

## A link between the Arab and the European worlds of business in the Euro-Mediterranean model

Patrick Micheletti and Pierre-Guy Hourquet

*Kedge Business School – France*

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### Key words

Arab, Euromediterranean, Business Model, Economic, Management

### Abstract

*The transformation of the business model is mixed and based on economics concepts where the viability and the success of a good operation remain the concern first but also the continuity of the richness represented by human resources. It's the reason for which we can affirm it can have a bringing together with the business practices of Arab countries and those of Europe. Each decision in the process of transformation implying the staff is the result of interactive connections intern and external through which the business policy is organized for the attack of objectives aiming at satisfying in priority the interests of the shareholders.*

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### Introduction

#### *Tracks for a methodological framework*

*The project:* what characterizes the transformation of the economic and business model; it is the extraordinary variety of situations which make its apprehension complex and consequently any difficult intervention because of the singularity of each element being treated in particular with different and unbalanced methods of approach. One could, to even say that it is also what makes its interest because each challenge to take up will be proportionally more difficult compared to traditional situation. Initially, one can thus affirm that the operators intervening in the transformation of business to be not only voluntary and courageous but that they require should moreover surmount obstacles additional and specific to each type of situation.

The complexity of the business which one finds in particular at the time of the transformation of the structure grows because of the multiplication of the variables and uncertainties to be taken into account in all the situations of business. From this complexity, we can be directed while betting on a complexity distributed on human complexity on all the levels. The organization of a cell project with a head of project identified and legitimate with a clear communication resting on in-house partners and into external (Businessmen, trade unions, consultants). The interactive connection between the signal business and the base cannot set up to leave from a head project or a cell project clearly identified. We do not mobilize the staff on strategic stakes starting from the emotional reaction on the importance which represents the weight of a decision and the consequences which result from this by making brief surveys or by forcing a dominant ideology to make adhere the staff and to mobilize it on the importance questions or of survival. The role of a head of project representing the connection between the customers and the signal business constitutes the first steps of a system which implemented in the duration and which aim at ensuring stability of the method and to consolidate each individual in his role of person in charge that can emit opinions or make constructive proposals. The principal goal is to crystallize around the head of the whole project of information which can play a determining role in very decision-making by taking a real decision, while classifying and while choosing what will be the strategic major importance and what concerns the second

order. It is significant to specify that the head of project endorses a considerable responsibility because of his role and the decisions which are or will be taken thereafter.

*The strategy:* the transformation of the business model is mixed because it is based on economics concepts where the viability and the success of a good operation remain the concern first but also the continuity of the richness represented by human resources. It's the reason for which we can affirm it can have a bringing together with the business practices of Arab countries and those of Europe. Each decision in the process of transformation implying the staff is the result of interactive connections intern and external through which the business policy is organized for the attack of objectives aiming at satisfying in priority the interests of the shareholders. From this point of view, the evolution of the managerial practices centered on the policies of human stock management encounter real difficulties between the divergent interests of the shareholders in search of profitability in the short and medium term and the requirements of the professional life in the long run in particular on the fact of preserving the employment as long as possible.

The results reached are thus the representation of these two types of connections which one can qualify "A feel single" insofar as the authority in the business will be exerted fully or "A double feel" insofar as this authority is lit and helped by the base. In fact, the two types of connections belong to a more complex unit including the environment by the signals of the market into external (emission) and the behavior of the in-house actors characterized by the attitudes and the reactions compared to the signals (reception). Located at the borders of the strategy of the firm, antagonisms of connections reveal various positions that is necessary to try as well as possible to combine interests of each part because of the essential principle of survival of the firm duplicated of the will of the managers to preserve the employment by developing the activity characterized mainly by the turnover. The interactive connections between the strategy of the firm and the policy of human stock management thus depend fully on the moment (time) and the place (space geographical: room, regional, national or foreign) in which they will be exerted. Thus, it is of primary importance to hold account in order not to be in permanent shift between the possibilities offered on activities, markets, outlets or quite simply of the scale economies related to the only fact it is more interesting to rationalize the costs by transferring them for example on others places of production and the requirements of profitability which are increasingly related to the human capital.

## **Discussion and conclusion**

### *How to define a space?*

To speak about the Euro-Mediterranean concept is a point of identification for a space in which the subsets political, sociological, and organizational (and why not geographical, physical, climatologic...) have behaviors different from the same subsets in others spaces.

Thus, it seems possible to call upon the most recent work of geopolitics, and in particular those led by different authors in economics and management. They show a process of delocalization of the direction, fruit of acceleration of universalization and a new way of modernity, in a measure where we do not lead to a return towards the tradition. Their ways of thinking stay initially on the development of the plurality to the world level, which is declined on four axes:

- The decentralization of the modernity, which is not more European or euro-American. That is explained by the disappearance of the historical aspects (colonial world), economic or symbolic system (authority).

- The dissemination of the authority because "there is difficulty by thinking a political, social or cultural phenomenon from only one actor or from only one leader (State, religion)"; this

dissemination leads to a "double pluralism: pluralism of the systems of direction and pluralism with inside of each system of direction".

- The rise of the relativism, like consequence of the preceding dynamics, but also by the philosophical dispute of universality to which we can oppose incommensurability by an increasing complexity that general dynamic vision cannot restore and by the refusal of the rejection of the egocentrism.

- The new kind of the honor of the nations, related to the end of a vision of the world in opposite blocks (fine of the cold war) allowing the primacy of the business and cultural (with the detriment of the ideology): Today it's through the market that the "virility" of the nations is expressed".

After the structural factors identified, we are interested in the contents of spaces of direction as the place where three dynamics tangle up:

- The installation of a deliberative space in which can act the public or private actors. in order to pose and solve problems calling of the common solutions to this space...

- The production of "collective" and specific preferences to this space in the world game

- The capacity to convert these preferences and these deliberations into political performances...

Thus, we will qualify this space of direction any space able to answer simultaneously the conditions of deliberation, by enunciation and performance such as we have just defined them.

Without entering in a radical criticism of the definition of the space of direction, we note that its institutional dimension leads us to analyze the contents and the impacts of regionalization only through political constructions (European Community), religions or geographical spaces. We notice as well as the Euro-Mediterranean model does not enter any of these categories, but it doesn't reject anyone. Thus, a finer investigation remains necessary.

### ***The beginning of the Euro-Mediterranean model of business***

According to the preceding approaches on spaces of thinking, the Euro-Mediterranean model can be conceived like a space of directions:

- For geographical reasons, even if the limit is fuzzy: thus, East and West of the Mediterranean sea can be considered like good examples for this demonstration due to different but similar things like the way of life, the landscape.

- For historical reasons: philosophical, scientific bases and policies of the occident, primacy of economic flows until the end of the 19<sup>th</sup> century.

- For sociological reasons: (strictly speaking) the Mediterranean way of life and thought (role of the community, research of the humanistic proximity, impacts of futility, logic of resistance) and with the historical Mediterranean pressures (frequency of the crises, interbreeding) but also (substantial rationality, diversity, accumulation and growth) and with the European historical pressure (constitution of an unique economic area)

- For economic reasons: the permanent juxtaposition of levels of different richness and growth: Euro (money) is a quasi-perfect example of integration of diversity, for reasons of sustainable development predicting a common future:

Europe Community constitutes the greatest world fresh water reserve; blue gold becomes one of the major stakes of the geo strategy and an Euro-Mediterranean vision is essential, less than one hour of plane separates the European Union (GNP/inhabitant highest) and Africa. In fact, geographical space materialized by the Mediterranean Sea between the "rich person" and the "others".

While remaining voluntarily in the management approach, we see that there is matter to constitute a space of direction, since if we disregard (for the moment) public / institutional

dimension, we find conditions of deliberation (in particular on the level private operators), of stating and performance. To further go, to materialize this space of euro-Mediterranean direction, implies to find identity marks. We must move towards the definition of the euro-Mediterranean which rests: - on European specificities, which are compared to the United States: economic conflict political competition and incompatibility of the social models. - On approaches resting "on a kind of praise of heterogeneity? to substitute in the State of right of the "States of the rights" orchestrating diversity of the allegiances and the human memberships in order to differently treat them within companies in diversity.

The goal is to assure the accomplishment for each one individually by not forcing anybody to be detached or disavow its fasteners and while basing themselves precisely on these bonds, from the point of view where each one would be removed from the artificial yoke generated by the "homogenization".

On the capacity to identify "clean" interests, being able to involve divergences within the European Union including on what seems the Truth. Thus goes from there it of the concept of single market, considered by English as having to be most open possible on free of exterior so that it is based in an immense total market "the Mediterranean countries insist that the single market marks its identity with respect to outside, in particular by mechanisms of control". To define a space of euro-Mediterranean direction would not amount it proposing a political humanism resting on three bases:

- ontological equality in dignity, which seeks to be carried out through equality of the rights and the conditions, right conferred on each one to take part in the definition of the collective destiny like carrying out its individual destiny;

- the freedom, concretized in the individual conscience and the independence of mind, the distance kept vis-à-vis the communities of membership, the separation of the private and the public;

- the knowledge which means the dissociation of the knowledge and the ignorance, the knowledge and the capacity; the disclosure of the knowledge to all; the permission to doubt and call into question; the permanent possibility to transform the world with the risk of error; "the European universalism taken within the limits of our thinking and our knowledge, cannot completely include all philosophies European economic policies, whereas it appears more relevant for the Mediterranean nations of in relation with Mediterranean countries and further to exchange practices in management which could be very useful for everyone.

This constitutes a first framework of the Mediterranean new model because we also notice: - that we not have opposition between North and the South, West and East; they offer a real possibility of bringing together and a mutual empowerment, and not antagonism.

They offer no catch to dichotomy North/Modernity/Industry and South/Tradition/Land,

- That they can only to enrich our vision and our approach economic by market

- That they make it possible to defuse the trap of the "Mediterranean values" whose contents (often fixed) cause dispute, schematics to the profit of the description of process authorizing the differences. To reason in term of process as enables us to approach management more easily as the contents of the values.

We can also see the Arab business model from the strong point of it: The Islamic finance. In fact, the Islamic Arab business has proved to be a resilient system based on the basic principles of transparency and fairness in business, for example during the financial crisis which started from the US and hit. The resilience of Islamic financial institution is due to the unique business model which will continue to be different from the conventional banking due to its nature being the asset-based approach for each dealing," Overwhelming majority of businessmen see an asset base a starting point for each and every deal making this business

much secure, transparent and open for investors and bankers. We don't believe in imagination as physical presence of assets is a basic ingredient for Islamic banking as this very basis has provided strong protective layers to each and every business in this industry, The Islamic banking industry also faced numerous challenges such as harmonization of Shariah standards and strict adherence to the basic principles of this type of banking while competing with its established peers called conventional banks.

The growth pattern and acceptance of the Islamic banking has been a hallmark behind the sustained growth of the Islamic banks and the financial institutions. This trend will be a ladder for achieving excellence for the entire Islamic banking industry in years to come.

### ***Thereby, we can propose the Euro-Mediterranean business model***

Last approach of the prism: what can we do on the level business and research, by supporting us obviously on what we think and by locating us in logic of complementarities at the Anglo-Saxon model? To create a euro-Mediterranean thought around business must lead us to a thought on diversity and complexity. This one is very present since several works were built on the same report: the difficulty of the neo-classic model dominating to account for the choices of the economic actors. This is not new in the sphere of management. A fast reference to the work it possible to recall that this we had identified several types of management that we briefly recall:

- The Anglo-Saxon model with the dominance of business, competition, profit, individualism.
- The Japanese model: growth, quality, integration, agreement,
- The Euro-Mediterranean model: Management "in between", people, internal negotiation, diversity

This approach of diversity is found in several disciplines of management. Some examples: "To be together, firstly it's probably to make together. It is necessary to clash with the complexity and the construction of the future by the creativity, by the collective mobilization of the intelligence. That also means that it is imperatively necessary to rehabilitate the postulate of the specific one, of the locality and of immediately reaction, by combining them. It is necessary to support microphone-spaces of creation of the direction ".

US plunged not only in one problems of the direction, but also in a new vision of management. The return to specific, with the room is a differentiation marked compared to the Anglo-Saxon model homogenizer.

These capacities must be like the capacity maintains a coherence of Organization between its organizational dimensions intern and external ". Even the financial managers are interested with diversity. We will also note that the transverse approaches of the managerial problems have very as a finality to better locate and better to include/understand diversities of the organizations and the actors the component (management of SME, governance, impacts of the TIC, durable development of the firms, social responsibility, quality, management of knowledge, innovation?), and this in order to better act. Taking account of:

- In the ethical plan, like paradigm interpretation legitimates evolutions;
- and on an emotional level, like horizon, desirable sign of the future ".

In fact: Euro-Mediterranean business has like field:

- the examination of the managerial practices of the companies and the men whose acts have as life or a starting territory the "areas" of the South of Europe, of the North of Africa and west of the Middle East. This geographical framework legitimates the conceptual roots of the euro-Mediterranean model but does not reduce the studies and the applications to this territory: we think that all the areas of the world are marked in their history by diversity, that all the

decision makers, interested by an enrichment of the Anglo-Saxon model, must be integrated in a euro-Mediterranean approach. It is necessary to keep with esprit an opening on the Latin America, on the Chinese or Indian regional approaches. We could even think of Japan which modified its model insertion in Asia by giving up the metaphor of the flight birds (linearity, uniformity, Cartesian logic of the movement) for that of Symbiosis (diversity, harmony across the differences).

- Problems of pedagogy and research centered on specificity, diversity, the locality to have a more relevant systematic approach of the complexity of the organizations and their actors. The potential which is in front of us is huge. Thus, it seems to us that the Mediterranean approach (sea coast coastal traffic proximity) compared to Anglo-Saxon approach (ocean vastness) allows a thought on the decision-making. If we not regard the latter as step rational optimization under identified constraints, but a choice taken in a more or less reduced context of uncertainties, it seems that we can explain that:

- The reduction of uncertainty for the Anglo-Saxons, confronted with the vastness and the lack of reference mark, passes by modeling and the very formalized contract, sources of homogenizing procedures,

- The space proximity offers to Mediterranean possibility of return (logical of experimentation more accentuated than modeling) and a permanent monitoring (less contract).

- The creation of grids of analysis and the actions leaving a ethnocentric vision the world and management, and making it possible to differently solve problems of survival, of development of the men, organizations and nations where the euro-Mediterranean world legitimate by its is lived of the crises and the conflicts and also by the solutions that it brought throughout its history and which it will continue to propose. The sustainable development of the firms and the nations can be conceived and be built only on one history. On the preceding elements, legitimacy Euro med Marseilles School of Management while being the core of a network studied and making can build evolve/move a euro-Mediterranean management.

## **Research limitations and direction for further research**

### ***Reconciling Public and Private partners for operating aims***

According to their culture and know how, public and private partners have different expectations and aims for their own performance. Nonetheless, they are obliged to be agreed on the Essential.

**Public partners** are under pressure to improve the wealth both for citizens and companies by selecting areas of the most urgent needs and by helping everyone to be involved with their point of view and in action.

**Private partners** are looking for business with the highest profit and the lowest risk in order to be in the good agreement with shareholders in spite of many problems of employment supported mainly by public partners.

Thereby, how reconciling the two partners in keeping their aims by creating a new way of cooperation without being in arguing? Before, we have to precise that public partners are evaluated by the vote of the electors and private partners by the vote of the shareholders. Both are periodically on the way to accept many hard conditions to survive. Therefore, the first point and prior idea for each one is to preserve the status of its position to maintain themselves or simply to exist. Personal relationships and continuity are serious issues notably in the vision where everyone expects in the improvement of what they can realize for both citizens and companies.

In other words, each one tries to be the leader to renew the management to satisfy their voters but in reality they blocked each other. The only issue of this question is to modify

relationships between the two partners as so to find another sense of performance. This is a real challenge to use differences as « checks and appropriate size » to achieve public and private purposes. This requires negotiating the structure of what they want to do in advance.

The results of such negotiations reflect the power of each partner in outside the partnership; the main advantage is the creation of a balance of power for the partners. If we would stay on the idea that one of them is more powerful than the other one, we can create nothing with this basis. By the way, it's another idea of partnerships instead of having competitors with the aims to still get more and more, the partners become unified for operating aims. We completely change the message towards citizens and companies. Then, we enter in a strategy « win and win ».

However, to ensure relatively fair partnerships, public partners should not overtake their power in transforming it in a judgment of each situation they set up and private partners should be in a position sometimes to understand and to accept the public policy in favor of companies. Negotiation in detailed terms such as those can plainly mean that on a hand, the new partnership costs by the involvement on another hand, the partnership make benefits for everyone because the balance is earned and the results can be measured.

The object relates mainly to the advantages which the private and public partners can mutually bring while ceasing looking itself like competitors. They have to gain while collaborating on joint projects instead of systematically seeking to remain on closed aspects relating to their prerogatives. In other words: why not to make so that the public and private partners lay down common objectives in order to reach a decisive advantage for those which they represent and often are find themselves in the two camps. for example: we can belong to the public sector and to be interested by the results of the private companies, just like we can be in a private company and be interested in the performances of the public sector. In short terms: each sector is complementary especially if there are jointly laid down objectives.

### **We have to explain: operating aims**

**In the private sector:** companies need many services from public sector: for example education, transportation, social services, country services like water distribution, energy

**In the public sector:** citizens and civil servants need activities, profit, and employment from companies

**Then:** If we consider that the sectors are in competition and completely different each other we can fall the success for everyone in the country. That's to say: collaboration is possible for the two sectors in order to succeed.

In transportation we can have both private and public companies on the same markets. In this context, each company can make profit and create employment if the organization of transportation is discussed and share in the sense of the passenger. In that example, we see the real advantage for everyone: shareholders, citizens, government, civil servants. Then operating aims are agreement in competition organized in order to give advantages for everyone. But we can think competition is wrong in this aspect of negotiation. It seems to be true if we forget that government and mainly European Community is the keeper of competition in every country of EC. It's a kind of guarantee to recognise aims like genuine and real systems of cooperation between the two sectors.

In this context, we can accept a new economic and politic agent represents by European Community. The third agent is for citizens and companies the real issue of their own aims.

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