

Combined Local And International Advantages Of The Moroccan Small And Medium Sizedenterprises (Smes) In The Territorial Dynamics

*Dr. AKDIM Hamid **Mr SABIRI aboubkr

* Research Scholar, the University of Maine, Le Mans, France

**PhDStudent, Sidi Mohamed Ben Abdellah University, Fez, Morocco

Abstract: SMEs are important actors of the territorial development and their internalization process may be favored by the local advantages. Some SMEs are inert local firms while others are dynamic and improve their perspectives in international levels. The synergies between the local context and the firms' internationalization seem to be potentially important as they offers opportunities of creativity and positive conditions of work and production. On other hand, the local context may benefit from the international development of the enterprise and improve equipments, landscape and social conditions. The indicators of such interactions and synergies are studied in this article, focusing on the case of Xaluca firm, a tursim SME operating in BoumalneDades (Tinghir Province, Morocco). We questioned the evidence of the positive impacts of these processes and what are the learned lessons in this case, either for international firms and for the local population, jobs, income and local development. The results are significant and show important impacts and interactions in the Moroccan context.

Keywords: Internationalization, Morocco, SMEs, Territorial dynamics.

I. Introduction

The need to combine local and international advantages for firms and local developments is increasing within the global economy. It provides opportunities of specific services and products, innovation and competitiveness. Most developing countries are privileging this approach in upgrading their economy. However, assumptions concerning their local and social impacts have been previously debated in the literature (Ross, 2013). In Morocco, the decentralization and the regional model of development adopted in the 2011 constitution, favored firms' role in both local and international levels. The communes (local governments) are expected to implement proactive strategies to increase synergies between the various socio-economic factors and reinforce the engagement the SMEs in local and international levels. The Regions have an important role to structure and facilitate the internationalization of local SMEs. Several studies apprehend the positive causal model between the SMEs internationalization and the territorial development (Torres, 2002; Levratto and Ramdan, 2013). The local capacities and the proximity influence the conception of the international strategies of SMEs and the local actors benefit from the induced synergies in the global economy.

The present study apprehends the theoretical debate linking "company, especially the SME, territory (local) and internationalization". The relationships between international openness and the induced territorial dynamics in the case of a touristic international company named «Xaluca», are investigated in BoumalneDades, Province of Tinghir (southeastern Morocco). The company animated tourism focusing of the local ecological diversity, the natural landscapes (gorges, valleys, and oasis) and the cultural heritage (traditions, kasbahs, clothing, festivals, social and anthropological characteristics ...).

Through this local case study, several questions were underlined as following as "Why is it important to develop locally an international strategy of SMEs? and how can territorial dynamics facilitate, as a decisive variable, the challenges of globalization? what are the synergies and indicators of the positive impacts of these processes? and what are the learned lessons, either for international firms and for population, jobs, income and local development? In the following paragraphs we present the theoretical framework, the adopted conceptual model and the results obtained from field work and data analysis.

II. Theoretical framework and study area

2.1- Internationalization of SMEs

The analysis of corporate internationalization process has long been the subject of several studies that have been conducted to analyze and explain the processes adopted by companies to develop their activities abroad. Some researchers analyzed the internationalization process based on theories developed in economy by Ruzzier, et al. (2006) who identifies three points of view:

- the internalization theory that allows companies to grow in the foreign markets through vertical integration. (Buckley and Casson 1976).

- The theory of transaction costs, based on the arbitrage between internalization and externalization of activities; the decisive factor being the minimization of transaction costs. This theory is an extension to the theory of internationalization which was developed by Williamson (1979).
- The eclectic paradigm (OLI) adopted by Dunning (2000): a theory that focuses on two types of advantages to explain internationalization. These are the disposal of tangible and intangible resources accumulated by the company (advanced technology, experience, etc) and the location that depends on the institutional context and the geographical area.

The adequacy of the economic approach is not unanimously adopted (Coviello and McAuley 1999; McDougall, and 1994; Oviatt and McDougall 2000). Critics underlie the weak analytical tools of multinational enterprises (MNE), which do not take into account the specificities of SMEs, particularly with regard to the operation and structure, etc. Economic theory is limited to dissect and understand the SME internationalization process (Julien et al., 1975; Julien 1993; Julien and Marchesnay 1988). The original current analysis was indeed leaning against the gradualist model said "model of Uppsala", where internationalization is a sequential and continuous process (Johanson and Vahlne, 1977) is characterized by a progressive opening processes to foreign markets ; for this stream, the company accumulated experience and knowledge of foreign markets that are preferably close to the domestic market, a close relative to the language, culture, political system ... which increases their learning and reduce uncertainty. These achievements facilitate the optimization opportunities that arise in other business activities. This model seems exhausted today, both from the standpoint of reducing its operational definition of the internationalization process that can only be apprehended simply from the point of view of export and access to foreign markets and for its ignorance of SMEs specificities, particularly for SMEs called "Born global".

From the last decade of the last century, the particularities of specific internationalization processes of SMEs, by adopting a comparative approach to compare the multinational firms prospered. Laghzaoui (2006) opened another field of analysis of the internationalization process by integrating the different approaches and theories of research around the concept of resources and capacities taking into account the ' specific characteristics of SMEs ' (Torres 2003). "The internationalization process appears as the result of a combination of different skills and resources owned or controlled by the SME" (Laghzaoui 2006); by internationalizing step by step or from its inception, the company must absolutely find the combination that could take into account its specificities, resources and skills.

Other authors have tried to define the process of internationalization from an entrepreneurial vision. At this level, internationalization is presented as an entrepreneurial process within the meaning of (Gartner 1985). SMEs that engage in a process of internationalization in the early years of their creation are known either by "Born global" (Knight and Cavusgil 2004) or "International New Ventures" (McDougall and Oviatt 1996; McDougall and Oviatt 2000; McDougall, Shane, and Oviatt 1994). Early international business growth as of their creation brings the past to integrate entrepreneurial behavior in different areas and types of businesses. However, international entrepreneurship is then defined as the "combination of innovative behavior and risk-taking that crosses national borders and intended to create value for organizations" (McDougall and Oviatt 2000). Thus, innovation is central in the international entrepreneurship which then turned to the study of the discovery, evaluation and exploitation of opportunities beyond the borders of the SMEs, newly created or existing, under the direction of their entrepreneur (owner-manager).

The conceptual framework of an international entrepreneurship helps to break with the analytical frameworks inherited from the analysis of the behavior of large international firms and linking observations and evaluation of the internationalization process with specific entrepreneurial observable behaviors. These pipes are especially related to the ability of the leader to forge partnerships as a network of territory local actors to accelerate the process of internationalization. The reason for this is that the leading role exerted by local environment on SMEs management and, their increasing role to help them in the global insertion is important (Torres 2002).

2.2 - Regional anchoring of the company, territory dynamics and the internationalization process

The specific management character of SMEs is particularly important for elucidating the special characteristics of the internationalization process. The dynamics and growth led by the leader of the SMEs more involved at least to a more global dynamics of the entire territory. Indeed, analyzing the small business allow understanding the dynamics, the functioning and dysfunctioning, the synergies with other actors and especially the integration in its environment.

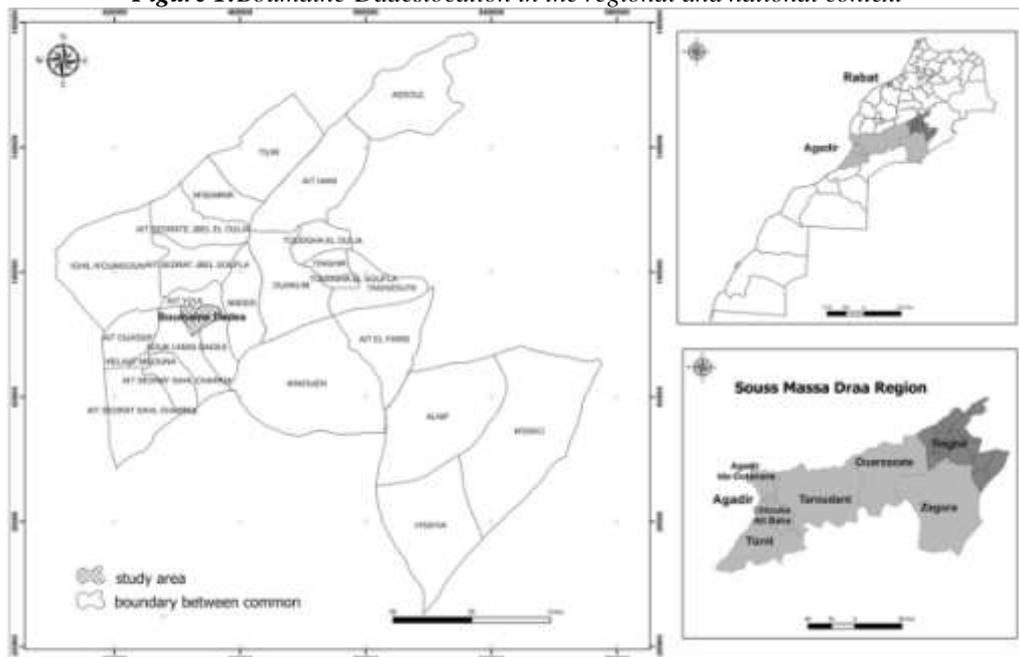
The environment in general specifically the territory is one of the identity elements that characterize the SME, relational strategies are necessary in the conduct of relations of SMEs with the customers, the suppliers or even in its contacts with government agencies. A strategy followed to address some weaknesses that mark the management of SMEs compared to large groups, weaknesses mainly by lack of financial and human resources. As Marchesnay point, Fourcade, and Baldwin (1997) interactivity management with the environment plays an

important role in developing SME's because it widens the space of freedom by mastering stress environmental. Reversing the relationship and analyze it from the other side allow to conclude that the dynamics of the territories is conditioned by the dynamics of socio-economic actors that make up the general, and especially SME's which account for "more 95% of companies. They contribute to the creation of more than 80% of new jobs and produce nearly half of GDP in most countries "(Filion et al., 2006). However, as confirmed Torres (1998) the competitiveness of a country depends largely on its ability to provide an ideal environment for the creation and development of activities and competitive advantages are learned from an analysis of the local environment that can induce national competitiveness see international for the company from a strong territorial anchoring. To illustrate this are many examples (Silicon Valley, Italian Industrial Districts are German Kompetenznetze). The idea is to support the competitiveness of businesses geographically to lead to the proposal of a service, a product that represents the image of a territory, a region on the local market and even on world markets.

2.3- The territorial context of this research

The choice of Boumalne Dades urban municipality located in the province of Tinghir (Fig. 1) is due to its geographical position which is a transitional environment between mountain of the High Atlas and the South East Oasis. That makes it a known tourist area. Marked by the diversity of its offer, combining both the natural heritage (Dades Gorges , Valleys , Oasis ...) and cultural (Traditions , Kasbah , Clothing, festivals ...) . Thus the region has accumulated a tourism experience since the beginning of the seventy years, thanks to its location considered intersection of tourist flows coming from large the most dynamic centers of the kingdom (Marrakech, Agadir, Ouarzazate, Errachidia).

Figure 1: Boumalne-Dades location in the regional and national context



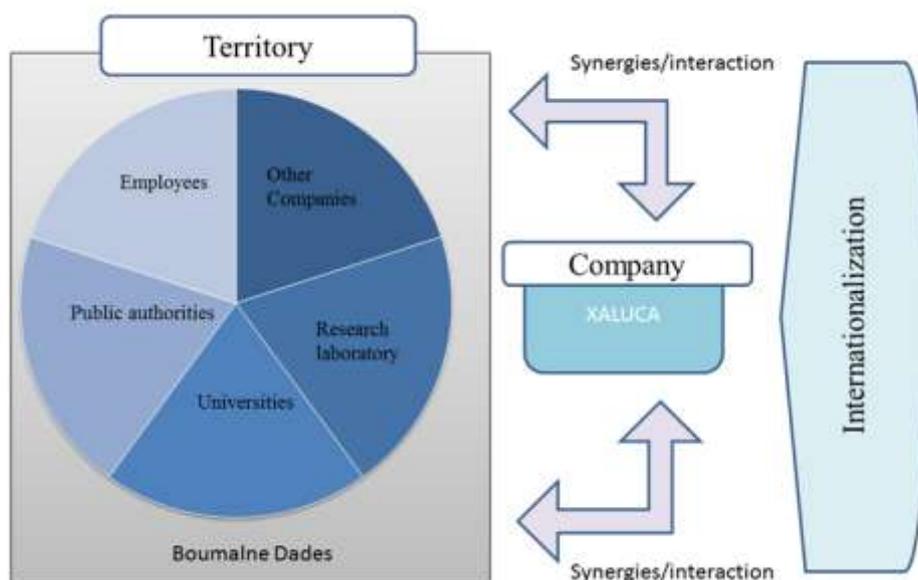
Conceived by the authors, basing on data source: ministry of the Interior, Morocco

It should be noted that the region has greatly benefited from policies implemented by the state to develop the tourism sector, including structural plans and diagrams and Dahir. For example Dahir of June 16, 1971 which had as objective the development of regional tourism committees to structure tourism on the one hand and develop the mountain areas and oases other (Bekkali, 1997).

III. The Conceptual Model

The conceptual model makes the existence of causality relationships between the territory and the competitiveness of the SMEs. As stipulated in the Fig 2, the model supposes that there are synergetic relations between the territory actors, the SMEs and their internationalization. As reported by Torres (2002) and Forcad (2002), the territory's actors are considered as valuable assets to boost the internationalization of SMEs. This takes into account five elements: employees, other companies' competition, research, and public authorities. On the other hand, internationalization of SMEs involves a territory dynamics and takes into account its competitive capabilities. Therefore, our conceptual model in this study focuses on the components illustrated in Fig 2

Figure 2: the conceptual model



IV. Methodology

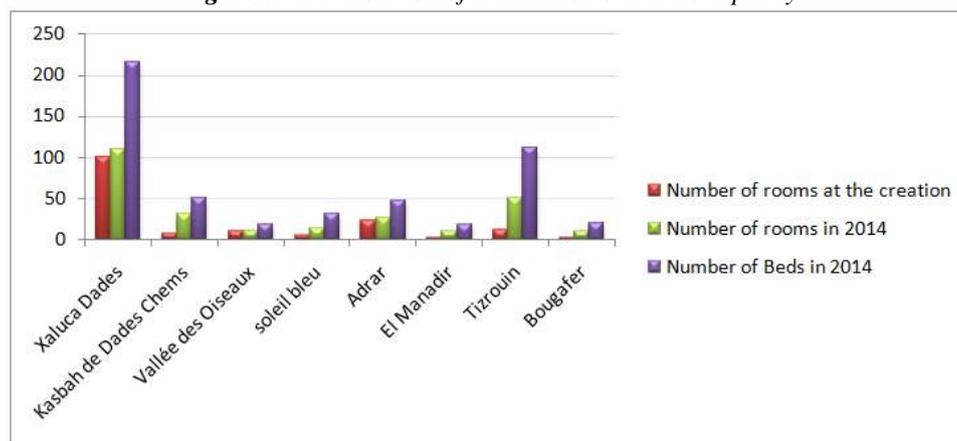
The objective of this research is to analyze why and how the local positioning can act as a key element in the internationalization of the company and also study the impact of the international action of the entreprise, on territorial dynamics and local development. Hamel (1989) presented monographic events and variables that allow assimilating the specific context in the presence of dominant cultural and social values.

The following main assumptions were adopted:

- Xaluca is the most dynamic tourism company based in the town of Boumalne Dades.
- It is a SME.
- Tourism is a synergic sector in the local economy.
- Internationalization of Xalucado not degrade local specificities.

In close collaboration with the provincial delegation of tourism and taking into account the opinion of the professionals from the field we compare Xaluca with eight selected local companies that meet predefined criteria (Fig3).

Figure 3: The evolution of the Dades hotel units capacity



Conceived by the authors, basing on data source: the Provincial Delegation of Tourism Ouarzazate, Morocco.

The investigation focused on Xaluca due to:

- its importance in the local economic dynamics.
- It was the first tourism unit in Boumalne Dades (created in 1972).
- Its international important opening on foreign markets.
- The importance of its hosting capacity (106 rooms and 216 beds).
- Its human resources (70 women and men, including foreigners).

In terms of data collecting and reliability, the methodology combines first- and second-hand information gathered alongside the literature review. Interviews with officials and employees of the company were conducted to apprehend the corroborating data. Various professionals working directly or indirectly with the company were touched. Points of view were compared with views of other different stakeholders in the area. The information from database Kompass (Version 2013) was explored. Other documentary sources that may contain relevant information was reviewed (articles, archive documents of the provincial delegation of tourism, newspaper articles). The information collected was useful to prepare the talks.

The second data collection method consisted in the realization of interviews with employees who work or have worked at Xaluca. It was individual interviews face to face. Generally, the interview took place in the field, in date and time previously set. Overall exchanges were constructive and the talks were held in good conditions except for the case of an employee who refused to disclose us accurate information on the activity of the hotel under the pretext of confidentiality of the requested information.

The interview guide was developed following an extensive review of literature and analysis of available documents. Being open, the questions had a dual purpose: frame the exchange focusing on the situation of Xaluca between an international vision and its local roots, while leaving flexibility to the interviewees to bring new ideas and useful information to analysis of the subject.

The purpose of the interview guide was designed to collect data relating to the following:

- The company's history: collect items to qualify its evolution from the creation to the present.
- Business management: its different marketing strategies, communication, recruitment...
- The company's synergies with its local environment: Impact of Xaluca activities on local economic dynamics, as well as the company's synergies with its local environment.
- International business vision: the importance of international activity as a key element in the company's growth.

V. Results and discussion

➤ **Xaluca illustrates a specific new business management system focusing on the international market while privileging local opportunities**

Xaluca is a company that opts for a spatially varied management system. Indeed, its commercial service is based in Spain, whereas, its logistic services and its hosting units are located mainly in Morocco. The coordination of tasks is provided by a management team that combines at the same time the Spanish rigor and the Moroccan experience in the field.

The company corpus is divided into five main services, the operational centre, the strategic summit, the hierarchical line, the techno-structure and functional logistic support. The privatization of the hotel in 2006 and the restructuring of its management policy, boost its activities, in contrast to the dominant crisis of the hotel, experienced between 1972 and 2006 (period of public status of the hotel when it was administered by the Moroccan office of Tourism).

The high qualification of Xalucacompany and its human resources' capabilities as well as their rich cultural diversity are keys of its success. Several nationalities are present in the top management, the co-director is Spanish and the responsible of hospitality is from Senegal. It is noted that a fairly large percentage of employees are recruited directly at the local level. This cultural richness makes Xalucamore opened to its local environment along with international values. The activity of the company is oriented mainly to the international market. The following table shows the most important clients of the company.

Table 1: origins of the Xaluka tourists in 2013

<i>Country</i>	<i>Number of clients/per year</i>	<i>percentage</i>
<i>Germany</i>	<i>9000</i>	<i>45 %</i>
<i>Spain</i>	<i>5600</i>	<i>28 %</i>
<i>France</i>	<i>1000</i>	<i>5 %</i>
<i>Other</i>	<i>4400</i>	<i>22 %</i>
<i>Total</i>	<i>20000</i>	<i>100 %</i>

Data Source: Xaluca direction

The international situation and the global crisis, mainly in the Euro zone crisis has much influenced the activity of the company, particularly customers from Spain and France that did not exceed 33% of total customer. In contrast, the customer from German which is currently the least affected country by the crisis and has the total of 45% of the clientele. The sensitivity of the activity of the company to the turbulence of the environment shows clearly the interest to implement an international strategy from the local level.

➤ **Impacts of Xaluca on territorial dynamics**

Considering the importance of the investment and its turnover (see table 2), Xaluca plays an important role in the dynamics of the local economy, through the creation of direct employment (more than 40 families directly

benefit from the project in salaries) and indirect jobs were animated, by the mobilization of needed activities for tourism services (guide agencies, travel agencies, bazaars, food, local products, etc.).

Table 2: employees and revenues of Xaluca (BoumalneDades).

Name	Number of employees	Revenues in 2013	Capital
Xaluca	70 employees	20 000 000 Dhs	6 000 000 Dhs

Source : Kompas 2013

The importance of the role of the hotel unit on economic activity in the region was clearly identified during the years of cessation of its activity between 2002 and 2006 "...the unemployment, stagnation, crisis of economy during this period" says one of the interviewees.

The landscape at the proximity of the hotel changed considerably due its attractive impact. An effective synergy was noted at the vicinity as housing, bazars, boutiques and related services are developing around, engendering positive landscape change in the city. The two following pictures show the indirect impact of the hotel on the entourage. From the beginning of its activity to 2011 the local landscapes have much changed through new construction and planning that has been brought to the center.

Photos 1 and 2: Xaluca impact on the spatial changes



The photo 1 illustrates the Hotel in the last decades of the previous century, showing urban deficit of the centre. The hotel was enclaved at the up level of the plateau. The photo 2 shows the landscape mutation in the vicinity of the hotel.

The recent situation illustrated by the Photo 2 above, shows important local investment of the commune in the modernisation of the center. The tourism development option have been adopted in urbanism tools and Xaluca, the unique international firm in area contributes indirectly to this scenario as the local authority recognise the needs of either tourism an international activities in terms of infrastructure and landscape quality. The processthat takes place in this situation is therefore multi-lateral in terme of interaction and synergies. Sometimes it is conscious and discussed and in most cases it is unconscious and indirect in term of impacts.

VI. Conclusion

Reconciling local roots and internationalization of the activity is determined by an analysis of the SMEs which will take stock of the specific management that characterizes it. We saw that most research agrees to jointly present the SME internationalization process as a complex and multidimensional process. Analyze the resources and skills available to the company (information system, organizational system, human resources, and financial resources) and adapt the strategy to follow in another hand can lead to lead to an approach that does not involve the 'company opening its territory and simultaneously that explores the global environment carrier opportunities. By including the development of ecological activities that meet local characteristics and at the same time that arouse more interest in a fairly large customer base. Given the sensitivity of the company to its national and international environment, it is important to set up an international strategy that takes into account the turbulence induced by globalization including the impact of fluctuations in exchange rates and fuel prices. The explosion of unemployment rates everywhere in the Western world, the social crises that grows in China, political instability in some countries.

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