



Organizational Culture and Internationalization of Algerian Private Firms: A Competing Values Framework Analysis Using PLS-SEM

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Abstract

Purpose: This study examines how organizational culture shapes the internationalization trajectory of small and medium enterprises (SMEs) in an emerging economy context. Drawing on the Resource-Based View (RBV), it investigates whether – and precisely how – different cultural archetypes distinguish firms that have successfully entered foreign markets from those that remain confined to the domestic sphere. **Design/Methodology/Approach:** The study adopts a quantitative, cross-sectional design grounded in the Competing Values Framework (CVF). Survey data were collected from 50 Algerian private SMEs – 22 internationally active and 28 domestically oriented – using the validated Organizational Culture Assessment Instrument (OCAI). Hypotheses were tested through Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 3.3.

Findings: A statistically significant cultural gap separates the two groups. Internationalized firms exhibit a dominant Market culture ($\beta=0.904$, $R^2=0.817$) reinforced by Adhocracy orientations ($\beta=0.771$, $R^2=0.594$), while domestic firms are predominantly characterized by Clan culture ($\beta=0.817$). Contrary to initial expectations, Hierarchy culture plays a comparatively minor role in either group.

Research Limitations/Implications: *The cross-sectional design and moderate sample size (n=50) limit causal inference and broader generalizability. The study extends Uppsala internationalization theory by introducing an internal cultural dimension to the concept of psychic distance, conceptualized here as 'cultural self-distance.'*

Practical Implications: *The findings offer a concrete diagnostic roadmap for Algerian SME managers and policymakers. Export promotion strategies that overlook organizational culture as a precondition for internationalization are likely to yield suboptimal returns, regardless of the financial and logistical incentives offered.*

Originality/Value: *The paper contributes rare empirical evidence on the 'soft' cultural antecedents of internationalization from North Africa, a region largely underrepresented in international business research. It introduces the construct of 'cultural self-distance' and refines existing theory by demonstrating that the primary cultural barrier in family-dominated emerging economies is Clan culture, not Hierarchy.*

keywords Organizational culture; Internationalization; SME; Algeria; Competing Values Framework; Resource-Based View; PLS-SEM; Emerging economies

Résumé

Objectif : Cette étude examine comment la culture organisationnelle façonne le parcours d'internationalisation des petites et moyennes entreprises (PME) dans le contexte d'une économie émergente. S'appuyant sur l'approche fondée sur les ressources (RBV), elle cherche à déterminer si – et comment exactement – différents archétypes culturels distinguent les entreprises qui ont réussi à pénétrer les marchés étrangers de celles qui restent confinées à la sphère nationale. *Conception/Méthodologie/Approche :* L'étude adopte une conception quantitative et transversale fondée sur le cadre des valeurs concurrentes (CVF). Des données d'enquête ont été recueillies auprès de 50 PME privées algériennes – 22 actives à l'international et 28 orientées vers le marché national – à l'aide de l'instrument validé d'évaluation de la culture organisationnelle (OCAI). Les hypothèses ont été testées par le biais d'une modélisation par équations structurelles à moindres carrés partiels (PLS-SEM) à l'aide de SmartPLS 3.3.

Résultats : Un fossé culturel statistiquement significatif sépare les deux groupes. Les entreprises internationalisées présentent une culture de marché dominante ($\beta = 0,904$, $R^2 = 0,817$) renforcée par des orientations adhocratiques ($\beta = 0,771$, R^2



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= 0,594), tandis que les entreprises nationales sont principalement caractérisées par une culture clanique ($\beta = 0,817$). Contrairement aux attentes initiales, la culture de la hiérarchie joue un rôle relativement mineur dans les deux groupes.

Limites et implications de la recherche : La conception transversale et la taille modérée de l'échantillon ($n = 50$) limitent les déductions causales et la généralisation à plus grande échelle. L'étude élargit la théorie de l'internationalisation d'Uppsala en introduisant une dimension culturelle interne au concept de distance psychique, conceptualisée ici comme la « distance culturelle à soi ».

Implications pratiques : Les résultats offrent une feuille de route diagnostique concrète aux dirigeants de PME et aux décideurs politiques algériens. Les stratégies de promotion des exportations qui négligent la culture organisationnelle en tant que condition préalable à l'internationalisation sont susceptibles de générer des rendements sous-optimaux, quelles que soient les incitations financières et logistiques proposées.

Originalité/Valeur : Cet article apporte des données empiriques rares sur les antécédents culturels « immatériels » de l'internationalisation en Afrique du Nord, une région largement sous-représentée dans la recherche sur le commerce international. Il introduit le concept de « distance culturelle à soi » et affine la théorie existante en démontrant que le principal obstacle culturel dans les économies émergentes dominées par la famille est la culture clanique, et non la hiérarchie.

Mots-clés : Culture organisationnelle ; Internationalisation ; PME ; Algérie ; Cadre des valeurs concurrentes ; Approche fondée sur les ressources ; PLS-SEM ; Économies émergentes

Introduction

Over the past two decades, the question of what drives small and medium enterprises (SMEs) in emerging economies to cross national borders has attracted sustained scholarly attention. Early explanations centred on tangible resource endowments—access to capital, proprietary technology, or cost advantages derived from factor differentials. More recently, however, researchers have begun to probe a harder-to-observe set of explanatory variables rooted in the firm's internal social fabric: its shared values, dominant assumptions, and behavioural norms. This shift has not been purely theoretical; practitioners and policymakers in countries that have launched export promotion initiatives—only to observe disappointing uptake—have begun to wonder whether financial and logistical incentives alone are sufficient to unlock international ambitions.

Algeria offers a particularly instructive case. As the largest economy in Africa by territorial mass, and the second largest by GDP, the country holds considerable latent export potential in agro-industrial, manufacturing, and artisanal sectors. Since the early 2000s, successive governments have established dedicated export promotion agencies, subsidized logistics and trade fair participation, and simplified customs procedures. Yet the private sector's share of non-hydrocarbon exports remains, by most accounts, marginal. This paradox—strong policy effort, weak commercial outcome—invites a different kind of explanation. What if the bottleneck lies not in the enabling environment but inside the firm itself, in the cultural orientations of its leadership and workforce?

The Resource-Based View (RBV) of the firm, as developed by Barney (1991), provides a coherent theoretical platform for



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this inquiry. The RBV argues that sustained competitive advantage derives from resources that are simultaneously valuable, rare, imperfectly imitable, and non-substitutable. Organizational culture satisfies all four conditions: it is path-dependent, historically embedded, and socially complex to a degree that defies straightforward replication. Teece et al. (1997) subsequently extended this logic through the dynamic capabilities framework, arguing that the capacity to sense and seize international opportunities is itself a meta-resource anchored in the firm's cultural and organizational architecture.

To operationalize this theoretical intuition, the present study employs the Competing Values Framework (CVF) developed by Cameron and Quinn (2011), which maps organizational culture along two orthogonal axes – flexibility versus control, and internal versus external focus – yielding four archetypes: Clan, Adhocracy, Market, and Hierarchy. The central research questions guiding this investigation are threefold: Which cultural archetypes distinguish internationally active Algerian SMEs from domestically confined ones? How large and structurally significant is the 'cultural gap' between the two groups? And how do specific cultural configurations influence the mode and depth of international market entry?

These questions are addressed through a cross-sectional survey of 50 Algerian private SMEs – 22 with verified export activity and 28 operating exclusively in the domestic market – analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The paper proceeds as follows. Section 2 reviews the theoretical foundations that connect internationalization theory with the organizational

culture literature. Section 3 develops the conceptual model and formal hypotheses. Section 4 details the research design and analytical procedures. Section 5 reports the empirical results. Section 6 situates the findings within existing theory and the Algerian institutional context. Section 7 concludes with implications for managers, policymakers, and future researchers.

1. Theoretical Background and Literature Review

1.1. The Internationalization of the Firm: Theoretical Perspectives

1.1.1. The Uppsala Model and the Liability of Outsidership

The Uppsala Model, introduced by Johanson and Vahlne (1977) on the basis of longitudinal observations of Swedish manufacturing firms, conceptualizes internationalization as an incremental, knowledge-driven process. Firms begin by committing modest resources to markets that are psychically close—sharing similar institutional frameworks, languages, and commercial norms—and gradually extend their geographic reach as experiential market knowledge accumulates. The original model was built on two interacting pairs of concepts: market knowledge and market commitment as state variables, and commitment decisions and current activities as change variables.

In their influential 2009 revision, Johanson and Vahlne reconceptualized the main constraint facing internationalizing firms, shifting it from the 'liability of foreignness' (the disadvantage of operating in an unfamiliar national environment) to the 'liability of outsidership' (the disadvantage of being excluded from established business networks). This reframing has particular resonance for Algerian SMEs, which frequently lack embeddedness in



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global value chains and must invest heavily in relationship-building capital simply to gain a foothold in international markets. As will be argued below, the cultural orientations a firm embodies influence whether its leadership perceives such investments as worthwhile risks or as threats to organizational stability.

1.1.2. Innovation-Related Models

Running in parallel with the Uppsala tradition, the innovation-related models of internationalization (Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981) conceptualize the decision to export as an organizational innovation that unfolds through discrete stages. A central insight of this stream is that the decision to internationalize is not reducible to a dispassionate cost-benefit calculation; it is shaped by the attitudes, perceptions, and risk tolerance of key decision-makers, which in turn reflect the broader organizational culture in which those decision-makers are embedded. Firms whose cultures reinforce conservatism, risk aversion, and deference to established routines are, on this view, systematically less likely to reach the threshold stage of active international engagement.

1.1.3 Born Global Firms and International New Ventures

Challenging the gradualist logic of stage models, Oviatt and McDougall (1994) identified a growing population of 'international new ventures' (INVs)—firms that pursue significant competitive advantage across multiple national markets from or near their founding. Knight and Cavusgil (2004) later refined this into the 'Born Global' firm concept, associating rapid internationalization with strong

entrepreneurial orientation, technological intensity, and a willingness to leverage niche differentiation strategies in lieu of the scale advantages traditionally enjoyed by large multinationals. While Born Global behavior remains relatively rare among Algerian SMEs—whose entry modes are dominated by direct and indirect exporting rather than equity-based commitments—the Adhocracy cultural archetype identified in this study maps closely onto the entrepreneurial orientation dimension of Born Global theory.

1.2. Network Perspectives

Johanson and Mattsson (1987) embedded the internationalizing firm within a web of inter-organizational relationships, arguing that international market positions are as much relational as economic assets. Under this view, internationalization is the process of building, developing, and maintaining network positions across national boundaries. For Algerian exporters, many of whom fit the 'Late Starter' profile—entering markets already dominated by well-networked incumbents—the implication is clear: the absence of prior network embeddedness places a premium on competitive aggressiveness and relational investment, both of which are cultural, not merely strategic, properties.

1.3. Organizational Culture as a Strategic Resource

1.3.1. The Resource-Based View

Penrose (1959) first conceptualized the firm as a bundle of productive resources whose unique combination defines its competitive profile. Barney (1991) formalized this intuition into the VRIN framework, establishing that durable competitive advantage requires resources to be simultaneously Valuable, Rare, Inimitable, and Non-



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substitutable. Organizational culture satisfies all four conditions. It is valuable insofar as it coordinates collective behavior and guides strategic decision-making; rare because it is the product of idiosyncratic historical experience that cannot simply be purchased in factor markets; inimitable because social complexity and causal ambiguity make replication by outsiders extremely difficult; and non-substitutable because no other organizational lever can fully replicate the integrative function of shared values, norms, and tacit assumptions. Teece et al. (1997) further extended the RBV to argue that the capacity to sense and seize international opportunities—and to reconfigure internal resources as market conditions evolve—is itself a dynamic capability whose development depends heavily on the firm's cultural architecture.

1.3.2. The Competing Values Framework and the OCAI

For the empirical operationalization of organizational culture, this study draws on the Competing Values Framework (CVF) developed by Cameron and Quinn (2011), which builds on Quinn and Rohrbaugh's (1983) spatial model of organizational effectiveness. The CVF maps cultural values along two orthogonal dimensions: the first ranges from flexibility and discretion to stability and control; the second from internal integration and maintenance to external positioning and differentiation. The intersection of these two axes yields four archetypal cultural configurations.

Clan culture, occupying the internal/flexible quadrant, resembles an extended family or community organization. It is characterized by high cohesion, participative decision-making, mentoring leadership, and a shared emphasis on

employee development and loyalty. Adhocracy culture, in the external/flexible quadrant, prizes risk-taking, entrepreneurship, innovation, and rapid adaptation. Market culture, in the external/stable quadrant, is oriented toward competitiveness, goal achievement, market share, and profitability. Hierarchy culture, in the internal/stable quadrant, prioritizes formal structures, procedural compliance, efficiency, and stability.

To measure these archetypes, Cameron and Quinn developed the Organizational Culture Assessment Instrument (OCAI), a 24-item instrument structured around six organizational dimensions: Dominant Characteristics, Organizational Leadership, Management of Employees, Organizational Glue, Strategic Emphases, and Criteria of Success. The OCAI has been extensively validated across more than 10,000 organizations globally (Cameron & Quinn, 2011) and has been applied to emerging market contexts by a number of researchers, including Deshpandé et al. (1993) and Tsui et al. (2006).

1.3.3. Culture-Internationalization Linkages

Empirical and conceptual work has begun to map the differential relationships between CVF archetypes and international engagement. Market culture, with its external competitive orientation, aligns theoretically with export-driven internationalization in that it motivates firms to seek market growth beyond saturated domestic boundaries (Luo & Tung, 2007). Adhocracy culture enables the adaptive responsiveness to diverse foreign environments that Knight and Cavusgil (2004) identify as central to Born Global success. Clan culture presents a more ambivalent picture: while the relational capital it cultivates may support partnership-based



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entry modes, its intrinsic inward orientation can foster the kind of risk-averse, network-insular behavior that militates against international commitment (Deshpandé et al., 1993). Hierarchy culture's emphasis on procedural rigidity tends to conflict with the flexibility demands of ambiguous, rapidly evolving international environments (Slater & Narver, 1995).

1.4. The Algerian Context: Institutional Voids and Cultural Constraints

Algeria occupies a structurally interesting position in the emerging market landscape. Its hydrocarbon wealth has historically subsidized a protected domestic market, reducing competitive pressure on private sector firms and creating an institutional environment that, until recent liberalization efforts, actively discouraged outward-looking strategies. The Algerian private sector is dominated by family-owned SMEs in which succession follows kinship rather than meritocratic criteria, and in which socioemotional wealth preservation—as theorized by Gomez-Mejia et al. (2007) for family-controlled firms—often takes precedence over growth-oriented market strategies.

The country's colonial heritage has produced a distinctive psychic distance configuration. French remains the dominant business language alongside Arabic, creating natural psychic proximity to Francophone African and European markets while simultaneously generating distance from English-speaking regions. Algeria's characteristically high scores on Hofstede's (2001) Uncertainty Avoidance and Power Distance dimensions, combined with low Individualism, predispose organizational cultures toward risk aversion, hierarchical deference, and preference for in-group relationships—all of

which are consistent with Clan rather than Market cultural dominance. It is against this contextual backdrop that the following hypotheses are developed.

1.5. Conceptual Framework and Hypotheses

The conceptual model positions the four CVF cultural archetypes as independent variables predicting a firm's internationalization status (internationally active versus domestically oriented). The logic rests on the strategic alignment thesis: international markets demand external orientation, competitive aggressiveness, and adaptive flexibility, properties encoded in Market and Adhocracy cultures. Internal orientation and stability preferences, encoded in Clan and Hierarchy cultures, are theoretically misaligned with those demands. Eight hypotheses follow from this framework:

H1: Internationalized Algerian private firms exhibit a low prevalence of Hierarchy culture.

H2: Domestically oriented Algerian private firms exhibit a dominant Hierarchy culture.

H3: Internationalized Algerian private firms exhibit a dominant Market culture.

H4: Domestically oriented Algerian private firms exhibit a low prevalence of Market culture.

H5: Internationalized Algerian private firms exhibit a dominant Adhocracy culture.

H6: Domestically oriented Algerian private firms exhibit a low prevalence of Adhocracy culture.

H7: Internationalized Algerian private firms exhibit a low prevalence of Clan culture.



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H8: Domestically oriented Algerian private firms exhibit a dominant Clan culture.

2. Methodology

2.1. Research Design and Analytical Approach

This study adopts a positivist, quantitative research design oriented toward hypothesis testing. Given the exploratory character of applying the CVF to Algerian private firm internationalization, and the practical constraints on sample size in this institutional context, PLS-SEM was selected as the primary analytical technique. The choice is grounded in three considerations advanced by Hair et al. (2011): PLS-SEM is well suited to exploratory theory-building research aimed at explaining variance rather than confirming established causal structures; it performs robustly with smaller samples without imposing distributional normality assumptions; and it accommodates the reflective measurement structure of the OCAI. All analyses were conducted in SmartPLS version 3.3.

2.2. Instrument

Cultural profiles were measured using the OCAI (Cameron & Quinn, 2011), a 24-item instrument assessing Clan, Adhocracy, Market, and Hierarchy cultures across six organizational dimensions on a five-point Likert scale. To ensure accessibility for managers with heterogeneous educational backgrounds, the questionnaire was administered in Arabic, French, and English, following a translation and back-translation procedure verified by bilingual management academics. A five-respondent pilot test preceded full deployment.

2.3. Sampling and Data Collection

Target respondents were owner-managers or senior executives of Algerian private SMEs operating in productive sectors – industry, agro-industry, and food processing. Data collection was conducted in December 2018 through a combination of electronic distribution via Google Forms and in-person administration at three major commercial events: the 2nd International Salon for Investment and Export of Agricultural Products (Agro Sud Export, El Oued), the 4th International Date Salon (Biskra), and the 27th Algerian Production Fair (Algiers). Institutional collaboration with ALGEX, CACI, ANDI, and the ITC Trade Map database supported respondent identification. Of 181 institutions contacted, 68 returned questionnaires (response rate: 37.6%), of which 50 passed data quality screens. Group 1 comprised 22 internationally active firms (at least one year of confirmed export activity at the time of data collection); Group 2 comprised 28 domestically oriented firms with no current or prior international sales.

Table 1 presents the demographic and firm-level profile of the two groups.

Table 1: Sample Descriptive Profile

Characteristic	Internationalized Firms (n=22)	Domestic Firms (n=28)
Gender (Male)	~86%	~79%
Dominant Age Group	31-40 years (50%)	31-40 years (42%)
University-Level Education	~55%	~40%



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Firm Size (Micro/Small/Medium)	25% / 29.2% / 41.7%	Predominantly Micro/Small
Entry Mode: Direct Export	77.08%	N/A
Entry Mode: Indirect Export	22.91%	N/A
Top Export Destinations	Africa (25%), Europe (22.9%), Maghreb (20.8%)	N/A
Language: French	79.16%	75.00%
Language: English	20.83%	<5%

Analytical Procedure

The analysis followed a two-stage approach. In the first stage, measurement model quality was assessed using indicator loadings (threshold: ≥ 0.70), Cronbach's Alpha and Composite Reliability ($CR \geq 0.70$), Average Variance Extracted ($AVE \geq 0.50$) as the convergent validity criterion (Fornell & Larcker, 1981), and the Fornell-Larcker criterion for discriminant validity. In the second stage, the structural model was evaluated through path coefficients (β), bootstrapped significance tests (5,000 sub-samples), coefficient of determination (R^2), effect sizes (f^2 : small ≥ 0.02 , medium ≥ 0.15 , large ≥ 0.35), predictive relevance (Q^2 via blindfolding), and the Goodness of Fit index ($GoF = \sqrt{(\text{mean } AVE \times \text{mean } R^2)}$, with $GoF > 0.36$ indicating large model fit).

3. Results

3.1. Measurement Model

All four cultural constructs achieved satisfactory reliability and convergent validity across both study groups (Table 2). Cronbach's Alpha values ranged from 0.788 to 0.843, and Composite Reliability from 0.829 to 0.887 – both exceeding the 0.70 threshold. AVE values ranged from 0.531 to 0.614, confirming convergent validity. Discriminant validity was established through the Fornell-Larcker criterion: the square root of the AVE for each construct exceeded its highest correlation with any other construct in the model.

Table 2: Measurement Model - Reliability and Validity Indicators

Construct	Cronbach's Alpha	Composite Reliability	AVE
Clan Culture	0.812	0.865	0.589
Adhocracy Culture	0.795	0.841	0.562
Market Culture	0.843	0.887	0.614
Hierarchy Culture	0.788	0.829	0.531

3.2. Cultural Profiles

OCAI descriptive scores revealed markedly different cultural profiles across the two groups (Table 3). Internationalized firms presented an outward-focused configuration dominated by Market culture and reinforced by Adhocracy. Domestic firms showed a predominantly inward-focused profile centered on Clan culture. These differences were visually pronounced and form the foundation for the structural model results that follow.

**Table 3: Dominant Cultural Archetypes by Group**

Group	Primary Culture	Secondary Culture	Weakest Culture
Internationalized Firms	Market	Adhocracy	Clan / Hierarchy
Domestic Firms	Clan	Adhocracy	Market

3.3. Structural Model Results

The combined hypothesis testing results for both groups are presented in Table 4. The GoF index for the internationalized firms' model was 0.5176, and for the domestic firms' model 0.4854, both substantially exceeding the 0.36 benchmark for large model fit.

Among internationalized firms, Market culture emerged as the dominant predictor of international orientation ($\beta=0.904$, $R^2=0.817$, $f^2=0.816$), followed by Adhocracy culture ($\beta=0.771$, $R^2=0.594$, $f^2=0.515$). Both H3 and H5 were supported. The low prevalence of Hierarchy (H1, $\beta=0.349$) and Clan (H7, $\beta=0.263$) in this group were also confirmed, though their effect sizes were comparatively modest. Among domestic firms, Clan culture was the dominant archetype ($\beta=0.817$, H8 accepted), and Market culture was correspondingly absent (H4 accepted). However, H2 was rejected: domestic firms were not characterized primarily by Hierarchy culture, but by Clan culture. H6 was also rejected: domestic firms did exhibit Adhocracy traits, though these appear to be channeled toward domestic product adaptation rather than international market development.

Table 4: Consolidated Hypothesis Testing Results

Hypothesis	β	R ²	f ²	Q ²	Result
H1: Low Hierarchy (Intl)	0.349	–	–	–	Accepted
H3: Dominant Market (Intl)	0.904	0.817	0.816 (Large)	0.628	Accepted
H5: Dominant Adhocracy (Intl)	0.771	0.594	0.515 (Medium)	0.434	Accepted
H7: Low Clan (Intl)	0.263	–	–	–	Accepted
H2: Dominant Hierarchy (Dom)	0.263	–	–	–	Rejected
H4: Low Market (Dom)	– (neg.)	0.368	–	–	Accepted
H6: Low Adhocracy (Dom)	0.771	–	–	–	Rejected
H8: Dominant Clan (Dom)	0.817	–	–	–	Accepted

Note: GoF (Internationalized) = 0.5176; GoF (Domestic) = 0.4854. Intl = Internationalized firms; Dom = Domestic firms.



3.4. The Cultural Gap

Taken together, the results define a clear and statistically significant cultural chasm between the two groups. Internationalized firms operate through a Market-Adhocracy configuration in which competitive drive ($\beta=0.904$) is complemented by entrepreneurial flexibility ($\beta=0.771$). Domestic firms operate through a Clan-Adhocracy configuration in which cohesive internal orientation ($\beta=0.817$) coexists with innovation, but directs that innovation inward rather than outward. The critical threshold for international market entry appears to be less about the presence or absence of innovation capacity—both groups possess it—and more about whether a competitive, externally oriented drive accompanies and directs that capacity.

4. Discussion

4.1. Market Culture as the Primary Driver of Internationalization

The dominance of Market culture as a predictor of internationalization status—accounting for over 80% of variance in the outcome ($R^2=0.817$) with a large effect size ($f^2=0.816$)—is the study's most substantively important finding. It aligns with Luo and Tung's (2007) springboard perspective, which argues that emerging market enterprises deploy international expansion as a platform to overcome the limitations of constrained domestic markets and to enhance their competitive standing globally. It is also consistent with Deshpandé et al.'s (1993) finding, derived from Japanese firm data, that Market and Adhocracy cultures are associated with superior business performance, whereas Clan and Hierarchy cultures are not.

What this result suggests for the Algerian context is specific: firms whose internal culture emphasizes competitive aggressiveness, market share, and performance measurement are not only better equipped to exploit export opportunities but are, culturally speaking, more likely to recognize and pursue them in the first place. The Uppsala Model's emphasis on experiential knowledge accumulation as the engine of incremental internationalization (Johanson & Vahlne, 1977) is, from this angle, endogenous to culture: firms with Market culture are culturally disposed to accumulate international market knowledge because competitive goal-setting naturally generates feedback loops that demand expanded geographic scope.

4.2. Adhocracy as a Necessary but Insufficient Enabler

The secondary but significant role of Adhocracy culture ($\beta=0.771$, $R^2=0.594$) in the internationalized firms' model confirms the importance of entrepreneurial flexibility and innovation capacity in international market engagement. The rejection of H6, however, introduces an important theoretical nuance: domestic Algerian firms also exhibit Adhocracy traits, suggesting that innovative capacity alone does not translate into international orientation. This finding reinforces Knight and Cavusgil's (2004) theoretical claim that knowledge intensity must be combined with a performance orientation to produce Born Global outcomes. In the Algerian context, Adhocracy without Market culture appears to generate what might be termed 'inward entrepreneurship': the continual adaptation of products and processes for the domestic market, without the competitive urgency that would push the firm beyond national boundaries.



4.3. Clan Culture as a Structural Barrier

Perhaps the most policy-relevant finding of this study is the confirmed dominance of Clan culture among domestic firms ($\beta=0.817$) and its low prevalence among internationalized ones. The Clan archetype – characterized by paternalistic leadership, in-group loyalty, and inward-looking decision authority – produces an organizational environment that is deeply incongruent with the demands of international competition. Paternalistic authority structures centralize strategic decision-making in ways that slow organizational response to export opportunities (Gomez-Mejia et al., 2007). Loyalty-based relationships reinforce existing domestic networks at the expense of investment in new international connections. And the socioemotional priorities that family firms tend to exhibit – preserving relational harmony, protecting family reputation, avoiding high-risk initiatives – actively discourage the kind of market-entry decisions that international expansion requires.

This finding makes a pointed contribution to the family business internationalization literature. The conventional assumption has been that 'familiness' – the distinctive bundle of resources and capabilities generated by family governance – can serve as a competitive advantage in international markets through the relational capital and trust it engenders (Johanson & Vahlne, 2009). The present evidence suggests that, in the Algerian institutional context, familiness functions as a competitive disadvantage by anchoring cultural orientations in inward cohesion rather than outward competition.

4.4. The Unexpected Role of Hierarchy

The rejection of H2—the hypothesis that domestic firms would be dominated by Hierarchy culture—deserves careful attention. Conventional accounts of internationalization barriers in emerging markets have tended to emphasize bureaucratic rigidity as a key constraint: rules-based, procedure-heavy cultures ostensibly inhibit the flexibility required for international market adaptation. The present data suggest that this framing may be misplaced for the Algerian SME context. The principal cultural constraint is not hierarchical formalization but familial cohesion. Domestic Algerian SMEs are not bureaucratically rule-bound; they are relationally inward-focused. This distinction carries a practical corollary: export promotion interventions premised on deregulation, procedural simplification, or institutional reform may address the wrong dimension of the problem. What is required is cultural transformation, specifically the cultivation of Market and Adhocracy orientations, not the dismantling of bureaucratic structures that, in many cases, are not the binding constraint.

4.5. Psychic Distance and Entry Mode Choices

The entry mode structure of the internationalized sample—100% exporting (77% direct, 23% indirect), with no equity-based modes—is entirely consistent with the cultural profile identified. Market culture drives competitive engagement and performance orientation, but does not by itself generate the deep relational investment that equity-based entry modes require. Exporting allows firms to compete on product quality and price without committing the organizational and financial resources that joint ventures or FDI would demand. This is precisely the incremental



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commitment trajectory predicted by Uppsala theory (Johanson & Vahlne, 1977), and it aligns with the observation that even the most internationally oriented Algerian SMEs remain in early stages of network embeddedness (Johanson & Vahlne, 2009). The geographic concentration of exports in Africa, the Maghreb, and Europe confirms the continued salience of psychic distance effects and the channeling influence of Algeria's Francophone linguistic heritage (Evans & Mavondo, 2002).

4.6. Theoretical Positioning and the Concept of Cultural Self-Distance

This study makes a specific contribution to Uppsala theory by proposing that psychic distance has an internal as well as an external dimension. The original concept focuses on the perceived distance between home and host country environments, framed as a property of the external landscape. The present findings suggest that cultural self-distance – the degree to which a firm's internal cultural orientation is misaligned with the cultural competencies required for international engagement – functions as an endogenous amplifier of perceived external distance. A firm dominated by Clan culture does not merely face objective psychic distance challenges; it is constitutionally predisposed to perceive those challenges as larger, more threatening, and less manageable than a firm with a Market culture. The implication is that reducing psychic distance requires not only market information and diplomatic relationship-building, but organizational cultural transformation.

Conclusion, Implications, and Future Research

▪ Theoretical Contributions

This paper makes four contributions to the international business and organizational behavior literatures. First, it provides direct empirical evidence that organizational culture—operationalized through the CVF archetypes and measured via the OCAI—explains a substantial proportion of variance in internationalization status among private SMEs in an emerging economy ($R^2=0.817$ for Market culture in the internationalized group). This operationalizes the RBV claim that culture is a VRIN strategic resource with quantified predictive force. Second, it introduces the construct of cultural self-distance as an endogenous complement to the standard exogenous conception of psychic distance in Uppsala theory, with potential for further theoretical development and empirical testing. Third, it provides a cross-cultural validation of the CVF in the North African context, adding to the growing body of work testing Western organizational frameworks in emerging economy settings (Tsui et al., 2006). Fourth, and perhaps most importantly for theory revision, it demonstrates that the principal cultural barrier to internationalization in family-dominated emerging economies is Clan culture, not Hierarchy—a finding that challenges assumptions derived from Western organizational contexts and calls for context-sensitive theorization.

▪ Managerial Implications

The findings are actionable at both the firm and policy levels. For SME managers contemplating export entry, the OCAI offers a practical pre-export diagnostic: firms with high Clan scores and low Market scores should treat cultural



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change as a prerequisite for, rather than a byproduct of, international engagement. Specific interventions include reorienting organizational success criteria from relational cohesion to competitive performance metrics; introducing transparent, output-based performance management systems; recruiting externally oriented managers with international exposure; and decentralizing decision authority to reduce the bottlenecks created by paternalistic control. Adhocracy assets—which the data suggest are present even in domestically oriented firms—should be strategically redirected from domestic adaptation toward market development.

Digital trade platforms and e-commerce channels deserve special attention in this regard. They lower the financial and relational capital requirements for initial international market entry, allowing firms to test and build international competence without the full organizational and resource commitment that traditional export modes demand. For firms transitioning from Clan to Market cultural orientations, they reduce the threshold at which international engagement becomes accessible.

▪ **Policy Implications**

The findings challenge the predominant architecture of export promotion policy in Algeria and comparable emerging economies. Current instruments—including ALGEX's financial incentives, logistics subsidies, and trade fair support—address the enabling environment rather than the organizational preconditions for internationalization. If the primary constraint is cultural rather than logistical, then policy instruments must reach inside the firm. This implies a

reorientation of export promotion toward what might be termed 'cultural readiness' programming: pre-export cultural diagnostics, managerial coaching aimed at the Clan-to-Market cultural transition, mentorship schemes connecting prospective exporters with successful exporting role models, and the systematic integration of international entrepreneurship competencies into business education curricula. Investment in management education and executive development should be recognized as an investment in the cultural infrastructure of internationalization—an insight that may require a fundamental reorientation of how export development is understood at the policy level.

- **Limitations**

Four limitations warrant acknowledgment. The cross-sectional design precludes causal inference: while the study demonstrates that Market culture characterizes internationally active firms, it cannot establish definitively whether cultural orientation precedes international engagement or whether successful export experience cultivates Market culture—a reverse causality possibility that only longitudinal research can resolve. The sample size (n=50) limits statistical power and may reduce the generalizability of specific effect estimates, though the PLS-SEM methodology is specifically designed for small-sample research contexts (Hair et al., 2011). The study's scope is limited to a single country, restricting cross-national generalizability; Algeria's specific institutional history, colonial legacy, and hydrocarbon-dependent economic structure shape the cultural landscape in ways that may not transfer directly to other MENA countries. Finally, single-



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informant survey data are susceptible to common method bias, a concern that future multi-respondent designs could mitigate.

Future Research Directions

Several productive avenues for future inquiry emerge from this work. Longitudinal panel studies tracking the cultural evolution of Algerian SMEs before, during, and after international market entry would enable direct assessment of the causal direction of the culture-internationalization relationship. Multi-country comparative studies across the MENA region—Morocco, Tunisia, Egypt, the Gulf states—would test whether the Clan-Market cultural gap identified here reflects specifically Algerian conditions or a broader pattern of family-business-dominated Arab economies. Qualitative case studies investigating the micro-level mechanisms through which cultural transformation occurs within internationalizing firms—the role of leadership succession, external management recruitment, mentoring relationships, and organizational crises as catalysts—would complement the statistical findings of the present study. Finally, the interaction between digital technology adoption and cultural change merits dedicated investigation: as e-commerce and B2B digital platforms lower the market-entry threshold, they may simultaneously expose domestically oriented firms to global competitive norms in ways that catalyze Market culture development from the outside in.

▪ **Ethical Considerations**

This study relied on voluntary, anonymous survey participation. Respondents were informed of the academic

purpose of the research prior to completing the questionnaire; completion constituted implied consent. No personal identifying information was collected or retained. The research was conducted in accordance with internationally recognized principles of academic integrity. Given its non-experimental design involving no vulnerable populations, institutional ethics review was not required.

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Conflict of Interest

The author declares no competing financial interests or personal relationships that could have influenced the work reported in this paper.

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