

# Foreign Firm Operations and Skills Development of Local Employees in Violence-hit Countries

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## **Abstract**

This paper addresses the skills development of local employees, following the operations of foreign firms in violence-hit and fragile countries. Despite being high-risk countries, such countries receive the attention of foreign firms, which in many cases offer services that are vital for daily life and improve local productivity. Within the overall conceptual focus of peace engineering, we analyze the operations and activities of six Turkish firms operating in the violence-hit and fragile countries of Congo, Ethiopia, Iraq, Morocco (the Western Sahara region), Somalia, and Sudan. The findings indicate that foreign firms operating in fragile and conflict-affected countries, along with achieving business goals, contribute significantly to the skills development of local employees and establish legitimacy through forging social connections and adopting corporate social responsibility activities. Their support for skills development resulted in career advancement opportunities and, in some cases, entrepreneurial ventures that were initiated by local employees. We argue that, despite harsh and unpredictable conditions, the operations of such firms can provide economic incentives as well as increased well-being and long-term stability in such contexts. Thus, the findings of this study have important implications for post-conflict recovery and local economic development through skills formation and entrepreneurial start-ups.

**Keywords:** entrepreneurship; local employees; skills development; career advancement; violence-hit countries; peacebuilding

## 1. Introduction

Violent armed conflicts, terrorism, and civil wars across the globe are, unfortunately, a very visible aspect of modern times (Ruggiero, 2019). Due to its prominence and increased visibility, violence (including civil war, armed conflict, and terrorism) and its dynamics are receiving the attention of scholars outside of the focal academic areas, i.e., conflict, sociology, and geopolitical studies. As such, some management scholars have recently addressed firm-level survival and operational strategies in violence-hit or volatile countries (e.g., Dai et al., 2017; Getz and Oetzel, 2009; Golgeci et al., 2019). It has been argued that despite visible risks associated with operations in such markets, foreign firms tend to still operate in these markets due to attractive market opportunities and differences in risk perceptions. In particular, firms originating in emerging markets (EMs), which are more used to dealing with high uncertainty and volatility, are found to stay and, in many cases, perform well in such contexts (e.g., Adomako et al., 2019; Ramamurti, 2012).

However, along with firm-level strategies, an essential and under-researched topic tackles the role of foreign firms' activities in contributing to the host country through value-creating activities such as improving the skills base of local employees. Previous studies have highlighted that in countries where the governments fail to provide certain services due to violent conflicts, external actors (e.g., foreign firms) tend to fill the gap (e.g., Hönke and Thauer, 2014). However, how foreign firms contribute to "peace" by providing skills and training to local employees in the violent contexts of their operations is relatively underexplored. Even though the term "peace engineering" was introduced almost 15 years ago (see Vesilind, 2005), specific studies analyzing the role of foreign firms in this context are scant. Likewise, skills formation, decent jobs, and entrepreneurship are essential to achieving the UN 2030 Agenda for Sustainable Development (see the Sustainable Development Goal 4) (United Nations, 2015). Recognizing this gap in the literature and relating our research to the Agenda for Sustainable Development, we examine the skills and competency development of local employees in foreign firms operating in fragile and violence-hit countries.

Prior studies have highlighted that skills formation and competency development of locals are the keys to long-term sustainability and, ultimately, peace in such contexts (e.g., Cederman et al., 2013; Naudé, 2007). Skills development of youths has been noted to be important in improving the performance of start-ups, especially in fragile countries (e.g., Brixiová et al., 2015). Studies also suggest that better opportunities for education and skills development are vital in reducing the incidents of terrorism (cf. Azam and Thelen, 2008; Young and Findley, 2011). A key argument presented in this regard relates to the opportunities for individuals to elevate their own and their families' socio-economic status using newly acquired skills by either working in foreign firms or

starting their own businesses (e.g., Brück et al., 2013; Rettberg et al., 2011). Therefore, we give particular attention to the progression opportunities that foreign firms operating in conflict-affected countries offer their employees. Against the backdrop of the above gaps, this paper uses interesting and unique empirical approaches to examine how foreign firms operating in conflict-affected countries contribute to the peacebuilding efforts through skills formation. We conduct multiple case studies of six Turkish firms operating in Iraq and different violence-hit countries in Africa. The contribution of our study will be two-fold. First, it is the first study (at least to our knowledge) to focus on skills development of local employees in foreign firms in the violence-hit countries of Iraq, Sudan, Somalia, Ethiopia, Morocco (the Western Sahara region), and the Republic of Congo. Thus, it highlights the crucial role that foreign firms play in their contribution to the UN's Sustainable Development Goal 4 related to education, skills, and training (SDG 4).

Moreover, the study, along with an organizational focus, seeks to contribute to the overall goal of supporting peace, as skilled employees can elevate their own and their families' socioeconomic status and thus stay away from armed conflicts and terrorism. This can be seen in their career advancement and, in some cases, when starting entrepreneurial ventures. Some previous studies have argued that economic development and better hope for the future can play an important role in the ultimate pacification of conflict-hit societies (e.g., Spanger and Bale, 2019). The current paper will also be the first to try to probe this link in the chosen context.

Another contribution of this paper comes from highlighting the importance of employee skills development for the long-term growth and survival of foreign firms in extreme contexts of conflict-affected countries. This skills development of local employees contributes specifically to the literature streams on corporate legitimacy and social responsibility, as studies of local employees in violence-hit countries are rather limited. Finally, the study contributes to the limited scholarship on the role of foreign firms in peacebuilding through skills development in conflict-prone areas. The support of foreign firms to develop the skills of the employees leads to the development of social capital between foreign firms and local employees, which in turn helps foreign firms to establish legitimacy in conflict-affected countries.

The rest of the paper is organized as follows. The next section provides a literature review followed by empirical research design and study findings. The paper concludes with a presentation of implication limitations and future research directions.

## **2. Literature review**

Getz and Oetzel (2009, p. 376) define a violent conflict as “the organized and sustained use of physical force that results in injury or death to persons or damage or destruction to property. It includes war, revolution, rebellion, insurgency, and sustained campaigns of violence or terrorism”.

The latest statistics show that as many as 374 conflicts were observed worldwide (Heidelberg, 2018), from which 57% were violent conflicts. Thus, violent conflicts are something that most of the firms involved in international operations are facing, and which have implications on internationalization decisions such as choice of markets, foreign operation modes and location, and management of foreign operations (Czinkota et al., 2010). The traditional approach to managing risks, including political and social risks caused by violent conflicts, has been to avoid entering these markets (Casson and Da Silva Lopes, 2013; John and Lawton, 2018).

On the other hand, when entering risky markets, firms try to minimize the risks by choosing a foreign operation mode (see e.g., reviews by Canabal and White Iii, 2008; Laufs and Schwens, 2014) that provides either flexibility or risk-sharing (Czinkota et al., 2010). Similarly, a risk-minimizing approach is used by firms already operating in markets interrupted by war (Dai et al., 2017). Japanese firms operating in war-afflicted countries left these countries when their vulnerability increased (e.g., due to greater exposure to threat) but stayed in the countries when it would have been more difficult to replace their at-risk resources (Dai et al., 2017).

Some of the benefits associated with operating in high-risk markets are the access to valuable natural resources or large local markets, a limited number of competitors, and long-term growth opportunities (e.g., Casson and Da Silva Lopes, 2013; Dai et al., 2017; Guidolin and La Ferrara, 2007). Findings on foreign direct investment (FDI) flows support this view by showing that violence does not necessarily reduce the amount of FDI (e.g., Biglaiser and Derouen Jr. 2007; Li and Vashchilko, 2010); in fact, FDI may even increase in specific industries (e.g., Biglaiser and Derouen Jr, 2007). In cases where firms have decided to stay in conflict-hit markets, firms are shown to have the motive to participate in some types of conflict-reducing activities, which may bring additional benefits to the firm (Getz and Oetzel, 2009). Some of the identified potential benefits are reduced employee turnover rates, no loss of assets, improved relations with local government or community, and a strengthened position leading to a long-term competitive advantage (Getz and Oetzel, 2009).

Recent studies in political risk management also acknowledge the potential for firms to take advantage of the risks by being more proactive instead of only reacting to conflicts, thus creating and maintaining business value (John and Lawton, 2018). According to Frynas et al. (2006), firm-specific political resources can create first-mover advantages, but they can also be some of the most critical factors contributing to firm performance, especially in volatile environments. Political resources can be categorized into physical capital resources, human capital resources, and organizational capital resources (John and Lawton, 2018). Thus, managers' prior experience of cooperating with government officials or existing relations between a firm's managers and key stakeholders in unstable environments may help firms to identify opportunities and develop negotiation and lobbying

capabilities in other new risky countries (John and Lawton, 2018). Such capabilities are critical in the context of emerging and developing countries where formal institutions are in a state of flux (e.g., Khanna and Palepu, 1997; Rodgers et al., 2019). In this context, Dai et al. (2017) argued that prior experience of operating in war zones could build a firm's resilience, which is considered an essential capability of a firm in risky environments. However, based on their findings, resilience increased exit rates and thus did not increase the possibility of benefiting from operating in similar markets. The findings indicate that prior experience alone may not be sufficient to cope with the risks caused by violent conflicts. Based on the above discussion, we propose the following:

**Proposition 1:** *Foreign firms operating in extreme and conflict-affected countries can create value for local stakeholders by using their resources and capabilities.*

Another critical factor contributing to successful project outcomes in volatile markets is the legitimacy of foreign firms. Legitimacy has been defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (e.g., Suchman, 1995). Darendeli and Hill (2016) explored what actions could help foreign firms to gain legitimacy during the turmoil of the Arab Spring in Libya. The findings indicate that the most effective way was to show commitment to society by being involved in public projects, such as building hospitals, universities, roads, airports, etc.

Additionally, establishing ties with local families was a significant contributing factor. This so-called social-sector-based path to firm legitimacy was seen to compliment and often substitute the government-based path, which is the more traditional source of legitimacy in general (Darendeli and Hill, 2016). Other scholars also find further support for the vital role of cooperation with local communities as a source of legitimacy (cf. Gifford et al., 2010). The main purpose and outcome of the cooperation between the firm and different local communities were to identify the needs of the community and find innovative ways to respond to the needs. Establishing legitimacy in the context of terrorism threats is based on similar views, establishing relations with local constituents, and emphasizing being a good local citizen (Czinkota et al., 2010).

Violence-hit countries are often characterized by having governments unable to provide basic security and other services to its people, which have institutional voids (Khanna and Palepu, 1997) and an overall lack of capacity (Getz and Oetzel, 2009). The causes of violent conflicts have often been linked to socio-economic problems, insufficient health care and education, and lack of critical infrastructure (Jain and Grosse, 2009). These conditions create opportunities for firms to design new international business models (Jain and Grosse, 2009) where the societal challenges in violence-hit countries will be part of the rationale for how a firm creates, delivers, and captures economic and social value (Spitzeck et al., 2013).

Potential social benefits of these new types of international business models can range from improvements in quality of life in terms of health, education, and access to food and energy, to poverty reduction and employment growth, and access to new expertise and local entrepreneurial growth (Kolk, 2016; Michelini and Fiorentino, 2012). These societal changes can decrease or even eliminate the violent conflicts and contribute to peace (Jain and Grosse, 2009).

The shared value concept was put forward by Porter and Kramer (2011, p. 66), who defined it as “policies and operating practices that enhance the competitiveness of a firm while simultaneously advancing the economic and social conditions in the communities in which it operates.” Porter and Kramer (2011) argue that there are three routes through which firms can create shared value. These are 1) reconceiving products and markets, 2) redefining productivity in the value chain, and 3) enabling local cluster development. Still, one of the critical elements that make it possible to design a successful international business model, which builds on shared value, requires that a firm understands a country’s specific needs. In other words, what can be improved, how much, and what is the value of this to the firm (Dembek et al., 2016; Pfitzer et al., 2013). Not acknowledging the specific features and needs of local communities may lead to failures in contributing to social value (Newenham-Kahindi, 2011). Identifying relevant needs often requires two-way communications with various stakeholders (Newenham-Kahindi, 2011). According to Pfitzer et al. (2013), other essential elements for a successful business model design are the need to embed the social purpose into the company culture, measure progress, create an optimal innovation structure, and co-create with external stakeholders. The above discussion leads us to suggest:

**Proposition 2:** *Foreign firms can establish legitimacy in conflict-affected countries through social value creation and the development of social connection and localized social capital with local stakeholders to create social and economic value.*

One of the critical needs associated with the leading causes of violent conflicts is the lack of human development. It has been argued to be one of the most significant barriers to technology catch-up in developing countries (Costantini and Liberati, 2014; Das and Drine, 2020) and a root cause for unsuccessful technology and knowledge (T&K) transfer projects (Osabutey and Jackson, 2019). The findings by Spitzeck et al. (2013) indicate the importance of local skills development in creating a successful business model based on shared value. Likewise, recognizing the need for local skills development acted as one of the external triggers for firm innovation. The innovation, on the other hand, benefited society by improving the knowledge and skill levels of a large number of locals. People who received the training were not only the employees but also other locals associated with the innovation of the firm. The improvement of the knowledge and skill levels also contributed to the growth of the local economy, income levels, and the number of employed people. Yin and Jamali

(2016) also acknowledged training employees as one of the most important social responsibilities of a firm. The studies conducted in fragile and war-affected contexts such as Bosnia and Mozambique highlight the critical role of skills and entrepreneurship (cf. Dana, 1996; 1999; Kaufmann and Parlmeyer, 2000). However, there are limited studies that have focused on the role of foreign firms in enhancing skills development and the subsequent start of entrepreneurial ventures by employees who have received training in conflict-affected countries. Dana (1999) studied the role of skills, training, and entrepreneurial leadership in developing entrepreneurial ventures in conflict-prone countries. Similarly, the Kaufmann and Parlmeyer (2000) study in the context of Mozambique indicates that lack of skills hinders entrepreneurship, and many small businesses remain in the informal sector due to the weak skill base of their entrepreneurs. Thus, understanding the role of foreign firms in skills development in conflict-affected countries is crucial, as war-torn countries indeed can improve productivity and long-term economic development through skills development.

We can find a clear difference in the outcomes of international business projects, depending on how a firm approaches the challenge of locals lacking relevant skills related to the firm's operations. When Chinese firms in their T&K transfer project in Ghana realized that locals lacked the relevant skills needed in firm operations, they did not hire locals. Instead, they reserved most of the management and supervisory roles for Chinese nationals (Osabutey and Jackson, 2019). Locals were hired at low operational levels. Even then, they did not have any rights regarding holidays and medical and social security, and their contracts were mostly temporary. Thus, the outcomes of the projects for society were minimal in terms of human resource development. The firms, on the other hand, suffered from high employee turnover. The findings support the view that understanding a specific need of a country and integrating it explicitly into a project will enhance the possibility of a successful T&K transfer (Osabutey and Jackson, 2019).

Since governments in developing countries lack resources and are unable to meet the needs of the local population, the role of foreign firms operating in these markets becomes crucial for local capacity building. It is in such contexts that foreign firms adopt social responsibility programs to develop capacity, including skills formation, and support the economic development in their host markets (Bondy et al., 2012; Cormier et al., 2016). Due to the social and political role of foreign firms in host countries, there has been an increasing interest in understanding the actual contributions of foreign firms in these countries. In some cases, it has resulted in hybrid organizations where firms are working closely with local governments to develop innovation and support the local economic development (Kolk and Lenfant, 2016; Williams and Shepherd, 2016). For instance, Williams and Shepherd (2016) found that business ventures played an essential role in developing resilience and contributing to the local economic development during the aftermath of the Haiti earthquake. Foreign

firms can also contribute to developing the absorptive capacity of firms in developing countries, which is critical for product and process-related innovations (Cohen and Levinthal, 1990; Zahra and George, 2002). Through the development of the absorptive capacity of their host countries, foreign firms can play a vital role in peacebuilding in these markets (e.g., Oetzel and Miklian, 2017). Foreign firms can shape their environment by enacting social investment programs and community development activities, thus overcoming institutional voids in conflict-prone markets (e.g., Rosenau et al., 2009; Williams and Shepherd, 2016). The preceding discussion leads us to suggest:

**Proposition 3:** *Foreign firms can play an essential role in developing the absorptive capacity of new ventures (such as skills formation), which contributes (i.e., in the form of new venture growth) to the local economic development of conflict-affected countries.*

### **3. Empirical research design and method**

#### *3.1 Sampling and data collection*

The focus of our study lies in scholarly exploration and theory elaboration, taking into account the need to tackle the “what” and “how” questions (Creswell, 2007; Yin, 2009). We aim to explore a subjective and complex phenomenon, i.e., peace engineering and local skills development in the context of violence-hit countries and the role of local skills development in these settings (Ketokivi and Choi, 2014; Yin, 2009). Our phenomenon-driven study rationalizes the selection of explorative study design to enable us to have a flexible and open approach to the topic (Eisenhardt and Graebner, 2007).

Furthermore, the complexity of the focal phenomenon caused by the opposing forces of the risks versus the benefits of operating in violence-hit settings provides further justification for the multiple-case study design we adopted. The multiple-case study approach allowed us to examine a current and relevant phenomenon in settings in which it occurs. It thus enabled a rich understanding of how foreign firms operate in violence-hit countries and how their local skills development initiatives support the career advancement of local employees, including the opportunity for entrepreneurial ventures and the well-being of the local community. We, therefore, believe qualitative methods through the use of multiple-case studies to be the most appropriate.

Case study research for theory building has witnessed significant growth over the recent years, particularly when the emphasis is on exploration (Ketokivi and Choi, 2014; Pagell and Wu, 2009). The role of context in firm operations and how these firms develop their local skill can vary across countries (Getz and Oetzel, 2009; Guidolin and La Ferrara, 2007; Miller et al., 2006). Thus, in the context of research on conflict zones and violence-hit countries, qualitative research methods have been considered more appropriate for analyzing the different aspects of these under-researched contexts. Likewise, the exploratory case study was chosen to allow data collection from several

sources, including interviews and secondary data sources. In line with the core premise of the case study research, we sought to gather in-depth qualitative data in order to be able to identify the emergent themes throughout the study.

Our research builds on six cases of Turkish firms with operations in countries that have been experiencing or recently have experienced internal violent conflict. In this research, we followed the purposive sampling approach in line with Miles and Huberman (1994). As such, the cases were selected based on the following criteria: Activity and market presence in violence-hit countries, operating in industries that involve engineering activities (such as production and construction), and the availability of respondents who could provide first-hand insights into the violence-hit countries as well as their business and socio-economic characteristics vis-à-vis firm operations. Production and construction industries are a vital component of volatile developing countries, corresponding to the essential need for daily affordances and sheltering met through these industries. Therefore, we argue that the selection of country contexts and industries are consistent with the extant research that scrutinizes business operations in conflict zones and violence-hit countries (Brück et al., 2013; Darendeli and Hill, 2016).

We used a combination of primary and secondary data sources when examining the cases. That said, data collection was primarily done via semi-structured, thematic style interviews with the Turkish CEOs, country executives, and, in some cases, local partners. The interviewees were chosen based on their knowledge and expertise and their embeddedness in the host countries. Whenever possible, we interviewed two executives or interviewed the same executives twice, allowing us to acquire a more holistic view of how the cases have developed and the forces that have shaped them. In addition to the interviews, other secondary data resources such as video and audio material, non-public corporate reports, and context-specific documents were consulted to arrive at a fuller and triangulated understanding of firms' operations and local skills development in violence-hit countries, thus increasing the rigor of the research (Groenland and Dana, 2019).

Data saturation is an essential consideration for qualitative research methods. Assessing how many interviews are sufficient to accomplish the research objectives within the bounds of the research limits is necessary. Noticing similar instances repeatedly indicates that the researcher can be confident that no considerably different insights are gained with additional interviews. The critical variations in the focal phenomenon have been identified and assimilated into the emergent framework. In view of this consideration of data saturation, eight interviews with the executives of the six case firms were conducted. They were considered satisfactory for our research, as there was no further opportunity to obtain important new information pertinent to our purpose through more interviews (Gligor et al., 2016). Although new information continued to emerge about the contextual characteristics of the

different violence-hit countries we probed, insights into how the case firms tackle such conflicts and violent conditions and what they do to support local skills development were saturated.

Five interviews were conducted in Turkish and subsequently translated by a native Turkish academic who is fluent in both English and Turkish and has significant research and publishing experiences in such cross-cultural qualitative contexts. Three interviews were executed in English. The interviews took place between December 2018 and January 2020 and lasted approximately between 45 and 100 minutes. Case firm characteristics and interviewee information are provided below in Table 1.

----- **Insert Table 1 here** -----

The data gathering procedures provided vital insights, which were useful during the data analysis. When executives provided differing answers or documented evidence, we contacted them again and resolved any minor discrepancies. Although there were no major discrepancies within the case firms, moderate discrepancies were cross-checked for correctness and consistency. Together, the responses provided a clear picture of the conditions in which the case firms operated and the responses they adopted (e.g., Warren, 2002).

### *3.2 Interview protocol*

Our interview protocol involved all participants being informed about the research focus and characteristics as well as the participants' role and part in the research process. The research participants could withdraw from the interviews at any time and were guaranteed permanent personal and organizational anonymity. A cover letter was sent to all participants, who were requested to acknowledge their comprehension of the research and their role in it. Additionally, each interviewee was given access to relevant information on the topics examined in our research.

In line with the discussion provided in the literature review, the distinctiveness of the research contexts, and the lack of specific prior research, the interviews included the main themes listed in Table 2. Each interviewee was cognizant of these themes and comprehended the associated dynamics well. The interviewees discoursed the stated themes in an open-ended and candid way. Open-ended interviews in qualitative research have been considered very useful for gaining first-hand and unique insights. Such interviews do not confine the interviewees' descriptions of the contextual topic, thereby increasing validity and reliability (Bell et al., 2018).

----- **Insert Table 2 here** -----

We recognized the importance of data validity (Collis and Hussey, 2013) and the need to eliminate researcher bias. Therefore, each interview consistently adopted the same interview protocol in terms of strictly adhering to a prepared set of questions, while allowing for flexibility in the conversations to offer accurate data, negate possible concerns over originality, and enable original

insights and narratives (in line with Maxwell, 2002). All interviews except the initial interview with case 2 firm were recorded and transcribed afterward.

### *3.3 Data analysis and trustworthiness*

In this research, firms have been chosen as the focal unit of analysis, which is consistent with our aim of exploring firm operations and local skills development in violence-hit countries. To assess the data, we relied on thematic analysis, as it enables detecting, scrutinizing, and accounting for patterns identified within the obtained facts (Braun and Clarke, 2006). It matches our research objectives and allows data analysis flexibly and informatively (Braun and Clarke, 2006). Our thematic analysis was performed following Miles and Huberman's (1994) suggestions, allowing us to identify key themes related to our focus on business operations and local skills development in violence-hit countries.

After running the thematic analysis, we also conducted a content analysis, as suggested by Patton (2002), to obtain the maximum possible useful information from the interviews. We detected categories in the data based on the themes examined in the analysis phase to present the findings clearly. This procedure allowed us to analyze the individual cases, conduct cross-case analysis, interpret the data collected from the case study firms, and identify trends to compare not only the outputs as a whole but also the differences between the case study organizations.

Having completed these two forms of analysis, we accumulated and organized the resulting data with the following themes: Motives for operating in violence-hit countries, the dynamics of violence-hit countries and firm survival, the interface of business operations and social responsibility in the focal countries, and local skills development, career advancement, and social well-being in the host countries. These themes provided a sharper means of assessing and comparing each case firm and led to fruitful conclusions.

To foster the validity of our findings, qualitative rigor entails checking that data outcomes are valid and reliable. Since the data required interviewee interpretation that may be subject to biases, research trustworthiness and dependability can be potentially problematic (Kvale and Brinkmann, 2009). Accordingly, we followed the recommendations by Marvasti and Silverman (2008) and Groenland and Dana (2019) to uphold rigor and ensure data trustworthiness. First, we treated the whole data holistically and thoroughly. We then diligently analyzed the data to improve the interpretability based on the individual characteristics of all participants. Interpretations were supported by presenting evidence in the form of quotations (Groenland and Dana, 2019). Subsequently, we looked for recurrence by conscientiously seeking cues where our findings were inconsistent and/or indicative of systematic variation. We also made sure that the researchers and the research participants were both actively involved in the research procedure to ensure participant validation. Additionally, we assured the participants of their absolute anonymity (particularly given

the fact that their firms operate in uncertain and politically sensitive/fragile settings) as well as provided a professional and pleasing interview atmosphere to strengthen trustworthiness. The participants were communicated following the initial interviews to double-check specific facts and obtain any subsequent feedback, thus enhancing the reliability and trustworthiness of our research findings, as suggested by Gray (2009).

#### **4. Analysis and findings**

##### *4.1 Case overviews*

**Case 1:** Case 1 firm is a Turkish construction enterprise with a presence in several foreign countries, including Somalia, Ukraine, Kazakhstan, Congo, and Morocco. In this study, we focus on the firm's Somalian operations. The firm constructs dwellings and apartment blocks independently and has also undertaken tenders for public construction auctions in Somalia. Case 1 firm has been operating in Somalia under the directive of the local country head since 2016. The firm has a full-time staff of 14 in Turkey, while it employs eight people full time in various managerial positions in Somalia. Numerous contractual workers are also affiliated with the case firm within Somalia, but the exact number varies depending on the construction projects being embarked upon. Despite being a regional powerhouse and enjoying a relatively stable country until the 1970s, Somalia has descended into a spiral of social strife, civil war, terrorism, and separatist movements since the early 1990s, and it still suffers from ongoing violence. As a result of such a long period of violence and instability, the state is in a stalemate and cannot deliver its basic duties. Case 1 firm has been operating in Somalia under these circumstances and is constantly facing unprecedented levels of uncertainty over its future.

**Case 2:** Case 2 firm is a Turkish medical equipment and energy services firm that has been present in several countries across the globe. It employs more than 200 full-time employees in its production facilities in Turkey. It has nine employees in Morocco and five in the Republic of Congo – two violence-hit countries in which case 2 firm operates and which constitute the focal contexts of case 2. The CEO of the firm's Western and Southern African subsidiary has been managing the firm's operations in Morocco and the Republic of Congo for over a decade. He has been living full-time in Morocco since the early 2000s. The CEO's first contact with the region was as an academic and UN envoy in the early 1990s. Since then, he has been deeply involved in business and social responsibility activities in the regions. Both Morocco and the Republic of Congo have witnessed varying degrees of internal conflict and violence. Although violence in both countries has not been as severe as in other countries in Africa and the Middle East, Morocco has had to grapple with a separatist movement, i.e., the Western Sahara problem since the 1970s, and the Republic of Congo experienced a civil war between political forces in the 1990s. The CEO and case 2 firm have witnessed both strifes firsthand and have had to navigate sensitive contexts in both settings.

**Case 3:** Case 3 firm is a sizeable Turkish energy equipment firm. It has a market presence in more than 150 countries globally and employs thousands of employees in production and service facilities across several countries. The firm has recently expanded to the northeast and east African countries of Sudan and Ethiopia. The firm has assembly and sales/after-sales services in both countries. The firm's operations are managed by the firm's regional manager, who resides in Sudan. Sudan has experienced many conflicts and civil war conditions that have resulted in creating a new country, South Sudan. The country is still experiencing internal conflict in the Darfur region, especially in Nyala. Likewise, given its large and diverse population and being located in an extremely problematic region, Ethiopia has also experienced persistent waves of social strife and internal conflicts. The so-called "Red Terror" claimed more than 500,000 lives in the late 1970s, the border dispute with newly separated Eritrea in the 1990s was strongly reflected in the internal dynamics of the country, and the country is still experiencing violence in southern areas near the Somali and Kenyan borders. On the other hand, the country has recently witnessed an easing in internal conflicts and in the border dispute with Eritrea, which has resulted in the current Prime Minister Abiy Ahmed receiving the 2019 Nobel Peace Prize. Accordingly, case 3 firm faces violence (a continued conflict in Sudan and an easing one in Ethiopia) and continues its operations under susceptible conditions in both countries.

**Case 4:** Case 4 firm is a Turkish oilfield services and electromechanical construction firm. Despite being headquartered in Turkey, the firm operates almost entirely in Iraq and employs 55 full-time employees in the country. Unlike other cases in this study, the firm was established with the Iraqi oil market in mind. The founder and current CEO/owner of the firm is of half-Turkish and half-Iraqi descent and initially worked in the country as a UN envoy following the US invasion of Iraq in the early 2000s. During these times, the owner established close ties with Iraqi oil industry actors and decided to establish his oilfield services and electromechanical construction firm as a result of his recognition of the untapped market potential. As a relatively more known case, the toppling of Saddam Hussein dragged Iraq into a grave civil war and violence. Insurgency and ensuing civil war in Iraq have claimed nearly a million lives, and violence remains a serious threat today. Rooted in sectarian and ethnic strife in the multicultural and multiethnic country, the current violence continues to show signs of repeated cycles of escalation and de-escalation that make the operation of the country extremely challenging and insecure. That said, the case firm's situation is somewhat alleviated by its owner's familiarity and acclimatization of the context and his fluency in both Arabic and Kurdish.

**Case 5:** Case 5 firm is a Turkish transportation machinery and steel firm with its strongest market presence in Sudan. While the firm also operates in other neighboring countries with conflicts and violence, our study focuses primarily on its operations in Sudan. The firm employs 63 full-time employees in the country (28 for transportation machinery operations and 35 for steel products

operations, respectively). The firm has been present in Sudan since 2000 and has focused on various products. Its geographic presence and product focus have evolved in parallel with violence and conflicts in the country. Today, the primary focus of the firm is on steel products.

**Case 6:** Case 6 firm is a Turkish construction firm operating in several countries, including Iraq, Libya, Italy, Spain, Israel, Iraq, Gabon, Afghanistan, Gulf countries, and Central Asian countries. That said, Iraq constitutes the primary market of the firm with 50 full-time and about 2,000 contractual employees. Therefore, we focus on Iraq in the current paper, keeping in view the possibility of examining our research themes in detail for this specific case. The CEO/owner of the firm works closely with employment-related governmental and non-governmental organizations (NGOs) and manages a recruitments agency for Turkish construction firms operating abroad as the head of a sister firm to case 5 firms. The CEO/owner is deeply immersed in local employment dynamics in various countries, including violence-hit countries.

#### *4.2 Cross-case analysis findings*

##### *4.2.1 Motives for operating in violence-hit countries*

Volatile economies, conflict zones, and conflict-hit countries are not obvious choices for many firms as potential settings to operate (Brück et al., 2013; Golgeci et al., 2019; Guidolin and La Ferrara, 2007; Rettberg et al., 2011). On the other hand, some firms choose to enter such a context-based on different motives. Our findings reveal a range of motives behind entry and operations in the focal violence-hit countries. These motives can be accumulated under three distinct categories: high-risk, high-return ventures, vision/past experience-driven, and serendipity/opportunity recognition.

High-risk high-return ventures refer to the participant firms' recognition of the high-risks involved in operating in a violence-hit country on the one hand and the great potential returns from such risky ventures on the other. These were the common motive behind the entry to the focal violence-hit countries among the cases. As seen in Table 3, three case firms were mainly motivated by this dynamic between high-risk ventures, which hold the promise of unprecedented returns if a business is bold enough to take such a risk and survive a volatile context with institutional voids and lack of socio-economic infrastructure. For example, the CEO of case 1 firm stated the following:

“I knew that I must have been crazy to enter Somalia. However, I also knew that nobody from the West would have the courage to enter this market. After our sudden failure in Russia, I needed to take a bold step to keep the firm afloat. As an opportunity presented itself with my partner, I decided to go ahead and take that risk.”

Similarly, the regional manager of case 3 firm recounted:

“I first became aware of the Sudanese market after my visit to Darfur while working in our firm's Dubai office. It was obvious that the country was not necessarily business-friendly.

However, that chilling impression also sparked the market potential in my head. It was clear that especially rural areas are in pressing need of electricity. I knew that our product would be sold like bread and cheese here, if we had a foothold in the country and were able to navigate murky waters. We needed to be here physically to gain that foothold, but no one was interested in moving to Darfur. Then, I thought, ‘why not’. I knew it would be difficult, but I wanted to take the risk and have the opportunity to build something from the ground myself.”

These examples show that some case firms were aware of the risks involved in operating in violence-hit countries. However, they were able to take the necessary step and enter these markets, given the perception of possible abnormal returns in exchange for high risk. Because the high risks scared away both foreign and local investors, the market was left with obvious gaps, waiting for anyone brave enough to fill it, as was the case with some of our participant firms.

----- **Insert Table 3 here** -----

Some case firms primarily had visions/past experiences as their entry motives. This was particularly apparent with case 2 firm and case 4 firm. Such market entry motives are mostly about an owner’s visions and goals of a specific business venture that are molded and collated due to past experience in a specific country/region and/or industry. Both CEOs of case 2 firm and case 4 firm were former professionals in Morocco and Iraq, respectively, mainly on a social mission. They were parts of two UN missions: peacekeeping (in Iraq) and development (in Morocco). While working in these countries, they became familiar with the local contexts, made connections, and built expertise in their respective fields. They then turned these past experiences into ventures to fulfill their specific objectives. In this vein, the CEO/owner of case 4 firm stated the following:

“After the First Gulf War, I moved to a private firm in Iraq. My first experience in Iraq involved distributing school fundamentals across the country for the rehabilitation of Iraq. I coordinated humanitarian projects funded by the US and the UN. We had to buy local products to support local employment. This led me to make good local business connections. I was also involved in basic engineering activities. [...]. Eventually, I made good use of my past experience and connections to build my own business in Iraq.”

As such, we find that the managers’/owners’ reliance on the relevant past experience in a given context and industry is an important driving force for venturing into foreign markets, despite the threat of violence and conflict in such countries. Contextualized experience helps managers become more embedded in the environment of such countries and feel more comfortable operating there.

Finally, serendipitous opportunity recognition was also an essential motive behind some case firms. The critical aspect of serendipitous opportunity recognition concerns business men’s or managers’ utilization of business opportunities that emerge not from active opportunity-seeking, but from a lucky coincidence that leads to awareness of potential opportunities involved in operating in

a particular context. Serendipitous opportunity recognition was the primary motive behind case 5 firm's entry and was partly behind case 3 firm's entry into the Sudanese market. The CEO/owner of case 5 firm noted the following:

“I did not know anything about Sudan before meeting a friend who was there. He told me how the country was hungry for virtually everything that we can offer. He told me of her fertile land that remained untapped because of the lack of modern agricultural methods and tools. There I understood that this can be a great opportunity for me.”

Similarly, seeing the happy people of Sudan, despite the severe conditions they are surrounded by, was a personal motive for the regional manager of case 3 firm to seek underutilized opportunities in the country and advance his career in the region. These serendipitous events led to further exploration into the Sudanese context and the niche opportunities the country offers businesses that can deal with uncertainties and institutional voids.

#### *4.2.2 The dynamics of violence-hit countries and firm survival*

Violence-hit countries and conflict zones are often known as very challenging settings to operate within (Brück et al., 2013; Getz and Oetzel, 2009; Li and Vashchilko, 2010; Rettberg et al., 2011). The limited research in these settings highlights them as displaying unique dynamics, both in terms of positive and negative aspects (Driffield et al., 2013; Getz and Oetzel, 2009; Henisz et al., 2010; Oh and Oetzel, 2017). As such, our findings indicate that the six case firms operating in seven violence-hit countries faced quite different external dynamics in their respective settings. Nonetheless, there were some common underlying themes that affected the case firms, both positively and negatively.

To begin with the negative factors, varying degrees of institutional voids, uncertainty, and the lack of necessary physical/legal infrastructure and human capital were major themes that defined the contexts in which the case firms operated. Accordingly, the case firms typically found themselves in unorthodox settings that posed major challenges in serving and creating value in their markets. For example, the CEO of case 1 firm stated the following:

“You could easily say there is no state in Somalia. There are no clear rules to follow. Instead, everything revolves around clans.”

This means that the CEO of case 1 firm could not find any ground upon which he could build his operations in Somalia. Instead, he had to rely on the country head's connections with local clans and power brokers to navigate the dangerous waters of Somalia and run his business on a daily basis. Especially in Somalia, Sudan, and Iraq, the participants experienced daily operational threats and virtually no foreseeability of future survival. For example, the CEO/owner of case 5 firm stated:

“My business was going quite well, considering the state of the country. However, with the recent demonstrations and the change in the government, everything came to a standstill, and I would no longer do business in Sudan in the way that I was able to.”

Such a sudden change in the business climate of Sudan led the CEO/owner of case 5 firm to gradually move his firm’s operations to Ethiopia – where he found a relatively more favorable business climate stemming from recent reforms by the Ethiopian government – and switch to steel products in Sudan. That said, in some countries, more serious threats to businesses come directly from the conflicts surrounding these businesses. For instance, the CEO/owner of case 4 firm narrated the following:

“When in Iraq, you know that you cannot really rely on the state. Everything revolves around the informal connections and business savviness. Serendipity is also important. [...]. Let me tell you a story. We were operating on an oil site construction in Kirkuk. The site was within the periphery of an Iraqi military camp. So we were supposed to feel safe despite the insurgency by ISIS. However, one day we heard that ISIS was getting near the city and our construction site. It was like a storm. They created a mysterious myth about their power and wrath. All military personnel left their arms and escapade the camp. We were suddenly stripped off of all protection. We immediately left all of our equipment and machinery and escaped the site. [...]. Because we were able to react quickly, we lost no employee. We were lucky to be alive. [...]. Some other firms operating on the construction site actually lost some of their employees to the ISIS terror.”

The rapidly emerging threat of ISIS and the lack of proper response by the Iraqi security forces posed a sudden real life-threatening situation for case 4 firm. The only reason for its survival was due to the local connections of the owner and the quick reactions that the firm was able to pull off. The examples above highlight the challenges these firms face regarding the survival of their businesses and, in some cases, their employees in these contexts.

Furthermore, some case firms experienced problems with international business connections and integration when violence hit their host countries. In some of these countries, internal conflicts and violence led to harsh government reactions and some potential human rights violations, which, in turn, led to sanctions by other countries and supranational institutions. This was especially a problem for case 3 firm and case 5 firm operating in Sudan. Both of these firms’ operations suffered from sanctions imposed after the Darfur crisis and a recent change of government.

On the other hand, the niche markets that characterize most of these countries and people’s openness to try products affiliated with Turkey were major positive factors that enabled the survival and growth of the case firms. Due to the lack of investment and market development in these violence-hit countries, there was often a great discrepancy between demand and supply. The untapped demand and the lack of competitive alternatives helped the case firms build markets relatively quickly and

have their products accepted by local customers at a speed they had never experienced before. For example, the CEO/owner of case 5 firm noted that:

“Once I developed a product that I believed would meet the Sudanese customers’ demands, the sales growth of that product was beyond I could imagine. Suddenly, our biggest problem was our production capacity. We had to decline some orders. We could not catch up with production despite a rapid increase in our production.”

Likewise, the CEO/owner of case 4 firm stated:

“The problem in Iraq is not about finding customers. Competition in our industry is not really that intense. The problem there is how to meet customer demand. Our shortages are mostly about supply, finding the right equipment and people to meet our customers’ demand.”

These statements highlight that the opportunities and challenges that case firms face in such countries are quite different from the opportunities and challenges that firms face in many western countries. Conversely, while suffering from institutional voids, uncertainty, and the lack of necessary physical/legal infrastructure and human capital, they benefit from niche markets and the absence of alternatives/hypercompetitive environments. Such dynamics of violence-hit countries entail a different set of organizational capabilities and strategies, such as resilience, alertness, development, and leverage of kinship relationships, cultural and linguistic familiarity, and affinity with the society to survive. This is in line with the findings by Darendeli and Hill (2016), who emphasize social ties with local actors as an essential pillar for survival in war-torn and violence-hit countries.

Furthermore, people in some of these violence-hit countries appreciate life and make the best of what they have. They understand their limitations and focus on maintaining good morale and a buoyant lifestyle instead of being upset about it. This was particularly noted by the CEO of case 2 firm and the regional manager of case 3 firm. For instance, the CEO of case 2 firm stated the following:

“It is easy to note that Morocco is being Turkey in terms of economy and development. However, if you look at people’s faces in the street, you would be positively surprised. There is a positive vibe here. People know how to enjoy life, unlike in Turkey, where you can find thousands of excuses not to be happy. Even though I am proud to be Turkish, I can tell that I feel more energetic and happier in Morocco.”

Likewise, the regional manager of case 3 firm narrated:

“When I first visited Sudan, I was struck by people smiling everywhere. They had little to live by, but they spread so much energy. Such unexpected positivity and energy were one of the reasons I wanted to do something in this country.”

As such, our findings indicate that the people aspect of operating in violence-hit countries has the potential to feed managers living there with positive energy and provide refuge from potential stress

caused by working in uncertain environments. Often, being content with what they have, the local people in these countries enabled the managers and owners of the participant firms to better adapt to the local environment, which allowed them to make local connections and offered opportunities for social responsibility initiatives. This aspect of operating in violence-hit countries is often ignored in the extant research on violence-hit countries, which typically highlights the risks and stress involved in operating in such contexts (Getz and Oetzel, 2009; Oh and Oetzel, 2017).

#### *4.2.3 The interface of business operations and social responsibility in violence-hit countries*

As noted by Darendeli and Hill (2016), operating in conflict-zones and violence-hit countries may entail a greater degree of social responsibility activities and the development of social ties to maintain local legitimacy and firm survival. Our findings indicate that the case firms were involved in varying degrees and types of social responsibility initiatives. They quickly realized that social value creation is an essential part of economic value creation when people are affected by poverty and/or conflict. As part of their strategy to become more embedded in their context and support local communities, most case firms initiated various social responsibility activities involving different stakeholders in the community.

As can be seen in Table 3, the case firms applied different social activities based on their industry and the local context in which they operate. For example, case 1 firm focused on providing affordable housing for those in need. The CEO of case 1 firm found affordable housing essential for human dignity. Thus, the firm engaged in building affordable housing – both as an economic and a social value-creation activity. In so doing, the country head of case 1 firm collaborated with local stakeholders to successfully make do with their insufficient resources and enable affordable housing to as many people as possible.

Furthermore, given its market presence as a medical equipment supplier, case 2 firm mainly engaged in health-related social activities, primarily in Morocco. For example, in 2019, the firm organized an event where it circumcised 82 kids for free in a rural setting. The CEO added the following:

“We focus on women and children with our social activities. We help educate nurses so that they both become better in providing health services to local people in need and using our equipment. I believe this creates a win-win situation for everyone.”

The CEO argued that these social responsibility activities helped build trust in the community and enable longevity of their presence both in Morocco and the Republic of Congo. He also stated that these activities helped avoid the perception of opportunism among the key stakeholders and support their perceived legitimacy in the countries in which they operate.

Likewise, case 3 firm was involved in social responsibility activities in Sudan in collaboration with NGOs. In some instances, the firm provided financial support to local NGOs. In other instances, it collaborated with UNICEF to get children out of parts of the country, as some children in violence-hit regions of Sudan were exposed to a sudden increase in life-threatening conditions. He added the following:

“Recently, we were involved in football events for children. We also help with concerts and cultural events for the youth. We sometimes organize such activities but mostly sponsor them. More importantly, we provide free energy equipment to power schools and support student activities.”

Accordingly, we found that, like case 2 firm, case 3 firm leveraged its industry position and expertise to not only make profits in Sudan but also help the country. In a similar vein, given its sister firms’ industry experience, case 6 firm was involved in certified vocational training activities in Iraq. In addition to supporting its own employees, the firm collaborated with local stakeholders to support human capital development in regions in which it operated and provide them with much-needed training opportunities to help the young people find jobs and contribute to their social well-being in those parts of the country suffering from unemployment and social strife. These findings show that industry experience and an existing product portfolio provide unique advantages for firms operating in violence-hit countries to contribute to their host societies. This is somewhat different from ordinary social responsibility activities in more developed countries, where people do not necessarily need less basic medical and energy equipment but rather other types of social initiatives. Thus, our findings inform research on social responsibility (e.g., Bondy et al., 2012; Yin and Jamali, 2016) by shedding light on unique aspects of social responsibility initiatives in overlooked contexts of violence-hit countries.

#### *4.2.4 Initiatives for local employees’ skill development and employee well-being in violence-hit countries*

Our findings indicate that all the case firms rely heavily on the local labor market. Their employees are mostly local with Turkish expatriates as well as a number of South and Southwest Asian nationals. However, despite the heavy reliance on the local labor market, most of the case firms face challenges and issues with local employees. As shown in Table 3, these challenges revolve around skills shortage for specific job descriptions, reliability and dependability of some employees, absenteeism among local employees (especially concerning their family matters and cultural/religious rituals), discord and conflict among some employees, and lethargy and laxity among some other employees. To start with, skills shortage was an issue faced by nearly all the case firms, except for case firm 2 in Morocco and case 3 firm in Ethiopia. However, this issue was most severely faced by case 1 firm in Somalia

due to the civil war and mass emigration of skilled workers that decimated educated and skilled labor in the country. Thus, case 1 firm faced a massive challenge of employing Somalians to managerial and engineering positions and instead relied on hiring and sending Turkish engineers to the country. In fact, the issue of skills shortage hindered the growth of case 1 firm as well as case 2 and case 4 firm to a lesser extent.

Furthermore, especially case 2 firm faced the problem of retaining skilled local labor on a long-term basis. The CEO of case 2 firm stated that:

“We hired a medical engineer for our medical equipment division and sent her to Turkey to train and certify her. A day after she was back from her training in Turkey, she called us and said ‘I am out’. She left us and transferred to our competitor. I call this biting the hand that feeds one.”

This and similar incidents involving an unreliable workforce that happened in the past made case 2 firm reevaluate its program, hiring local talent and sending them for further training to meet the very specific job requirements in the medical equipment industry. The same problems also existed with case 5 firm, where some employees sometimes without any explanation just did not show up for work the next day.

Lethargy and absenteeism were also problems that several of the case firms faced. For example, the CEO/owner of case 5 firm stated:

“I love Sudanese people, and I try as much as possible to hire them. But, their working culture is quite different from ours. They are easy-going people and do not like to stretch themselves too much for their jobs. They don’t like it if I ask for some flexibility in working hours during short busy periods. Sometimes, they take unannounced time off to take care of their relatives.”

Therefore, case 5 firm faced daunting challenges in coordinating and managing its local workforce due to lethargy and absenteeism, which was also shared by case 3 firm. In fact, the regional manager of case 3 firms noted that: “You typically get 2 hours of real productivity in an 8-9 hours workday in Sudan.” Likewise, the CEO/owner of case 4 firm complained about elongated annual holidays that are *de facto* applied in Iraq to the demands of various religious sects to celebrate their rituals.

Finally, discord and conflict related to the repercussions of local conflicts and violence in the host country emerged as another challenge for some of the case firms. These firms had a hard time coordinating their workforce to avoid organizational conflicts stemming from employees’ personal backgrounds. For example, the CEO/owner of case 4 firm stated:

“I find it hard to operate in certain parts of the country. It’s difficult to mix Shias and Sunnis in the same place. They either start crating problems or complain about each other. It’s such a headache!”

These statements indicate that some case firms have to grapple with organizational implications of internal conflicts in their host countries beyond security and uncertainty concerns. Such issues become another layer of the local labor-related problems associated with violence and conflict in the host country and constitute the bedrock for local skills development initiatives by the case firms analyzed in our research.

Similar to the workforce-related challenges they faced, the local skills development initiatives of the case firms varied along with some underlying commonalities and similarities. In particular, employee empowerment, promotion and development of ambidextrous capabilities and competences, development of task-related specific capabilities and expertise, facilitation of knowledge sharing and exchange among employees, and building rapport within the organization were major initiatives undertaken by the case firms to develop their local employees' skills and competences.

Given the shortage of skilled labor and cultural norms that enforce conformist behaviors and mute employee voice in some host countries, some of the case firms initiated policies that promote employee empowerment. For example, the CEO of case 1 firm stated:

“I am at the stage now that supporting my children [employees] are more important for me than earning money.”

Accordingly, in line with his mantra, he gave the employees more voice and empowered them to take own initiatives. He partnered with the country head to find ways to provide opportunities for initiative-taking and give greater voice to the local employees, which fostered both employee empowerment and the firm's responsiveness to the Somalian market. Likewise, the CEO/owner of case 5 firm actively sought possibilities to promote local employees to higher positions. For example, despite the presence of a qualified Turkish worker, he gave the foreman position in the firm's production facilities to a local Sudanese employee to make an example of his appreciation of hard work and show his willingness to support the local employees.

Furthermore, some of the case firms emphasized the development of ambidextrous capabilities for their employees. This strategy was followed to reap the benefits of different business paradigms and the mix of efficiency and adaptability. Especially for firms operating in host countries with very different institutions and business paradigms, the synthesis of the home and host country practices and capabilities became a strong necessity. For example, the CEO of case 2 firm drew on his educational background and grasp of local values to develop an ambidextrous firm with ambidextrous employees:

“Our success is rooted in mixing Dutch and Turkish paradigms. I am educated in the Netherlands and lived there. I instill Dutch efficiency and discipline to my employees. Likewise, they need to be flexible, adaptable, and proactive to survive in countries like Morocco and Congo. This is

where the Turkish paradigm comes in. We successfully combine both, and this is why, I think, we have been able to survive while many others were wiped out from the market.”

In this vein, instilling such capabilities and work practices to local employees gave them opportunities that cannot be duplicated in local firms operating in such countries.

In addition to ambidexterity, a more common skills development initiative by the case firms was that of task-related specific capabilities and expertise. Nearly all the firms had to implement some sort of task-related capability and expertise development program to align their human capital need with the local workforce. For example, case 6 firm leveraged its affiliate’s expertise in recruitment and human capital development to train its construction workers to align their skills and improve efficiency in construction sites. The CEO/owner of case 6 firm stated:

“We have employees from all over the world. Of course, wherever we are, the majority of our employees are local. How do you manage such a diverse bunch of people? We train them before commencing our construction projects so that everyone is on the same page. Locals learn both from their peers and from us.”

These training sessions meant that an unqualified person who starts working for case 6 firm was able to improve his/her skills before being put into the field. Likewise, case 4 firm continually trained its employees for the operation of oil field services and the electromechanical construction sector meant that the firm needed a specific set of skills to realize the projects it had undertaken. Nonetheless, some of the case firms, and particularly case 2 firm, went beyond training to develop a bare minimum of required skills and invested in programs to obtain specific expertise that would be applicable outside the firms’ boundaries. These programs and training opportunities meant that many people who might not be able to find decent jobs to maintain their dignity and peace of mind were provided with development opportunities that would not have been available had they worked for local firms. This supports the finding of Tigharsi et al. (2019) that local people in EMs may have more opportunities for self-development when working for foreign firms than when working for local firms.

Moreover, some of the case firms emphasized the facilitation of knowledge sharing and exchange among their employees. This was particularly evident in case 3 firm and case 4 firm. Both firms relied on the skills of their foreign expatriates (including the Turks but also other nationalities) to improve the skills and expertise of local employees by way of on-the-job shared learning and knowledge exchange. For instance, the CEO/owner of case 4 firm detailed:

“I have some very skilled employees from outside of Iraq. What I do is I put them together with local employees and let them learn from one other. By this way, my Iraqi employees learn from the foreigner, and foreigners learn from the local.”

Likewise, case 3 firm developed a program to promote peer-to-peer learning. As such, partly thanks to its small workforce in Sudan and Ethiopia, the firm promoted cross-functional rotation and flexibility to the employees in their primary job descriptions to holistically foster their skills. Therefore, although cross-functional knowledge sharing and exchange between local and foreign employees was not possible in all case firms, it emerged as an essential means of promoting local skills development.

Finally, building rapport within the organization was the last type of local skills development initiatives, especially in terms of soft skills rather than hard skills. When it comes to building rapport, we found evidence of initiatives to strengthen organizational identity and rapport between employees of different backgrounds in case 5 firm. The CEO/owner of case 5 firm stated:

“I came up with an idea when I noticed my employees are not as loyal to their firm as I would like and not really friendly toward each other. I told them that we would have breakfast together every morning. I particularly ensured that we have a rich Turkish style breakfast with many dishes. This was really unheard of in Sudan before. The employees were surprised. They really enjoyed the breakfast and socializing before starting their work. I could see their productivity increased, and they started to get along better.”

These breakfast events were a way to foster organizational cohesiveness and rapport among employees in a country riddled with years of ongoing social strife and violent conflict in certain regions. As such, some firms weighted soft skills and supported their employees in their pursuit of better work life and enforcement of their soft skills.

Some of the firms, and case 6 firm, in particular, implemented training programs for expatriates and foreign workers in terms of how to behave in crowded areas, ensure security, and behaviorally adapt to violence-hit countries. However, these are not detailed in this study, given our focus on skills development of local employees rather than foreign workers.

The findings indicate that Turkish firms' local skills development initiatives led to various employee well-being outcomes, such as employee empowerment, capability and expertise development, and increased knowledge exchange between employees. As such, our findings support existing research on skills development by shedding light on how it is linked to the upliftment of the socio-economic status of local employees (Brück et al., 2013; Rettberg et al., 2011).

#### *4.2.5 Local employees' career advancement and entrepreneurship*

The local skills development initiatives detailed above had two significant growth avenues for the local labor force in violence-hit countries we examined. The first, and a more common one, was career advancement. While leaving a job and finding another one is a natural part of most employees, there was a distinct pattern across all six case firms that some of their employees could further

advance their careers following their employment at the case firms. The participants typically attributed this pattern to the aforementioned local skills development initiatives and the benefits of working in a foreign firm with distinct strengths and a diverse work environment. Likewise, the career advancement of their local employees at other firms was not seen as a loss as long as these employees left the case firms on amicable terms. The CEO/owner of case 5 firm stated:

“Over the years, I noticed that some of my best employees left my firm and found better jobs elsewhere. You might say that this is a loss for my firm. In fact, it is. But, I am still happy that they move on to new pursuits. They realize their dreams. This is better for Sudan and better for these people.”

Likewise, the CEO/owner of case 5 firm said:

“I see our firm as a kind of school. People come, learn new things, do their jobs, and move on. Today, you can find many of our past employees working for our competitors.”

These quotes highlight that foreign firms operating in violence-hit countries can offer unique opportunities for the career advancement of local employees and contribute to the elevation of the local labor force in their host countries.

The internal promotion was another means of career advancement of local employees in the case firms. Participants from case 2 firm, case 4 firm, and case 6 firm recounted examples of local employees starting in entry-level positions and quickly moving up the career ladder at their current workplace. Promotion and career advancement of these employees set examples for other employees and provided paths forward for their own advancement. Despite the challenges of working in violence-hit settings and having an uncertain future, many local employees were reportedly able to enjoy a clearly defined career path. That said, there were some incidents where the case firms (e.g., in Iraq and Sudan) had to let many of their employees go when they were hit by a disruption or suddenly had to downsize due to unforeseen events.

Finally, entrepreneurship emerged as another route for local skills development outcomes in our study. The CEO of case 1 firm reported one case of a former employee who had become an entrepreneur. He said that this person actually became their competitor. Similarly, the regional manager of case 3 firm reported two incidents of former employees moving on to establish their own ventures. He stated:

“One of these entrepreneurs found a firm selling the types of products we produce, and the other found a firm fixing such products. These two instances signal a positive sign for a growing ecosystem of energy products in Sudan. But, more importantly, I think, is that they help people dream. They help our other employees to dream about achieving greater success in life.”

In short, our findings highlight a somewhat unexpected pattern of local employees' positive career trajectory as a result of their employment in foreign firms (i.e., the Turkish case in the focal context of this research). While extant research examines career advancement and employee entrepreneurship mostly in the context of developed countries (Campbell et al., 2012; Gambardella et al., 2015), our research sheds light on the role of foreign firms in local skills development through career advancement and entrepreneurship opportunities.

## **5. Conclusions, implications and future research directions**

The purpose of the current paper was to probe the operations of foreign firms in violence-hit countries and specifically analyze the impacts of these operations on the skills development of local employees. Skills formation is essential, especially in the context of fragile and conflict-affected countries. It has been noted that skills and training play a vital role in enhancing the performance of start-ups in fragile contexts (cf. Brixiová et al., 2015). Fragile and conflict-affected countries present significant challenges to foreign firms' activities and long-term survival. Foreign firms have to cope with the availability of limited human capital and a greater incidence of terrorism. Thus, understanding the role of foreign firms in fragile and conflict-affected countries is vital to understanding the long-term sustainable economic development of such countries.

The findings of this study suggest that foreign firms, despite risks, operate in violence-hit countries. In doing so, they ultimately contribute to the prospects of peace through the development of strong social connections with local employees and corporate social responsibility initiatives. This is possible due to externalities associated with their operations, especially the skill development of local employees. We further found that foreign firms in EMs (Turkey, in this case) tend to survive in such contexts due to their ability to handle uncertainties in their home market. Hence, our findings support the notion presented in prior studies that foreign firms' origins in EMs have been found to help these firms deal relatively easily with uncertainties and risks associated with operating in such countries (e.g., Dai et al., 2017; Ramamurti, 2012).

The findings further show that the skill development of local employees manifests itself in the form of further career advancement as well as entrepreneurial ventures being started by them. Scholarship suggests that skills development and training are essential for starting new businesses and improving performance (Brixiová et al., 2015). This aspect has been visible in all the cases, even though the context and local specificities vary in the host countries. Hence, our findings provide additional evidence supporting previous studies where such skills development has been linked to the upliftment of the socio-economic status of those workers, including both blue and white-collar workers (Brück et al., 2013; Rettberg et al., 2011). It has been noted that the lack of education, skills, and training can lead individuals to terrorism (Azam and Thelen, 2008; Young and Findley, 2011).

Thus, the role of foreign firms in skills formation is crucial in improving local productivity, leading to local economic development in conflict-affected countries.

The interviews with the managers of our case firms revealed that the notion of offering good economic opportunities to decrease violence and ultimately achieve peace is realistic, even though it seems impossible. This supports the existing literature, which not only highlights the importance of foreign firms to develop social connections but also emphasizes the importance of “offering goods or services that are perceived as socially valuable” (Darendeli and Hill, 2016, p. 68) in order for the firms to survive in extreme environments. The development of local employees’ skills by the firms can indeed be considered valuable for the social and economic development of conflict-prone markets.

### *5.1 Implications for research and practice*

Our study offers both theoretical and managerial implications. A key theoretical implication emanates from the fact that there is a need for specific theorizing of firm operations and their dynamics in such violence-hit countries. So far, extant literature tends to analyze such contexts from risk management or institutional theory perspectives. However, we believe that even the perception and dynamics of risks in such contexts are different from the risks in other contexts, including stable EMs. Hence, such specific theory-building efforts will add value to the extant literature by examining how firms overcome risks and establish legitimacy and survive in conflict-prone markets by developing social capital with local employees by providing them training and contributing to their skills formation. Although this aspect is increasingly being realized, there is a need for further theorizing of local employees’ skills development in the context of peace engineering and the role of foreign firms in promoting peace in conflict-prone markets.

Our study shows a clear link between skills development and the socio-economic uplifting of many of these employees, including the development of absorptive capacity in new ventures, which can contribute to the sustainable economic development of conflict-prone countries. This supports the argument that the ultimate pacification in violence or conflict-hit countries can only be achieved by improving the lives of people there (Spanger and Bale, 2019). However, so far, management literature has not developed models or theoretical paradigms incorporating these specific aspects. Since such situations are unfortunately visible in the current world and will remain so for the foreseeable future, the specific theory-building efforts will enhance our understanding of this complex phenomenon. There is further scope to examine the specific partnerships that foreign firms develop with local actors and NGOs to mitigate external risks and establish legitimacy in conflict-prone markets (e.g., Oetzel and Miklian, 2017). Extant studies in the context of post-conflict countries such as Bosnia and Mozambique highlight the critical role of skills and entrepreneurship in economic

development (Dana, 1996; 1999; Kaufmann and Parlmeyer, 2000). Thus, the findings of this paper add to the limited studies conducted in the context of conflict-affected countries and illustrate the crucial role of foreign firms in skills formation, which in turn helps in the growth of new ventures in conflict-affected countries.

Our findings further speak to the literature on legitimacy building and corporate social responsibility and provide important insights into how foreign firms establish legitimacy in conflict-affected countries by providing training to employees and developing local-level social capital. Additionally, the findings of this study have important implications for overcoming violent conflicts through local skills formation and new venture growth. Skills formation and entrepreneurship are indeed vital for revitalizing the economic activities of conflict-affected countries. Thus, the findings of this study provide useful insights about skills development and new entrepreneurial start-ups to improve post-conflict prosperity and development.

Overall, the current study advances relevant knowledge on the three propositions presented in the literature review section and explicates the critical role of foreign firms operating in violence-hit countries in creating social and economic value using social legitimation strategies. Additional implications based on the three propositions highlight the social connections and legitimation strategies by foreign firms through engagement with relevant stakeholders. Given that foreign firms bring important resources and capabilities to resource-deprived countries, foreign firms are - compared to local firms- in a better position to constructively interact and forge important local networks by engaging in social responsibility activities. Thus, the role of foreign firms in developing local social capital through social value creation and employee skills formation must be acknowledged in the broader literature examining the role of foreign firms in economic development and peacebuilding.

The findings of this study also offer important insights to managers of foreign firms operating in violence-prone countries. The skills development of local employees and their new ventures are primary sources of supply for firms operating in conflict-prone countries. Managers thus need to invest in their employee skills as it will contribute to the long-term growth and survival of the firm in extreme institutional contexts. Additionally, managers of foreign firms often have to deal with legitimacy issues when operating in foreign markets. The development of local employees' skills will enable foreign firms to mitigate legitimacy-related challenges. There has been an increasing interest in understanding the social role of foreign firms for the host countries. Managers of foreign firms will be in a better position to address the social concerns of their wider stakeholders and develop social connections with the community, thereby overcoming risks by investing in skills development and providing training opportunities to their employees. Overall, this study contributes to the limited

scholarship on the role of foreign firms in peacebuilding through skills development in conflict-prone areas (cf. Dana, 1996; 1999).

It should be noted that the development of local employees' skills can be viewed as part of the corporate social responsibility strategies of firms. Therefore, there is a greater need to understand the influence of different stakeholders on firms' social actions, including local skills formation, especially in violence-hit contexts. Future studies are also needed to examine how firms from different sectors, both manufacturing and services, contribute to peacebuilding by using various strategies across conflict-prone countries. Finally, there is also scope to examine how foreign firms balance their social and economic business models and help rebuild post-conflict countries.

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**Table 1** The characteristics of participant firms and interviewee information.

<b>Case no.</b>	<b>Industry</b>	<b>No. of interviews</b>	<b>Interviewee position(s)</b>	<b>Focal countries</b>	<b>No. of employees in the focal countr(ies)</b>	<b>History of conflict/violence in the focal country</b>
<i>Case 1</i>	Construction	2	1) CEO 2) Country head	Somalia	8 full-time employees + contractual workers	Civil war and terrorism (1991-ongoing)
<i>Case 2</i>	Medical equipment and energy services	2	CEO	Morocco Republic of Congo	9 in Morocco 5 in the Republic of Congo	Morocco: Western Sahara conflict (1970s-ongoing) The Republic of Congo: Civil war (1997-2017)
<i>Case 3</i>	Energy equipment	1	Regional manager	Sudan Ethiopia	8 in Sudan 10 in Ethiopia	Sudan: Darfur conflict and South Sudan civil war (2003-present) Ethiopia: Horn of Africa conflict (2002-ongoing), Ethiopia-Eritrea war (1998-2010s)
<i>Case 4</i>	Oilfield services and Electromechanical construction	1	CEO and owner	Iraq	55	Insurgency and civil war (2003-present)
<i>Case 5</i>	Transportation machinery and steel	1	CEO and owner	Sudan	63	Darfur conflict and South Sudan civil war (2003-present)
<i>Case 6</i>	Construction	1	CEO and owner	Iraq	50 full time employees + ~ 2,000 contractual workers	Insurgency and civil war (2003-present)

**Table 2** Interview protocol

<b>Interview themes</b>	<b>Questions and issues covered</b>
<i>Interviewee background and professional experience</i>	Demographics, country, industry (sector), job and position, years of professional experience, and experiences in the organization.
<i>Firm activities and characteristics</i>	Firm's overall activities, business segments it operates, and kind of customers it serves
<i>Entry motives and operational experience in volatile countries</i>	International markets in which the firm currently operates in currently, identification and description of the countries that are classified as volatile. Probe into interviewees' motives for and experience in operating in conflict-prone countries (i.e., <i>What made you interested in entering this volatile context? If your firm had previous experience in other conflict-prone countries, how it helps in the current market? Can you offer some examples in this concern, please?</i> )
<i>Risk perceptions and dealing with risk</i>	Probe into how interview participants viewed perceptions and leverage internal and external means to deal with risks and challenges of operating in volatile markets (i.e., <i>How does your firm view risk? Is it always a bad factor, or can it be a strategic advantage in certain cases? If yes, can you kindly give some examples in this concern? What internal factors help your firm to operate in such a volatile context successfully? What external factors help your firm in this specific concern?</i> )
<i>Employee competence and skills</i>	Probe into what skills are needed to overcome challenges associated with conflict in the external environment (i.e., <i>What kind of skills and competencies are needed by your employees to successfully undertake duties in the volatile contexts?</i> ) Probe into skill and competence demands both for blue and white-collar workers/employees.
<i>Skills development of local employees</i>	Inquire about organizational initiatives to enhance local employees' skills and competences (i.e., <i>What strategies and organizational processes you have to develop local employees' skills and competences</i> )
<i>Local employees' career trajectory</i>	Participants were asked to provide stories/narratives of local employees leveraging their skills gained through their employment at the focal firm for future career opportunities (i.e., <i>Do you know any examples where the skills developed in your employees helped them in the long run even after they leave your firm? Specifically, what entrepreneurship or independent contractual work? Are there any examples of employees who have started such businesses of their own?</i> )
<i>Contribution to the welfare of the local society</i>	Participants were asked to provide examples of (if any) social responsibility initiatives in their local contexts (i.e., <i>Have you had any innovative ventures in the country you are operating that contributed to the social welfare of the society there? What kind of innovation have you undertaken and how?</i> )
<i>The concept of peace engineering and its perception</i>	Participants were encouraged to elaborate further on the concept of peace engineering and its meaning for them vis-à-vis their operations in the focal country (i.e., <i>Are there any mechanisms that your firm adopts to convert engineering activities into outcomes that contribute to society in which you operate? What does the concept of "peace engineering" mean to you? Can you relate to its premises, and does the concept resonate with you? If yes, kindly give your detailed views and personal accounts on it.</i> )

**Table 3** Entry motives and survival in violence-hit countries

<b>Case no.</b>	<b>Primary entry motive</b>	<b>Social initiatives</b>	<b>Main challenges posed by local employees</b>	<b>Local skill development initiatives</b>	<b>Local skill development outcomes</b>
<i>Case 1</i>	High-risk, high-return venture	Affordable housing	Skills shortage	Empowerment	Entrepreneurship
<i>Case 2</i>	Vision/past experience	Free medical services to those who need but cannot afford	Skills shortage Reliability Absenteeism	Promotion of ambidexterity Capability development Expertise development applicable outside the firm	Entrepreneurship Career advancement
<i>Case 3</i>	Serendipitous opportunity recognition	Supporting social and cultural events Free energy equipment to local schools	Skills shortage Lethargy Absenteeism	Knowledge exchange	Entrepreneurship
<i>Case 4</i>	High-risk, high-return venture Vision/past experience	Negligible	Skills shortage Absenteeism Discord	Capability and expertise development Knowledge exchange	Career advancement
<i>Case 5</i>	Serendipitous opportunity recognition	Negligible	Skills shortage Lethargy Absenteeism	Building rapport Empowerment	Career advancement
<i>Case 6</i>	High-risk, high-return venture	Educational activities	Skills shortage Absenteeism Discord	Capability and expertise development	Career advancement