles of more than 230 countries and territories around the world.

Furthermore, the country is seeing a significant upswing in digital and technology-backed

entrepreneurship both as a function of its response to crises and because of “unique synergies” that could see it poised to lead the world in markets such as food security, agriculture and renewable energy, says Villegas-Mateos.

In 2021, he published *Qatar's Entrepreneurial Ecosystem*, the first guidebook to comprehensively map the country's startup systems, diverse stakeholders, fast-growing sectors and opportunity landscape. Drawing on a wealth of primary data, including interviews with policymakers, industry leaders, public and academic institutions, Villegas-Mateos has been able to pinpoint exciting growth areas with the capacity to position Qatar competitively on a global scale – areas that should also be on the radar of international investors, he notes.

“Because of its geography and climate, Qatar cannot sustain the farm-based agriculture systems predominant in other regions. This has led to an explosion in growth in the hi-tech greenhouse market which deploys the most advanced technologies in the world,” says Villegas-Mateos.

Reports already put the Qatari greenhouse market at a value of \$125 million in 2020, with strong growth projected over the coming four years through to 2026. This is a sector with the potential to “lead the future” for other countries, as climate change and food shortages remain a huge global threat, Villegas-Mateos says.

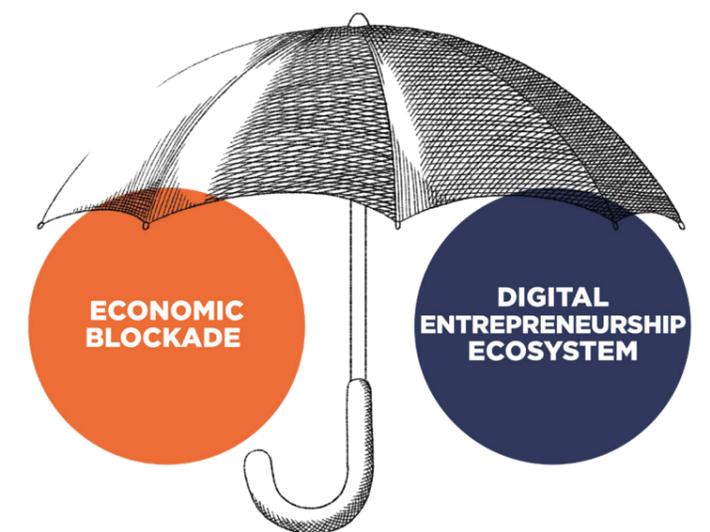
“Qatar is prone to extreme weather conditions making it an ideal environment for experimentation and development in food technology. What is happening in this region is very likely to provide a future road map for many countries all over the world in terms of technology-driven agriculture, because it's already happening here at scale.”

And it's not just food security. Qatar is also seeing “huge impetus” in investment in renewable energy sources, he says.

“Qatar already is home to one of the 15 largest solar farms in the world, and as the country continues to make its targeted transition to a diversified knowledge-based economy with its Qatar National Vision 2030, we can only expect to see activity redouble and grow in the areas of science, innovation and digital entrepreneurship.”

While many of the GCC countries are attracting international attention because of their development of new technologies in these critical areas, Qatar remains unique precisely because of its resilience to shock, says Villegas-Mateos.

## Why was Qatar more resilient to the COVID-19 pandemic than other countries?



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# Why Companies Need to Pay Attention to Their Legitimacy

To retain talent, sell their products or attract investors, and generally justify their existence, businesses need to be perceived as legitimate. But as social values evolve over time or after a sudden crisis, organizations may see their actions and purpose questioned. In this interview, Julien Jourdan, as an expert on the consequences of reputation, legitimacy and scandals on organizations, explains why legitimacy is key to resilience for businesses.



**Julien Jourdan**

Associate Professor of Management and Human Resources at HEC Paris

## WHERE DO PRESSURES FOR LEGITIMACY COME FROM?

From society in general, and activists and the media in particular. The more prominent organizations become, the more scrutiny they attract, and the more likely they are to be dragged into the spotlight and accused of wrongdoing. If their audience shows interest, the media are motivated to pursue the matter and, when the social drama develops, short episodes of Durkheimian “collective effervescence” may happen. These are ephemeral yet intense moments of emotion in society when moral rules – what is right and what is wrong, what is permissible and what is socially punishable – are questioned and revisited. When the US EPA accused Volkswagen of cheating engine emission tests, the firm lost 42% of its market value in a few days. The CEO was forced to step down, many executives were investigated, and some ended up being prosecuted. The German firm survived but, to rebuild its legitimacy, it had to engage in a costly company-wide strategic reorientation, reinventing itself as a force for good, a (repentant) pioneer of clean transportation.

## HOW DOES LEGITIMACY HELP ORGANIZATIONS SURVIVE MAJOR INTERNATIONAL CRISES?

Large geopolitical events, like revolutions, insurrections, and wars may shift how organizations are perceived and trigger a form of “legitimacy stress”. Consider multinational corporations caught in geopolitical crossfires. Overnight, such firms become at risk of being targeted by activists, NGOs, and governments in their home and host countries. They may react by boosting their engagement in lobbying and other corporate political activities, as we find in a study of multinational firms in the US at the onset of the 2003 war in Iraq. But “private politics” tactics require time and only work when institutions in place allow them. Resisting public pressures is especially hard in times of crisis when society experiences episodes of “collective effervescence”. Even if they have a strong rationale for doing so and the best intentions, leaders need to weight the benefits of maintaining operations and the potential long-term legitimacy cost for the entire organization. The Western firms that maintained their activities in Russia in 2022 despite “name and shame” campaigns justified their policy by the need to preserve local jobs, serve innocent populations, and pointed out that valuable assets would end up in dirty hands if they left. Yet, as growing legitimacy concerns were adding to logistical difficulties, many were forced to exit eventually. Maintaining and enhancing the legitimacy of an organization is a difficult yet critical job. It’s a leadership job par excellence.

## WHAT IS LEGITIMACY IN A BUSINESS CONTEXT?

Legitimacy is a generalized perception in society that the actions of an organization are desirable, proper, or appropriate. Legitimacy may greatly vary with space and time. Think about environmental concerns in the automobile industry: diesel engines were perfectly legitimate in the 1980s, and their production and sale strongly encouraged by several European governments. Not anymore, certainly not since the Dieselgate scandal.

## WHY DOES LEGITIMACY MATTER?

I tend to think about firms as coalitions of stakeholders maintained to achieve a purpose. In a market economy, nobody is forced to work for a firm, buy its products, or acquires its shares in the stock market. Each stakeholder brings certain resources to the collective project that the firm embodies. Convincing stakeholders to join the coalition and stay in requires more than an attractive economic proposition. Nobody likes being associated with an organization that is regarded as illegitimate.

An organization that fails to meet legitimacy standards is at risk of meeting disapproval and even strong hostility. Illegitimacy has a cost and the most illegitimate organizations are at risk of having their “social license to operate” revoked. For example, The Weinstein Company only survived a few months after the “MeToo” scandal. French film producers that fail to appear legitimate in the industry are twice more likely to go broke, irrespective of their commercial and artistic success.

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# Putting Qatari Businesses on the Global Map

In 2022, HEC Paris in Qatar launched a dedicated Business Research Laboratory to produce in-depth case studies on businesses and organizations in the GCC region. Deval Kartik is Lead Case Writer at HEC Paris in Qatar. She explains the importance of this new laboratory for learners, organizations and the region itself.



**Deval Kartik**

Senior Case Writer at HEC Paris in Qatar

well as the international academic community. We are in a privileged position to document the real-world business stories in the Gulf and shed compelling new light and understanding on this region.

## WHEN YOU SAY THAT HEC PARIS IS IN A PRIVILEGED POSITION, WHAT DO YOU MEAN?

You cannot overstate the importance of being in-situ, and having a truly consolidated presence in this region. With our established campus in Doha and more than a decade at the forefront of international business education in the Middle East, HEC Paris in Qatar has real, practical experience and a unique understanding of the kinds of challenges organizations of every type grapple with here. We have access to a rich and diverse ecosystem of companies operating in Qatar and beyond, and our extensive work shoulder-to-shoulder with organizations on custom programs means that we have the knowledge, insights and the expertise to fully capture and document the most relevant and compelling business cases in the GCC region.

## DEVAL, COULD YOU EXPLAIN WHAT’S MEANT BY “CASE STUDIES” IN THE CONTEXT OF BUSINESS EDUCATION?

Business case studies have been written and used in pedagogy since the 1920s when Harvard Business School pioneered the case method as its principal means of teaching MBA programs. Case studies capture the specific challenges facing real-world business organizations at a moment in time, offering an in-depth analysis of each context to shed light on often complex, always highly relevant issues.

## THE NEW HEC PARIS IN QATAR BUSINESS RESEARCH LABORATORY WILL FOCUS ON REAL-WORLD CASES IN QATAR AND THE GCC REGION. WHY ARE YOU OPENING THE LABORATORY NOW?

There has been rapid growth and development in business in this region over the past 50 years or so, much of it undocumented. As businesses and innovation flourish and expand here, drawing in international talent from all over the world, new ideas, practices and solutions are emerging with strong educational potential for HEC Paris program participants – but also highly valuable learning and insights for the many other stakeholders in our ecosystem, from governments and policy-makers to business partners and investors, as

## YOU SAY THAT HEC PARIS IN QATAR BUSINESS CASE STUDIES HELP LEARNERS AS A TEACHING MECHANISM, BUT ARE ALSO USEFUL TOOLS FOR ACADEMICS, BUSINESSES, INVESTORS AND GOVERNMENTS. DO YOU SEE THE NEW BUSINESS RESEARCH LAB HELPING TO DRIVE GROWTH AND ACCELERATE QATAR’S TRANSITION TO A KNOWLEDGE-BASED ECONOMY?

I think that initiatives like the HEC Paris in Qatar Business Research Laboratory are uniquely positioned to put this region on the global map, so to speak. Ours is not the only institution in the Gulf that is producing real-world cases, but the space we occupy in the business and learning community here means we have access not only to valuable primary material from within the business, but also to leaders and decision-makers at the very highest echelons of many of the most influential and game-changing organizations in our region. We are able to showcase some of the most important business cases in Qatar and beyond and bring the learnings and the insights to governments, investors, organizations and academic institutions all over the world – helping us to build and extend the presence, reputation and influence of Qatar as a knowledge-based economy and innovation hub on the global stage. And that is a very privileged position to occupy.

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