

AMERICAN UNIVERSITY OF BEIRUT

CONSOLIDATING ORGANIZATIONAL CULTURE IN
TIMES OF ADVERSITY: THE CASE OF TOTERS DELIVERY

by
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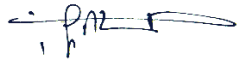
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ABSTRACT

OF THE PROJECT OF

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Lebanon experienced an ongoing set of adversities, from the economic crisis, followed by the COVID-19 pandemic, to the Beirut port explosion, all in one year span. All these events represent grand challenges in which problems can be plausibly addressed through coordinated and collaborated efforts. As organizations felt the threat to their continuity, many start-ups failed to remain operative due to breakage in their organizational culture. This project investigates the role of the organizational culture of Lebanese-based start-ups in responding to these challenges. The project also tackles the strategies adopted by start-ups as a response to the encountered challenges. Such strategies are changes in the business model, whether innovation, adaptation or both. Following a review of the literature, the study follows Edgar Schein's culture framework – the layers of culture. The research takes the case of Toters Delivery, a Lebanese high-tech start-up, with one office in Lebanon and one in Iraq. To write the case, I participated in a 1.5-year participatory observation where data such as meetings with the staff, stakeholders, company files, and an interview with the CEO were collected. The result is a teaching case study that defines Toters' background in the social and economic context of Lebanon. The study concludes with an application of the literature to the case.

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CHAPTER I

INTRODUCTION

Lebanon has come to witness the most multifaceted catastrophes it has ever experienced in its modern history. In October 2019, the Lebanese cabinet unveiled new tax policies to solve the country's economic difficulties. Tens of thousands of protestors flocked to the streets in response, demanding their social and economic rights, as well as accountability, an end to corruption, and the resignation of all government officials. As soon as the economic collapse started in October 2019, the COVID-19 pandemic broke out to aggravate the crisis further with the first confirmed case in February 2020. Only by the summer, on August 4, 2020, one of the largest non-nuclear explosions ever recorded in history decimated the city of Beirut and significantly damaged its port.

Toters Delivery, a high-tech Lebanese start-up, found itself threatened by these grand challenges and felt the urge to respond with the support of its organizational culture.

The thesis was written with the aim of understanding start-ups to better understand the strategies and techniques in responding to grand challenges through maintaining and recognizing the role of culture. Start-ups are often found to be thrown out of the market as soon as they encounter a challenge if their culture is not well practiced and maintained. According to the literature, start-ups that can withstand grand challenges are those that have a strong culture in which the core values are widely held and practiced by everyone (Ojo,

2009). The project examined Edgar Schein's framework of culture – the layers of culture, Artifacts, Espoused Values, and Basic Assumptions.

Schein (2009) views culture as a pattern of shared tacit assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

The literature surrounding how start-ups respond to grand challenges through the role of their organizational culture is sparse, especially the techniques to reinforce and maintain the elements of culture. Only a few papers were written on the types of responses that start-ups use. In this study, the project investigated how the culture of Toters Delivery helped and the ways adopted in responding to the grand challenges in order to survive. Such challenges are the economic crisis, the COVID-19 pandemic, and the Beirut port blast.

The crisis management literature has largely neglected small and medium-sized enterprises (SMEs) (Herbane, 2010), with authors calling for greater investigation into business model changes after unexpected events (Corbo et al., 2018) and external shocks (Amankwah-Amoah et al., 2020), as well as the role of perceived opportunities when engaging in business model changes (Osiyevskyy and Dewald, 2018). Consequently, gaps remain in our understanding of how SMEs change business models (Miller et al., 2020) and pursue opportunities in times of crisis (Thorgren and Williams, 2020). Such a change results in business model adaptation and/or innovation (Gebauer et al., 2020; Saebi et al., 2017; Witschel et al., 2019). The former is defined as ‘the process by which management actively

aligns the firm's business model to a changing environment' (Saebi et al., 2017: 569), and the latter 'considers the business model instead of products or processes as the subject of innovation' (Clauss, 2017: 387).

In such a change, culture plays a critical role in driving the success of the desired change. Studies show that creativity may support adaptation through improvisation (Vera and Crossan, 2004, p. 733), and creative culture represents an important prerequisite capability to innovate (Nadkarni and Narayanan, 2007; Plambeck and Weber, 2009).

The project reviewed the literature surrounding organizational culture and its advent definitions in start-up organizations. The study also provided a deep understanding of grand challenges and their unique characteristics. The concept of grand challenges was also covered in a start-up setting as well as the different ways to pursue response in the face of adversity. Afterward, the project presented the Lebanese context in which the adversities occurred. After introducing Toters Delivery, a high-tech start-up, the cases discussed the economic and social context. Then, the study concluded with the strategies adopted to achieve the desired objectives.

CHAPTER II

LITERATURE REVIEW

A. Culture Defined

The terminology “organizational culture” has witnessed a rich set of definitions by practitioners and scholars over the past decades. Munch and Smelster (1992), viewed organizational culture as that describes roles and interactions that derive from norms and values in the sociological tradition, or beliefs and attitudes in the social psychological field. Culture is an organization’s ideology or traditions and beliefs that distinguish it from other organizations and infuse a certain life into the skeleton of its structure (Mintzberg, 1979).

Although the culture of an organization is recognized as the focal point in the field of organizational theory and design, organizational behavior, and leadership; its deep phenomenon has remained to encompass almost everything found in a society. This is in addition to that culture effectiveness has brought a great deal of research in which culture is examined in a positive light. Morgan (1997) defined culture as the active living phenomenon through which people jointly create and recreate the world in which they live. Culture is the drive that recognizes the efforts and contribution of the organizational members and provides a holistic understanding of what and how is to be achieved, how goals are interrelated, and how each employee could attain goals (Gordon and Cummins, 1979).

More comprehensively, Schein (2009), identified culture as values and behaviors that are believed to lead to success and thus taught to new members. Once again, Schein (2009)

defined it as the dynamic forces within the organization which is revolving, engaging, and interactive and it is shaped by the employees and management's gestures, behaviors, and attitudes. Corporate culture is the basic pattern of shared assumptions, values, and beliefs considered to be the best way of thinking about and acting on problems and opportunities encountered by the company. It is what is important and unimportant in one firm. It is often called the company's DNA and/or identity invisible to the naked eye, yet a powerful structure that shapes what happens in an organization. Hence, it is argued that culture begins with leadership and passes on to the members of the organization (Schneider and Smith, 2004).

Another key definition developed by some researchers reflects the degree to which organizational culture is a system of organization, strategy, manpower, management style (horizontally or vertically structured form) systems, procedures, concepts, and value systems (Peters, 1986). Also, cooperation of the mind, attitude, management principles, operation of the organization, working environment, techniques, technology, and adaptability establish the corporate culture (Joo, 1987).

Culture exists on several layers and how we do things around here is merely the surface level (Schein, 2014). To illustrate this, consider comparing society to a pond of lilies. On the upper level, there are leaves, flowers, and other visible items that one might notice if one came across. That is "how we do things around here", but the reason why we do it that way requires an individual to examine the root system and pose intriguing questions. What feeds the pond, how do the pond's roots stand, and who planted what. If we fail to deepen our understanding and get through the reasons why we do it the way we do it, we have just scratched the shallow level of the culture and have not comprehended it. As such, Edgar

Schein (2014) quoted: do not oversimplify culture, it is far more than “how we things around here” (Kuppler, 2014).

This being said, culture is an intricate phenomenon that holds many manifestations and patterns of social life. This intrication can only be observed and understood if the different levels of organization were extracted further as shown in figure 1 (Hofstede and Greet H, 2005). Rousseau (1990) describes organizational culture as being composed of a number of different elements which can be layered along a continuum running from high to low levels of observability and accessibility. The cultural elements that are the least observable and accessible to researchers are underlying assumptions and values. More observable, available elements of culture include behavioral norms, organizational stories, and events.

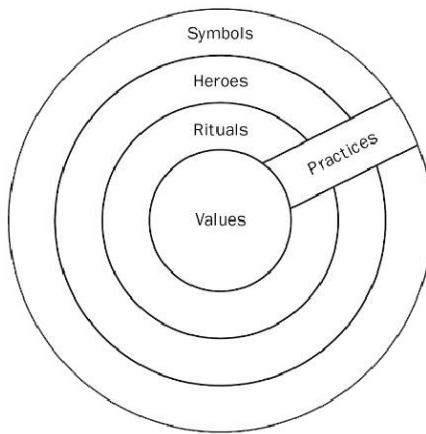


Figure 1: Organizational levels

Based on Edgar Schein's (2009) definition, organizational culture is "a pattern of shared basic assumptions that a group has learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel about those problems". These ingrained basic assumptions are difficult to see or deal with because they are tacit and below the surface, yet the fact that they influence everything the company does. Because it is pervasive, and also subterranean, Schein (2009), suggests there are three levels of organizational culture as they are, in fact, three layers on which organizational culture makes its presence felt.

1st level: Artefacts: The most visible level of culture is artifacts, which include norms of behavior and external signs of culture such as executive desks, facilities, dress codes, the level of technology and equipment used (and its displacement), vision and mission, and the actual configuration of work environments (office and workspace size). Some prominent signatures like verbal artifacts such as the language used, stories, and myths.

2nd level: Espoused values: They underpin and, to a large degree, dictate action, but they are not visible as behaviors are. There may be a distinction between claimed and operational principles; ones that the organization promotes and those that are currently in use. The values of the organization are often conveyed by norms—characteristic actions and accepted practices that may be referred to as "the unwritten rules of the roads," and are easily picked up by all employees. That is the value of employees.

3rd level: Basic assumptions: In this category, these assumptions are profoundly rooted in an organization and are experienced as implicit actions, therefore, making them difficult to spot from within. Certain values and realities remain hidden, but they affect corporate culture. The third degree of organizational culture deals with other facets of human behavior. On the one hand, in companies where female employees outnumber their male counterparts, late sittings are discouraged because females are uncomfortable with such a culture; on the other hand, male employees are more aggressive and have no problem with late sittings. Certain policies are followed by the organizations, which are not always discussed but are observed on their own. The third stage of the organization's culture is formed by these laws (Schein, 2009).

Culture is always a collective phenomenon because it is at least partly shared with people who live or lived within the same social environment, which is where it was learned. Culture consists of the unwritten rules of the social game. It is the collective programming of the mind that distinguishes the members of one group or category of people from others (Schein, 2010). Culture is learned, not innate. It derives from one's social environment rather than from one's genes. Culture should be distinguished from human nature on one side and an individual's personality on the other although exactly where the borders lie between nature and culture, and between culture and personality, is a matter of discussion among social scientists (Schein, 2010).

B. Strong Culture

The culture of an organization as viewed by Herb Kelleher, co-founder of Southwest Airlines, is the most precious thing a company has, so they must work harder on it than anything else (Cornwall, 2011). Studies showed that a strong culture within a particular firm tends to enjoy a higher likelihood of being successful than others, but only under certain circumstances (Miller, 1993; 1994). The impact of corporate culture is fundamentally on its strength. Thus, the strength of one culture is the degree to which how widely and deeply employees hold the company's dominant values and assumptions (Ojo, 2009). The dominant principles are held by the majority of employees in all subunits of a strong corporate culture. These principles are often institutionalized by well-established artifacts, making progress possible.

Besides that, Ojo (2009) continued that those strong cultures appear to last a lot longer; some can be traced back to the beliefs and assumptions of the company's founders. Strong organizational culture builds up strong organizational commitment and higher morale which contributes to elevated efficiency and heightened performance and productivity (Furnham and Gunter, 1993). Today, many scholars came to conclude that strong organizational culture can be leveraged as a competitive advantage, effective employee performance, and productivity (Tharp, 2009). Scholars such as Peters and Waterman (1982); Sadri and Lees (2001); Deal and Kennedy (1982) and Thompson (2002) stated that strong organizational culture is a primary determinant in creating better organizational performance and sustained competitive advantage.

In contrast, Ojo (2009) reflected that companies have weak cultures when the dominant values are short-lived and held mainly by a few people at the top of the

organization. As Schein (1986) put it, such companies show a tendency to accumulate the same solutions to various problems they may face, in managing the external business environment and internal tasks. Also, these companies do not develop new patterns of thinking and perceiving that hang together and provide meaning to daily events. Their culture is unconsciously held and taken for granted (Schein, 1986).

Hannan and Freeman's (1977, 1984) structural inertia theory explained why organizations find it difficult to adapt quickly or adequately in response to tentative or challenging changes in their environment. Reliable and accountable organizations are most likely to be favored by various selection mechanisms, to ensure survival. This has been linked to the development and implementation of consistent routines and practices; when an organization strays from its routines, it risks unreliability which may then threaten its survival (Hannan and Freeman, 1984). Salipante (1995) discerned those numerous functional aspects of traditionality guide individual and organizational culture, values, and behavior, which in turn facilitate resilience and survival, including shared morals that guide behavior, confidence in the ability to carry out responsibilities, assumptions about the organizational obligation to personal welfare, commitment to core values and organizational learning, and common understanding that facilitates decision-making (Roche, Salipante, and Perelli, 2010).

Adaptation of the organization's culture to the environment, as to Nelson (2011), comes principally through the struggle for dominance between opposing or competing for subcultural tendencies. Those emphasizing differentiation in organizational cultures would likely agree with social identity theorists that human groups create and maintain meaning and

order by developing mental prototypes based on the contrast between ingroups and outgroups. However, they would likely be much less optimistic about the ability of the leaders to maintain homogeneity and consensus within an organizational system and to confine dissent and deviance to small and impotent subcultures. Nelson (2011) continued that they would also doubt the tendency of adversity to reinforce homogeneity and conservatism and suppress dissent. On the contrary, they would likely expect adversity to increase competition between subcultures and enhance the legitimacy of dissenters, favoring the emergence of competing leaderships instead of a dominant ingroup that monopolizes power, and a peripheral outgroup with little influence (Nelson, 2011).

In challenging times, Franco et al., (2002) viewed leaders to have no control over the imposed circumstances, yet the situational force of adversity will certainly leave an effect on subsequent actions and constituent reactions. Thus, it becomes important to look at what particularly effective leaders do and how they choose to do it to determine if a specific leadership style is better suited for adversity. Hence, a strong culture boosts and allows room for fostering internal motivators such as the need to feel competent and to perform interesting tasks that can generate motivation. There is no external premium necessary because the motivation comes from the employee himself/herself. This is called intrinsic motivation. External motivators are characterized by the reward of material or immaterial motivators like payments and statuses that are also influenced by the culture further. Thus, the influence of organizational culture on employee motivation has been recognized and may have a positive effect on the organization (Franco, Bennett, and Kanfer, 2002).

By the same token, consolidated cultures help in the process of sense-making as employees will get a sense of what is happening around them and why things occur the way they do. Hence, this makes it easier for the workforce to understand what is expected of them and for new joiners to feel as if they are participating members from the early days (Ojo, 2009). In a case study tackling the impact of culture on employee performance and productivity in the telecommunication sector in Bangladesh, the authors concluded that strong cultures acclimate an atmosphere of positive attitude, sense of satisfaction, loyalty, commitment, creativity, innovation, information translucency, and knowledge sharing, equal distribution of tasks, and employee engagement (Uddin, Luva, and Hossian, 2013). Task division and information transparency can be considered to be a level of division of labor to improve productivity. This may also be an attributable element within the strength of culture to aid performance (Furnham and Gunter 1993).

As John P. Kotter (2008) shared in his book titled corporate culture and performance; firms with strong cultures are usually seen by outsiders as having a certain style of “ways of doing things”. They often make some of their shared values known in a creed or mission statement and seriously encourage all their managers to follow that statement. Furthermore, the style and values of a strong culture tend not to change much when a new CEO takes charge – their roots go deep (Kotter, 2008).

In conclusion, strong organizational culture builds up strong organizational commitment and higher morale which contributes to elevated efficiency and heightened performance and productivity (Furnham and Gunter, 1993). Jossy Mathew (2007) came to unearth interesting findings through interviews and observations in his study at different

Indian software organizations. The artifacts of the organizational culture seemed to have reaped an astounding outcome in employees' performance and productivity. The research could observe that some artifacts of organizational life like gymnasium, food courts, and basketball courts played and proved a concrete relationship between culture and performance.

Having defined culture and its significance in the literature review is only halfway through the aim of this thesis. In this thesis, the model of Edgar Schein (2009) was adopted, the three layers of organizational culture, to understand the role of culture in a start-up in responding to the complex changes imposed by the external environment such as the COVID-19 pandemic.

C. Culture in Start-Ups

The term start-up refers to a company in the first stages of operations. Start-ups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand. These companies generally start with high costs and limited revenue, which is why they look for capital from a variety of sources such as venture capitalists (Grant, 2022).

The definition of a start-up is to define and validate the business concept. The market opportunity (critical need, target market size, and timing); the offering (product or service and value proposition); the business model (resources, processes, and economic model); and the go-to-market strategy needed to deliver the offering reliably to target customer at a profit.

In start-ups, the focus is narrow, the commitment of time and resources is limited, and the economic risks are modest. The organization of start-ups is typically informal, loosely structured, and fluid (Picken, 2017).

Elements of organizational culture in start-up companies mirror those of established companies with influences from the company founder or leader. Principles of leadership, values creation and followership are evident in new and existing companies. The perspectives, focus, and patterns of growth are elements that differentiate start-ups from established companies. The most impactful difference between start-up companies, due to the smaller size of the organizations, is everyone has the power to influence, create, and impact the overall culture (Lazarova, 2020).

In the early development phase of a start-up organization, cultural assumptions set the meaning for one group's identity and unique ability and are so strongly held. Edgar Schein (2009) in his renowned book "The corporate culture—survival guide" delved into a deeper sense of the creation, evolution, and change of organizational culture in start-up companies. The most salient cultural characteristic of young organizations is that they are the creation of founders and founding families. The personal beliefs, assumptions, and values of the entrepreneur or founder are imposed on the people he or she hires, and—if the organization is successful—they come to be shared, seen as correct, and eventually taken for granted. He continued that the shared beliefs, assumptions, and values then function in the organization as the basic glue that holds it together, the major source of the organization's sense of identity, and the major way of defining its distinctive competence.

At this stage, culture is the organization's primary asset, but it is repeatedly tested by being acted out. If it is reinforced, the organization succeeds, and the culture grows stronger. If the organization fails, the founders are likely to be thrown out and their assumptions will come to be challenged and probably abandoned. During the growth phase, if the basic criteria of success are met, the organization will be very resistant to disconfirming forces and will tend to deny their validity or rationalize that they are irrelevant. The need for a lot of unlearning in a young organization is limited by the success of the founder in selecting employees who already have the beliefs, values, and assumptions that the founder holds. If the founder is clear, only congruent employees are hired. If the founder is not clear at the selection point, some employees will find themselves in cultural conflict with the organization and either will become socialized and acculturated or will leave the organization. In other words, a young company does not need to be unfrozen because the founders can pre-select their employees or individually socialize them (Schein, 2009).

Burkus (2011) researched Zappos, an online shoe retailer start-up, to investigate the culture creation and sustainability of a start-up. Data from the study found the leadership influence of the founder was significant. Strategies for hiring, onboarding, and finding employees fitting for the culture and values of Zappos were the key to start-up culture successes for the online shoe retailer. Lazarova (2020) noted start-ups foster the demand to grow and hire the best talents naturally.

Thus, creating practices to put employees at the center of company growth with the result being work-life balance and additional benefits related to small companies. The company culture becomes the personality of the start-up and the employees and is crucial for

building leadership teams as the company transitions from a start-up to a middle-sized company.

Ganz (2009) noted the importance of narrative. Each organization has a unique history and story. Start-ups control the narrative, structure the story, and create principles and values for a sustainable growth pattern for their companies. Apple was once a start-up focused on creativity, structuring the narrative, and creating rituals to celebrate team successes and overall company success. Start-ups, like Apple and Zappos, focused on constant improvement, training employees, and development opportunities to influence organizational culture in a positive way (Lazarova, 2020). As noted in Burkus' (2011) study on Zappos as a start-up company, the founder consulted with employees over time to establish core values and a mission statement. As a team, within a flat reporting structure, employees and leaders considered culture central to building an ethical organization, supportive of a positive organizational culture. The culture was a centralized purpose and goal for the company as much so as profits and growth.

Start-up companies present opportunities for innovative ideas with a focus on habits and rituals directly related to strengthening the organizational culture and unique narrative. Characterized by small teams, meaningful jobs, and employees seeking to grow and develop with the company. Start-ups establish goals as a cohesive team and are dedicated to revisions and updates to consistently enhance and support organizational culture (Lazarova, 2020). Such cultures are not about team outings, unlimited vacations, or free food. It is about treating people right and the willingness to work as a team through growing pains to create and sustain organizational culture (Nordli, 2021).

D. Understanding Grand Challenges

To better define grand challenges, George et al. (2016) offered a modified definition that was developed by Grand Challenges Canada (2011). A “grand challenge” is a specific critical barrier that, if removed, would help solve an important societal problem with a high likelihood of global impact through widespread implementation. Grand challenges can be understood as calls to action, as they articulate “large unresolved” (Berrone et al., 2016; Ferraro et al., 2015) and “yet potentially solvable problems” (Cuhls et al., 2012; Eisenhardt et al., 2016: 1113). With management research, a range of terminology is used somewhat interchangeably, with adjacent designates such as “global challenge” (Cuhls et al., 2012; Modic and Feldman, 2017), “complex global challenge” (Lyall and Fletcher, 2013), “complex social challenge” (Pfothenauer et al., 2019), and “societal challenge” (Flink and Kaldewey, 2018).

Grand challenges, by their very nature, require coordinated and sustained effort from multiple and diverse stakeholders toward a clearly articulated problem or goal. Solutions to grand challenges typically involve changes in individual and societal behaviors, changes to in how actions are organized and implemented, and progress in technologies and tools to solve these problems. Thus, the tackling of grand challenges could be fundamentally characterized as a managerial (organizational) and scientific problem. Natural and physical scientists and engineers have readily adopted such a lens and GC language in their definition of global problems, with social scientists recently joining this coordinated effort (George et al., 2016).

Common elements across grand challenge definitions include ambition in scale and scope (Buckley et al., 2017; Grodal and O’Mahony, 2017; Modic and Feldman, 2017), complexity (Eisenhardt et al., 2016; Ferraro et al., 2015; Grodal and O’Mahony, 2017; Jarzabkowski et al., 2019; Kwakkel and Pruyt, 2015; Pfothenauer et al., 2019; Winter and Butler, 2011), “wicked problems” (Cagnin et al., 2012; Georghiou and Harper, 2013), and multi-stakeholder, multidisciplinary, and multisectoral solutions (Eisenhardt et al., 2016; Ferraro et al., 2015; Flink and Kaldewey, 2018; Georghiou and Harper, 2013). Key divergences among GC definitions include assumptions about geographic scale and time horizons. Ferraro et al. (2015) argue that “grand challenges affect large populations”. Buckley et al. (2017) argue that grand challenges cross geographic boundaries, while others (see Berrone et al., 2016; Bugge et al., 2018; George et al., 2016; Uzunca et al., 2018) consider grand challenges at the community level. Temporality is a second important dimension along which existing definitions vary. For example, Cuhls et al. (2012) and Flink and Kaldewey (2018) suggest that GCs must span long time horizons, while Eisenhardt et al. (2016) argue that they can be “discrete with a clear endpoint”.

To give an analytical understanding of the elements proposed, we begin to highlight Ferraro et al. (2015) exposition of the three facets of grand challenges that have been emphasized in prior organizational research. First, grand challenges are complex, entailing many interactions and associations, emergent understandings, and nonlinear dynamics. Second, grand challenges confront organizations with radical uncertainty, by which we mean that actors cannot define the possible future states of the world, and therefore cannot forecast the consequences of their present actions, or whether future others will appreciate them. And

third, grand challenges are evaluative, cutting across jurisdictional boundaries, implicating multiple criteria of worth, and revealing new concerns even as they are being tackled, and there is no single set of criteria upon which people agree about the problem let alone a solution. Taken together, these three facets pose formidable organizational challenges (Ferraro et al., 2015).

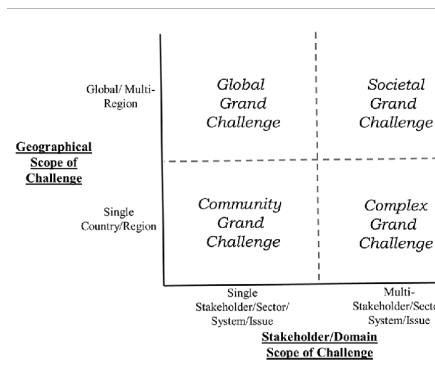


Figure 2: Types of grand challenges

Brammer et al. (2019) distinguished among the types of grand challenges comprehensively as shown in figure 2. They described grand challenges in the sense of heterogeneity. The first fundamental component of the figure concerns the geographic scope of a grand challenge, and it reflects a significant point of dispute in previous studies addressing the magnitude and geographic spread of grand challenges. Buckley et al. (2017) argue that grand challenges should be conceptualized as “a multinational phenomenon by nature”. George et al. (2016), however, suggested that “there are plenty of GCs around us and in our communities”, and Berrone et al. (2016) argue that grand challenges are instantiated in local contexts. In addition, grand challenges can be shared by all nations (i.e.,

poverty and inequality) or be local in origin but potentially global in impact (e.g., the spread of a pandemic disease; McDougall and McDavid, 2014). Global issues can involve local nuances and specificities that are important to research (Vakili and McGahan, 2016).

The second component of the figure indicates the scope of a given problem in terms of sociotechnical, scientific, system, and stakeholder dimensions. Much of the grand challenge research defines this dimension in terms of relative complexity, negotiations, and the wide range of stakeholders that must be included and engaged in finding a solution to a given situation. Even though these dimensions are subject to subjectivity and are a continuum.

Societal grand challenges: Societal GCs are perhaps most reflective of policy-oriented conceptions of GCs in that they are “long-term and large-scale research goals, determined by heterogeneous societal stakeholders” (Flink and Kaldewey, 2018: 17). " Societal GCs are global in scale and scope, affecting vast populations in numerous nations and regions; they are exceedingly complicated due to the multiple logics, institutions, stakeholder diversity, and dimensions that characterize the phenomena. Many of the world's most pressing concerns, including climate change, global poverty and inequality, and food security, are addressed through societal GCs. Brammer et al. (2019) urge that researching societal GCs necessarily requires significant global as well as cross-disciplinary and multi-stakeholder collaboration and coordination. This, in turn, requires collaboration across institutions, stakeholders, and national boundaries, likely for extended periods.

Global grand challenges: (Buckley et al., 2017) in terms of their complexity and the range of stakeholders involved in their resolution—are relatively simple. Global GCs include

phenomena such as those related to the systemic interdependence of financial systems and the technical challenges of large-scale energy storage. Much of the extant global GC research examines issues of global scope within specific disciplinary paradigms, industry sectors, or fields (e.g., Cobb et al., 2016; Kim and Davis, 2016). Global GCs are global, or at least multinational or multiregional in scale and scope, but relatively narrowly defined concerning their scientific/stakeholder/institutional breadth. Global GCs include problems or issues that “are typically not confined to national, economic, or societal borders but affect societies in many geographic locations (Brammer et al., 2019).

Complex grand challenge: Complex GCs are national or subnational in their scale and scope but relatively broad and complex about the communities of stakeholders; the scientific, economic, and environmental issues encompassed; and the complexity and multiple logics at play (Brammer et al., 2019). Complex GCs typically relate to issues or problems that have complex causes and consequences but that affect relatively well-defined groups of stakeholders in localized geographies. Complex GCs include phenomena such as wildfire risk, severe water shortages, flood risk, and war or conflict at a relatively geographically specific level. It is worth noting that many complex GCs have the potential to escalate in their scope and scale to become societal GCs (Brammer et al., 2019).

Community grand challenges: Community GCs are relatively local, affecting a well-defined community at most a national and more likely a subnational level. They are relatively narrowly defined about their scientific/stakeholder/institutional breadth and include problems or issues that might be distinctive to specific communities, regions, and/or countries, possibly as a result of specific institutional, historical, or cultural contextual factors

(e.g., improving locally prevalent diseases, addressing issues such as corruption and bribery, or transforming local transport infrastructures). The major challenges in promoting research to community GCs have less to do with resourcing, coordinating, and undertaking the fundamental research itself and more to do with encouraging and incentivizing relevant academic communities to undertake such research (Brammer et al., 2019).

In conclusion, the grand challenge stems from the formulation of global problems that can be plausibly addressed through coordinated and collaborative efforts (George et al., 2016). By having defined it, the COVID-19 pandemic falls under the type of “societal grand challenges”. This pandemic calls the attention and action of many sources; stakeholders, disciplines, institutions, and national boundaries to act in a collaborated and coordinated fashion. In addition, the disease has crossed almost all countries and nations, killed over 6.1 million people, and drastically shifted our lifestyles. The economic crisis and Beirut Port blast were perceived as “community grand challenges”. As such, these events acted at a local-national level and called the efforts of many stakeholders and actors.

We all hope this problem can be plausibly addressed through a coordinated and collaborative effort. Indeed, the myriad of researchers working globally to develop a vaccine suggests extensive coordinated – though not exclusively collaborative efforts (Spinney, 2020).

E. Grand Challenges in Start-ups

Research regarding the impact of the COVID-19 crisis on start-ups is still in its infancy; however, such firms are resource-constrained and thus, likely to face increased liabilities of newness and smallness (Freeman et al., 1983; Lefebvre, 2020). In addition to the human tragedy of the COVID-19 pandemic, the virus is also having an increasing effect on national and international economies. The leading economies in the world have already been significantly impacted by concerns over COVID-19's unpredictable impacts, and many experts are already predicting a recession (GDA, 2020).

A crisis such as the COVID-19 pandemic threatens the functioning and performance of a business (Boin, 2009; Comfort, 2002; Quarantelli, 1988; Williams et al., 2017). Turbulence affecting a business might arise from disturbed structures, routines, and capabilities (Williams et al., 2017). Unfortunately, to manage a crisis well, preparation is essential, and few start-ups would have been prepared for a crisis of the magnitude of the COVID-19 pandemic. Generally, the specific characteristics of innovative start-ups should enable them to be better prepared to cope with the COVID-19 crisis than other types of firms. Being innovative is a precondition of being resilient, as innovative businesses tend to anticipate and adjust to a broad range of crises (Hamel and Valikangas, 2003; Linnenluecke, 2017) constantly and continuously. Crises also present new opportunities for businesses to improve performance (Wan and Yiu, 2009) if they are able to take advantage of the strategic opportunities (Vargo and Seville, 2011). The COVID-19 pandemic has disrupted many industries, but it has also triggered growth (Donthu and Gustafsson, 2020) for example, generating opportunities in areas such as education (Morley and Clarke, 2020; Dhawan, 2020), agri-food (Rowan and Galanakis, 2020), and online food (Dannenberg et al., 2020).

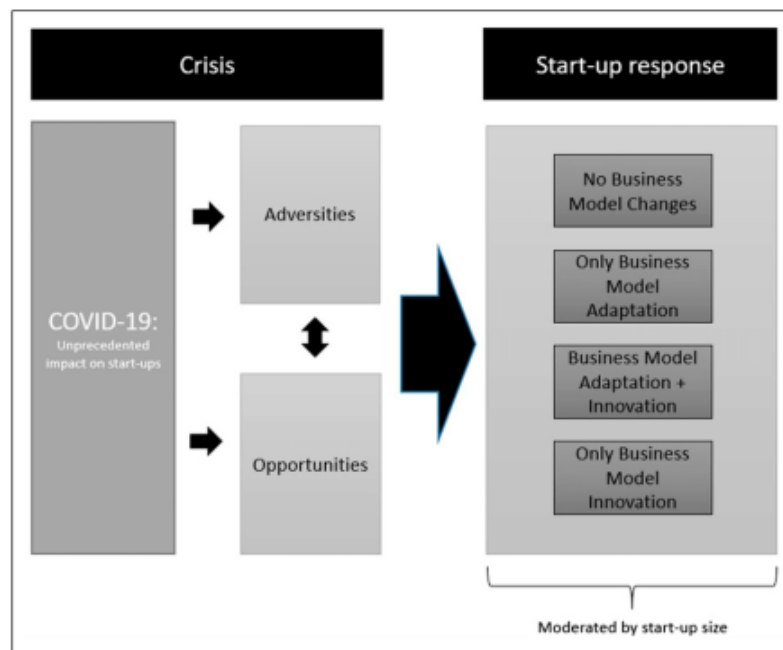
This evidence aligns with the external enabler approach to entrepreneurship, showing that entrepreneurs and new ventures can gain advantages from changes to the business environment (Kimjeon and Davidsson, 2021), with the COVID-19 pandemic presenting many with such enabling effects (Davidsson et al., 2021; Klyver and Nielsen, 2021).

Evidence also suggests that some start-ups could benefit from the COVID-19 crisis. For instance, businesses might capitalize on the accelerated digital transformation of work (Nagel, 2020); benefactors from such an acceleration are digital start-ups, mostly in artificial intelligence (AI), robotics, and other areas where digital offerings are dominant (Soto-Acosta, 2020). Internationalized start-ups in particular may be able to exploit such new opportunities (Zahra, 2021). Start-ups are also likely to benefit from networking opportunities facilitated by a general change in online communication behavior (Giones et al., 2020). They can more easily pivot to pursue arbitrage opportunities compared to older and larger businesses, as they are not yet committed to or made investments in one direction (Morgan et al., 2020). Start-ups can also respond more quickly than established businesses exhibiting a faster innovation response time (Ebersberger and Kuckertz, 2021).

SMEs, including start-ups, change their business models in response to crises. Guckenbiehl et al., (2022), differentiated between two types of changes; business model adaptation and business model innovation (Gebauer et al., 2020; Saebi et al., 2017; Witschel et al., 2019). Changes in business models as a response to crises have been empirically examined in different ways. A longitudinal study that followed small businesses affected by earthquakes in New Zealand, found that those able to adapt their business models recovered better, and even thrived after the crisis (De Vries and Hamilton, 2021). Business model

innovation is seen as a way of potentially overcoming the COVID-19 crisis (Breier et al., 2021). For example, in Macao, crisis management practices implemented by hotels in response to COVID-19 (Lai and Wong, 2020) with more than one-third reported responding to the COVID-19 crisis by finding new ways of generating revenue (Duarte Alonso et al., 2021) (Figure 3).

Figure 3: Framework of start-ups responses



The COVID-19 pandemic has led to significant changes in the external business environment; to adapt to these changes, firms can engage in business model adaptation. This is the process by which management actively aligns the firm’s business model to a changing environment (Saebi et al., 2017: 569). As such, business model adaptations do not necessarily have to be innovative and changes can be undertaken in response to both adversity and

opportunities (Saebi et al., 2017). Prior research on business model adaptation has highlighted its relevance for value creation (Achtenhagen et al., 2013) and businesses facing disruption (Cozzolino et al., 2018). It aims to achieve a better fit between changing competitive landscape and an organization's business model (Corbo et al., 2018), for example, when internationalizing into an emerging market (Landauet al., 2016). Such adaptation helps start-ups develop their offering (Dopfer et al., 2017) and can be linked to platform-based servitization (Tian et al., 2021).

In contrast, business model innovation considers the business model instead of products or processes as the subject of innovation (Clauss, 2017: 387). This approach involves a strategic focus that can be achieved through managerial proactiveness and systematic processes in ideating and designing business models (Martins et al., 2015), considering strategic orientation (Aspara et al., 2010; Keiningham et al., 2020) and strategic flexibility (Bock et al., 2012). Business model innovation processes in start-ups, especially in highly dynamic environments, are influenced by their focus on strategic agility (Ghezzi and Cavallo, 2020) demanding planned changes at the heart of the firm's business model rather than minor adaptations and imitations (Fossand Saebi, 2017). It can originate from both opportunities and threats (Bucherer et al., 2012), such as digitalization (Rachinger et al., 2019), big data (Sorescu, 2017), and crises (Sosna et al., 2010). The interplay of internal and external factors contributes to a firm engaging in business model innovation (Su et al., 2020); in times of crisis, the approach refers to undertaking long-term strategic changes (Kraus et al., 2020).

Recent studies reframe business models as the design of organizational structures (Baden-Fuller and Morgan, 2010). Managers change structures to initiate innovation (Hall and Saias, 1980) and address novel opportunities (Gulati and Puranam, 2009). However, these managers are limited by the scope of their control and access to resources, both of which are directly linked to attention (Ocasio, 1997). This suggests a complex relationship between control and attention in encouraging explorative and adaptive behavior. These changes are associated with business model innovation and their impact on strategic flexibility. Especially, the outcomes of strategic flexibility are associated with (1) creative culture that reduces resistance to change, and (2) a reduction in structural complexity that facilitates attention to new opportunities.

Culture is a critical aspect of the firm's informal structure (Barnard, 1938), and influences innovativeness (Teece, 1996; Tellis et al., 2009). Culture facilitates innovative solutions to competitive threats (Amabile and Khaire, 2008), especially as environmental turbulence increases (Goodstein et al., 1996). Gulati and Puranam (2009), argued that a strong informal organization helps create stability during fundamental reorganization. Since business model innovation may realign activities, firms with a culture that encourages creativity are more likely to embrace structural change and resource reconfiguration. Organizational culture improves strategic flexibility during business model innovation by ensuring that feedback from structural change is not suppressed by bureaucratic procedures, resistance to organizational identity change, or entrenched political coalitions. Moreover, organizational culture underpins the firm's dynamic capability to change and adapt resources

and activities; consequently, when firms focus on business model innovation, culture is positively linked to strategic flexibility (Bock et al., 2012).

In this thesis, we aim to understand whether Toters Delivery pursued a business model change through innovation, adaptation, or both to respond to the grand challenges. Guckenbiehl et al., (2022) found that most start-ups responded to crises through business model changes because of crisis-induced opportunities and crisis-induced adversity. We are also keen to position the core element of this study, culture, and get to know what role it played to drive the company to achieve what it aspired to. Whether building a flexible, creative, or resilient culture remains challenging during times of crisis, and what the top management opted to do to make the change happens in its favor.

Research objectives:

The primary purpose of the research is to understand how organizational culture can maintain and consolidate itself during adversity in a high-tech start-up organization that is based in Lebanon. In line with this primary purpose, the secondary objectives are the following:

- To study how organizational culture can be an enabler for start-ups in the face of grand challenges
- To ascertain how grand challenges can impact employees' identity, meaning, and attachment that lead to a high level of motivation and performance

- To understand how start-ups respond to grand challenges through the support of culture

Research questions:

This research study is poised towards providing answers to the below questions:

- As a start-up, how can culture remain consolidated/sustained in the face of adversity?
- What key roles does organizational culture have in sustaining/consolidating itself during adversity in a start-up?

F. The Lebanese Context

Lebanon, a Levantine nation in the north of the Arab World, is neighbored by Syria from both the north and the east and by Israel (occupied Palestine) from the south. It is situated on the eastern coastline of the Mediterranean Sea with a size of 10,452 km². The strategic positioning that Lebanon possesses, plays as the crossroad of Asia and Europe, it gave rise to early kingdoms and has been the focal point of several political and religious upheavals throughout history. Arabic is the first and official language followed by French and English, and Lebanon's population is almost 6.8 million in 2021 (The World Bank, 2021).

Over a previous couple of years, Lebanon has experienced many crises; an economic meltdown escalating political unrest, the COVID-19 epidemic, and a huge explosion in Beirut's port, all of which put inhabitants' fundamental rights in peril.

It all started on October 17, 2019, when people took to the streets across Lebanon with an unprecedented sense of unity, calling for the downfall of the entire political and economic power structure that has been governing the country since the end of the armed conflict in 1990. The trigger for this collective mobilization was the government's decision to impose yet more taxes as part of austerity measures — most notably a “WhatsApp tax,” which would charge for what is a worldwide free-of-charge call service (Amnesty International, 2021).

Since then, the Lebanese Pound has lost 80% of its value, making it harder for citizens to afford necessities like food, housing, and healthcare. Poverty and financial distress were made worse by the COVID-19 outbreak. The medical industry was dramatically affected by the economic downturn and the COVID-19 outbreak, jeopardizing hospitals' capacity to deliver life-saving treatment. On the 4th of August 2020, a massive blast in the harbor of Beirut destroyed the city, leaving 300,000 people without shelter and killing close to 200 people. Electricity outages began to occur often and might last up to 22 hours per day in the summer of 2021 (Human Rights Watch, 2021).

Lebanon's economy has long depended on a regular in-flow of USD, and the Central Bank has pegged the Lebanese pound (LBP) to the USD at an official exchange rate of 1,507.5 LBP since 1997. Over the last decade, as economic growth slowed and remittances

from the Lebanese diaspora have decreased, the quantity of dollars in circulation has declined. An increasing lack of confidence in the stability of the LBP in 2019 and concerns about the stability of the banking sector led depositors to withdraw from dollar accounts. Thus, making USD increasingly scarce and causing the unofficial exchange rate to hit 34,000 LBP in May 2022. In November 2019, months before the threat of COVID-19 became apparent, the World Bank predicted that the portion of Lebanon's population below the poverty line would rise from 30 to 50 percent in 2020 (Human Rights Watch, 2021).

From the first documented case in Lebanon (21 February 2020) until July 2020, COVID-19 cases were reportedly few, especially after a lockdown that was implemented by the Lebanese authorities and the systematic test and trace for symptomatic individuals as per WHO's recommendations (Bizri et al., 2021). Lebanon stood out as one of the leading countries in controlling the pandemic. The response to the Beirut blast was the first weakening in controlling the COVID-19 pandemic. The urgent situation meant a huge number of patients required medical services all at the same time. Nearly all injured arrived wearing no masks due to their injuries and all were confined together in emergency departments. Thus, it could be said that the blast also destroyed the initial success Lebanon achieved in mitigating the spread of COVID-19. A substantial and unsurprising rise in the number of positive cases was witnessed after 4 August (Figure 4). From a maximum of 100 daily cases before the

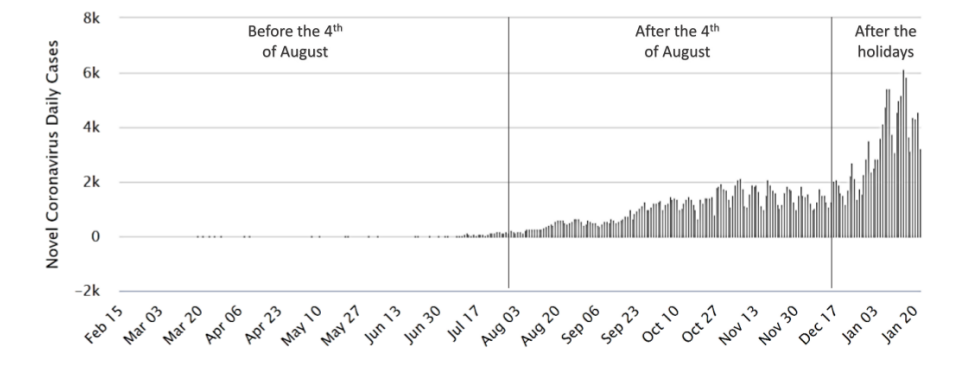


Figure 4: Daily COVID-19 cases

event to over 300 daily cases and seven deaths just one week after the blast. This first wave continued to reach a peak of circa 2000 cases by the end of October 2020 – a 220% rise in cases as per the International Rescue Committee– before a gradual decrease in reported numbers (Mjaess et al., 2021).

The second destabilizing factor for the healthcare system and its response to COVID-19 was the economic crisis. The Lebanese government had taken the decision not to undergo a lockdown during Christmas and New Year holidays, and retail outlets as well as restaurants, remained open, despite the worrying number of COVID-19 cases. The result was a dramatic surge in positive tests and reached circa 6000 cases by mid-January 2021 as per Figure 2 (Mjaess et al., 2021).

The competition in Lebanon in the mobility as a service (MAAS) domain is quite silent, as not many competitors are present in the market. In early 2022, new players joined the market after the Indian multinational aggregator pulled out of the market due to the severity of the economic crisis impact after having been in Lebanon for almost 7 years. These new joiners are Godzilla, Market, and NokNok.

CHAPTER III

METHODOLOGY

A. Research Setting

Toters Delivery is a start-up organization that specializes in providing high-end services through partnering with local and international branded stores. From coffee shops to all sorts of restaurants, groceries, retails, pharmacies to bakeries, all have been brought together in one place where customers can download an application for free and browse for their favorite store. This is in addition to the unparalleled level of convenience that has been created since its first days. The convenience at Toters is to allow the customers to order with just a click anything they want, the way they want, exactly whenever they want, and pay through different modes of payment, mainly cash or card.

The company has designed a unique tracking system where everything is managed in real-time. Customers are able to watch their orders step-by-step from the second they place them till the shopper hits their doorbell. Also, they can contact the shopper through a feature that displays the name and phone number of the driver alongside his/her picture. Headquartered in Lebanon, Toters recently expanded to Iraq to cover almost ten major cities and holds an overall 380 corporate employees and 1,400 shoppers as well.

The boom of e-commerce has always been a momentum of bridging the gaps in the form of delivering the highest level of experience and convenience to stakeholders. As the case at Toters suggests, the firm peaked at conveying uncommon services in times of the COVID-19 pandemic after the entire country was shut down into a severe lockdown.

Residents were banned from shopping in-person, only delivery was permitted. Toters saw that as a golden chance and turned it into a high-yielding value chain benefit that ultimately served everyone. They adopted a vertical integration strategy by ensuring their own on-demand convenience grocery (ODCG) store named “Toters Fresh”.

Although the number of online orders soared during the COVID-19 pandemic worldwide, not only in Lebanon and Iraq due to people practicing quarantine, but this also placed pressure and stress on all companies as the mode of work shifted drastically. Because of the environmental change that the COVID-19 pandemic has introduced, the way of accomplishing work and getting the job done had also followed such a change. This being said, the organizational culture has also changed accordingly. This means that external adversity pressured organizations to change those highly visible aspects of work assignments and leave deeper ones untouched.

B. Data Collection

In this thesis, the methodology adopted is a case study. This qualitative study is an exploratory approach whereby the researcher intends to collect data with the direct and/or indirect involvement of the researcher. Observations and a face-to-face interview were used in this thesis to collect, analyze, and code data. This selected type will allow room for richer and deeper insights into the organizational culture and the challenges faced during adversity, such as COVID-19 and the Beirut port explosion. These insights are attitudes, values, cultural practices, and strategies and techniques adopted to respond to adversities.

The researcher has determined various qualitative research methods allowing for data triangulation. In this thesis, the primary data were collected through observation since the researcher assumed the role of an Account Manager in the commercial department as a full-time employee for 1.5 years.

Second, secondary data such as websites and documents were used to understand further the organization.

The researcher adopted a semi-structured interview which was held both virtually and in person after consent is granted by the participant. Participation was entirely optional, and there were no consequences for not taking a role in it. The interview was undertaken at the company's premises or the company's virtual office premises. The participant was mainly the co-founder, and the Chief Executive Officer (CEO). The interview was videotaped and recorded after having obtained the consent of the participant and it was all transcribed verbatim afterward. The interview was 1 hour long.

The interview permitted the researcher to ask open-ended questions about Toters' culture and the implications that it had during COVID-19, the economic collapse, and the Beirut port explosion. As such, interviewing the CEO played an important factor in the company and supported the research findings to reach a holistic and pertinent point of view. The interview protocol was divided into 4 sections: (1) the researcher asked generic questions about the company that will enable him/her to learn more about the company's culture, mission, values, company's positioning, and future goals; (2) mainly covered cultural definitions, cultural traits, defining strong cultures from top management's point of view, and

Toters' current culture setting; (3) delved deeper into the response of Toters to the grand challenges and the measures they relied on at the time. Defining adversity and challenging times from the interviewees were at the core of this section to grasp the practices, strategies, and measures that Toters used to make it through it. Also, this part tackled crucial phenomena like employee belongingness and attachment and management guidance and support; and (4) deemed as a wrap-up part where the interviewee shared the key takeaways for the encountered challenges and hardship, and whether the company is now better prepared for future challenges and changes as the world we live in suggests.

CHAPTER IV

THE CASE OF TOTERS DELIVERY

“Culture is the set of behaviors that embody the values of the company. Those behaviors are the neurons in the brain, that connect the things that are holding everything together.”

--Tamim Khalfa, (2022)

Toters is a reliable “on-demand delivery tech platform that allows customers to deliver anything from anywhere right to their doorstep. From logistics to technology, design, and support we strive to offer our customers and partners the best experience both online and offline¹”. In 2017, Tamim Al Khalfa and Nael Halawani, Syrian and Lebanese, the CEO and COO, founded Toters in Lebanon. They soon launched their second office in Iraq in 2020.

The case objectives were to showcase how a Lebanese-based start-up organization could meet the below standpoints:

- How can Toters’ culture remain consolidated in the face of adversity?
- What key roles does organizational culture have in sustaining/consolidating itself during adversity at Toters?

¹ Toters Delivery official site, <https://www.totersapp.com/about>

The authors began the case by discussing the social, geographical, and demographical dimensions of the Lebanese context. They also delved into three series of grand challenge events that the country has been going through for the past couple of years at different times. Afterward, they provided a glance at Toters' history with a background of its vertical and operations in the marketplace. Lastly, the authors mentioned the culture at Toters and how it played a fundamental role in driving the business in advancing its operations and out of the grand challenges it went through.

A. Lebanon

A nation on the eastern Mediterranean Sea shore. It is one of the smallest sovereign republics in the world and comprises a little strip of land with a size of 10,452 km². Beirut serves as the country's capital. Lebanon is bounded to the north and east by Syria, to the south by occupied Palestine, and the west by the Mediterranean Sea (Appendix 1). French and English are the spoken foreign languages in addition to Arabic, which is the official language. Lebanon's population is almost 6.8 million in 2021 (The World Bank, 2022).

Since October 2019, Lebanon has been hit with three key calamities; an economic collapse that rose to political turmoil, the COVID-19 outbreak, and a massive explosion in Beirut's port. The inflation rate was 281% from June 2019 to June 2021. Between August 2020 to August 2021, the price of food alone jumped by 550 percent. Banks continue to unilaterally restrict cash withdrawals although the national currency has lost 90% of its pre-crisis worth. The government decided to subsidize imports of essential goods in 2019, including gasoline, wheat, and medicines. However, the central bank ran out of funds in 2021, leaving inhabitants with acute shortages. Widespread power outages that can last up to 23

hours a day have been brought on by fuel shortages. The lack of supplies and electricity made it difficult for hospitals, schools, and bakeries to run, and locals had to wait in line for basic items like petrol and bread for hours (Human Rights Watch, 2022).

Between the date of the first case in Lebanon (21 February 2020) and July 2020, there were reportedly few cases of COVID-19, particularly following the implementation of a lockdown by the Lebanese government (Republic of Lebanon Ministry of Public Health, 2019) and the systematic test and trace for symptomatic individuals in accordance with the World Health Organization (WHO) recommendations (Bizri et al., 2020). This, together with the sparse availability of public spaces and transportation options in Lebanon, assisted in limiting the disease's spread, and Lebanon distinguished itself as one of the top nations for containing the epidemic. However, this comforting situation didn't last long. A variety of factors, including the opening of borders without a centralized quarantine mechanism in place and declining public compliance with official public health directives, contributed to the steady increase in the number of cases beginning in July (Mjaess et al., 2021).

The port was destroyed, and more than half of Beirut city was damaged on August 4, 2020, by one of the deadliest non-nuclear explosions in history. Tons of ammonium nitrate, a flammable chemical substance that may be used to make explosives and is frequently employed in agriculture as a high nitrate fertilizer, were detonated during the explosion. At least 219 people were killed in the Beirut port explosion, 7,000 more were injured, and hundreds suffered lasting impairments. In December 2020, the World Bank, United Nations, and European Union announced an innovative model for disbursing aid to Lebanon in the aftermath of the Beirut Blast, the Reform, Recovery, and Reconstruction Framework (3RF),

that aims to disburse funds directly to nongovernmental groups and businesses (Human Rights Watch, 2021).

B. Toters Delivery

The story of Toters Delivery began in Lebanon in 2017 when the initial idea was to build a digital platform backed by a grocery - warehouse to sell groceries online through on-demand convenience grocery (ODCG). Given the complexity of the task and the thin margins at the very beginning, Toters chose to pivot into creating a marketplace of food stores – a food delivery aggregator. Such stores included local restaurants, international brands, electronics, grocery stores, and retailers.

Founded by Tamim Khalfa (CEO) and Nael Halwani (COO), Toters started as a food delivery platform before adopting a super app strategy, offering several services including grocery delivery, courier services, payment, and financial transaction services on its platform.

As Toters grew and customers started to trust the brand, the initial idea came to reality and added its own on-demand grocery convenience store – Toters Fresh, in 2020. At the time, the company had already created new services, conveniences, and essentials to strengthen the app infrastructure and heighten the level of customer experience as well. Since the company’s inception, Toters has since grown to become one of the foremost enterprises in this domain, while also managing a successful expansion to Iraq in 2020- and its progress has continued unabated this year. As Khalfa reflected in 2020, “*we continued to deliver on*

the Toters mission to make people's lives simpler and more convenient by expanding our partnerships and further developing our products". Today, the company delivers to over 2,000 partners in both Lebanon and Iraq, including restaurants, grocery stores, pharmacies, and electronics stores. In addition, Toters rolled out a dark grocery store chain called Toters Fresh, and customers have been loving the seamless experience².

C. Funding

In June 2022, Lebanon-based super app Toters, which has been operational in Iraq since 2019, has raised \$18 million in a Series B round, led by the International Finance Corporation (IFC), a member of the World Bank Group, and March Holding as well as returning investor, B&Y Ventures, along with other group of investors. With the funding received in 2019, Toters will be able to accelerate its expansion in Iraq by onboarding more restaurant partners and retailers as well as couriers.

"Toters and other logistics platforms can serve as a key infrastructure layer within digital economies because they create earning opportunities for micro-entrepreneurs, which are the couriers, digitize small and medium-sized enterprises, and offer a platform upon which multiple digital services can be built" said Anissa Kanoun, MENA & Pakistan regional lead for IFC's venture capital (VC) team.³

"Iraq offers a tremendous market opportunity; it has a large population, mostly youth who are increasingly tech-savvy. We just saw an opportunity as Toters had been able to be

² Entrepreneur Middle East. Retrieved December 27, 2020, from <https://www.entrepreneur.com/en-ae/entrepreneurs/2020-the-year-that-was-tamim-khalifa-co-founder-and-ceo/362346>

³ Wamda. Retrieved June 07, 2022, from <https://www.wamda.com/2022/06/lebanese-delivery-app-toters-raises-18-million-series-b-round>

successful in Lebanon, despite the presence of large international incumbents. Covid, despite its significant devastation, is the catalyst for digitization, with growing online penetration, growing consumers and companies doing more online than ever before, we thought this was the right time to invest in a platform like Toters," Anissa explained.

In 2022, Forbes Middle East featured Toters #45 in MENA's Top 50 Most Funded-Start-ups by raising a total funding of USD 24 million (Appendix 2). Such investors include: IFC, BY Venture Partners, Endeavor Catalyst, Caruso Ventures, Merit Ventures, March Holding, Saks Capital, Phoenician Funds, MEVP, Azure Fund, and Saned Partners.

D. Toters Organizational Culture

"A strong culture feels like everyone is walking to a drumbeat. Everybody is on the same wavelength. Flowing in the same direction. However, a weak and/or a broken culture is very difficult to define. You feel a lack of harmony. People rowing in a different direction."

This is how Toters' CEO, Tamim Khalfa, defines organizational culture.

The term organizational culture was introspected by Toters which creates a sense of belonging in the workforce working for an organization. It is the "why" that cultivates a reason for employees to do what they do. As such, it is critical to have a strong and well-defined culture and that is why they exert efforts into finding ways in which certain behaviors should be driven. *"It is difficult to grow a company and maintain a culture without a clear culture strategy, because you can easily stray away from your initial culture"* shared Khalfa. He also believed that when people get distributed across the organization into offices, there

should be clear steps behind driving culture which is the intent. Consequently, regardless of the number of employees, an organization needs to have a coherent reporting line between and across departments so they can understand their roles and responsibilities (Appendix 3).

From the leadership's point of view, culture is not one thing that one does for the organization, rather it is a set of many things that one does separately to establish a strong one. It stems from the channel of communication, the encouraged behaviors from the line managers and top executives, the onboarding process for new hires, to the appraisal system for current employees. All of these efforts require to occur continuously to ensure the intended culture is being driven as planned from the early days. In addition, Toters views itself as having a strong culture as a high-tech start-up, and this has been one of the fundamental reasons why Toters has built a distinguished brand name. Having said that, the company's culture has been perceived to be a "culture of challenge" as the business is scaling up and the size is growing as well. As a result of that, Khalifa reflected that "culture is defined by the people" and the larger the number of people coming in, the more challenging it gets through the continuous efforts needed. He added that culture comes from people's behaviors.

E. Staffing

At the company, the role of the human resources department comes into play at this stage where it is their responsibility to make sure new hires share and understand the company's values and beliefs. The HR department sets a concrete cultural fit assessment during the interview and the screening process to save time and effort in selecting only those who share the same or similar values. *"Although some employees might be slightly different*

in terms of shared values, they can still be able to be part of the culture as long as they can conform to it” pointed Khalfa.

Customer centricity, transparency, team collaboration, and learning are the core values of Toters. As a formal recruitment process, the HR team assesses each candidate’s cultural fit against those four core values. As such, this happens to be at all three interview stages. The first interview is a screening with the HR officer in which s/he delicately taps into the values the candidate has. If the position is at senior level, then this happens to be with the Chief HR Officer. Afterward, a second interview with the designated head of department in which s/he also evaluates the candidate on the shared values on a higher level through situational and behavioral questions and case study. Lastly, the General Manager takes on the last interview whereby the candidate is judged on the reasoning and the ability to analytically reflect on those four values.

As a high-tech start-up organization, Toters occupies numerous departments in which it operates. Thus, the HR team alongside each department design a scorecard in which each department sets its own rubrics - the weight that should be given to each of the four core values (Appendix 4). For example, a backend engineer II should score higher on team collaboration and learning than the rest, whereas an account manager should be customer-oriented and transparent.

F. One Practice at a Time

For Toters, culture doesn't happen in a vacuum. It is the many things that need to be practiced over a time period. It has always been the intentional and careful creation of culture that comes at the forefront of building the brand name of the business. Hence, the company has formed a lifestyle of habits and practices that has put up the culture the way it is today. This lifestyle is constructed on the basis of the company's 4 values.

The display of the headquarters is distributed fairly across the organization where each department and sub-department is placed beside each other. For instance, the Product is a function within the tech team and the Graphic Design is within the marketing team. Thus, both the product and the graphic design employees are placed in an office-to-office format to facilitate the workflow between sub-teams. Also, the offices are made of soundproof glass that permits anyone passing by to see the people in each office (Appendix 5). By doing this, management believes that this allows 600+ employees to get to know each other visually first and plays as an icebreaker for later catchups. For those departments that work collaboratively on a regular basis, are also placed close to each other. Both the commercial team and the finance team are perfect examples of such office distribution. The company's kitchen is right behind the reception where most people meet, in the middle of the hallway. The kitchen has two large refrigerators and freezers, three microwaves, a smoking area, a vending machine, two coffee machines, chairs, tables, and supported by 4 maids. It just feels like home.

No check-in/out system: Toters does not require its employees to check-in when they enter nor to check-out their way out. This has been built on the foundation of transparency

principle. This being said, the company aims to create a culture of trust, responsibility, and accountability by which employees will act as responsible members of the organization.

Events and celebrations: Every year, Toters holds two annual dinners: Ramadan and Christmas. The company includes these two events in the yearly budgetary plan and treats them as sacred occasions. Both dinners are usually reserved at one of the upmost restaurants in the heart of Lebanon's capital, Beirut. This is in addition to the table-visit by the company's founders to have a quick chat with everyone.

Birthdays, farewells, and in-house achievements are celebrated uniquely across the whole organization. For example, whomever has his/her birthday and/or farewell, everyone gets to that person to make it a memory with a shared present and/or an outing. With everyone clapping and chanting, including management, harmony is built. Whenever the company hits a new record for total orders, or fulfils a big goal, Toters has always been novel and generous with its people. Whether raising employee discount, on-house lunch for everyone, or an outing, no one can not feel the appreciation and the recognition. As for Secret Santa, Halloween, and April Fool's Day, it can never be less entertaining to see people handing out gifts, wearing fun apparel, and spreading hilarious rumors in April.

Monday and Wednesday Rituals: The leadership has decided since its early days to mark these days differently. On Monday, a large-sized snack box (Appendix 6) from Toters' own grocery store – Toters Fresh to be distrusted to each and every office “Start with different kind of energy”. On Wednesday, breakfast is offered free to all employees. It's an opportunity to have people mingle and talk to each other informally.

On/offboarding: All new hires are introduced during the monthly meeting held by the CEO and are welcome to introduce themselves, so everyone gets to know them. In addition, the HR team announces the new hires on the concerned channel of communication from which they receive a warm and welcoming onboarding process.

G. The Response Time

For nearly three years, Lebanon has been assailed by the most devastating, multi-pronged crisis in its modern history. The unfolding economic and financial crisis that started in October 2019 has been further exacerbated by the dual economic impact of the COVID-19 outbreak, and the massive Port of Beirut explosion in August 2020⁴.

“During those challenges, the entire company had already understood the assignment, and everybody knew what needed to be done and came together to achieve the goals. We managed that part very well and came out stronger.” Reflected Khalfa during his interview on the company’s response to the encountered challenges.

It was contemplated that an attribute of having a strong organizational culture is to have the workforce know what to do and how to do it during challenging times. Khalfa also added that launching a start-up is like *“jumping off a cliff and assemble a plane on the way down”*. Khalfa explained, with a start-up, there are always strategic changes because a company is trying to reinvent itself as it grows. It is crucial to strategically alter the decisions as the business grows in terms of the size and the macroeconomic changes in which the

⁴ The World Bank (2022), retrieved from <https://www.worldbank.org/en/country/lebanon/overview>

company operates. That said, once the plane is assembled and the climb commences, one needs to revisit the knowledge, skills, and abilities as one moves forward to stay one or two steps ahead. Khalfa continued that it has always been the practice of culture that made the company come safely and stronger through the challenges. The practice of culture has been the “one step ahead” that was done at the time that also contributed to the success they are at today.

H. The COVID-19 Pandemic

Although the COVID-19 pandemic imposed different modes of work, whether virtual or hybrid, it did not come in the way of breaking the culture of Toters. Instead, the leadership stressed effective communications that played a sheer role in the building up of a resilient culture. As such, Khalfa said that “*we built a resilient team through intensive communications*”. He continued that nothing would replace the natural flow of information and communication that happens in person, however, it is still significant to lessen the impact of adversity of the pandemic on employees. Thus, the organization intensified the number of meetings on a weekly basis. It was required for each department to hold at least two e-meetings every week. Then, each line manager held another e-meeting with their respective team members. These e-meetings took place on Google Meet, WhatsApp, and Slack (another communication platform) with a camera on.

The leadership viewed this strategy as a way to stay in close contact with its people during lockdowns. As such these e-meetings were multipurpose, for business inquiries and

personal talks. Khalifa reflected *“We diversified the channel of communication to make our employees feel we are there for them. Listening to them, interacting with them, and seeing them via the camera offered them psychological safety and comfort. And that was what everyone needed. Even us, as the leaders of the company.”*

Toters believed that standing next to employees can come in different ways. It recognized the opportunity for supporting its people not only through intensive communications but also through different means such as internet and phone vouchers and no pay cut. Consequently, Toters viewed such strategies as a mean to maintain the culture it has built in times of unclarity. One of the line managers shared that *“the regular communications and e-meetings helped me to better manage my team as it mitigated the effect of COVID on all levels. My team and I felt that the company was there, besides us, and that was relieving.”*

Moreover, Toters chose to respond to the pandemic by being innovative and refining its business model. The impact of the disease did not only inflict changes to the way businesses do work, but rather it did so to the customers’ behaviors. With the lockdowns, people were constrained to rely on online ordering and that is where Toters’ mission came into play. Hence, being result-driven, in April 2020 they introduced their on-demand grocery convenience (ODGC) – Toters Fresh. Enlarging the customer base by adding a new line of service that provided solutions to many people, came to be the best response Toters has made for being agile, innovative, and adaptive. *“We responded differently than others who just applied pay cuts”* said one senior manager.

Despite the notion that Toters launched a new line – Toters Fresh, the technology had already been developed a few months before any containment was applied through lockdowns by the government. Moreover, Fresh was the initial concept that Toters had always aspired to introduce back in 2017. However, the capture of COVID-19 opportunity was indispensable despite the difficult time. *“Adaptability has become part of our culture. We are not discouraged by difficult situations; we actually think of them as opportunities. We built that resilience in terms of expectations the what and the how that affects our motivation levels. That’s how the one step ahead looks like”* said Khalifa.

I. The Beirut Port Explosion

The Beirut port explosion represents itself as an outlier which is not a typical grand challenge one would encounter. This extreme event altered severely how a lot of people viewed their lives and what they wanted to do. Hence, Toters’ management shifted its focus towards dealing with post-trauma recoveries such as those that were in mental shock, brain-scattered, injured, and lost their homes. They saw that it is time to practice the company’s values as they are most needed, and they couldn’t come together out of the tragedy unless Toters teamed up altogether.

The leadership indemnified all employees’ belongings that were damaged at the company’s premises. Such belongings were mainly smartphones and laptops. Most full-time staff were medically insured, first class, as part of the employee benefits, and those under probationary period and part-time were also covered. For more than a month Toters’

management offered its people the flexibility to either come to the office or work remotely as psychological support. As a consequence, many people kept coming. *“If Toters were able to support more than it already did, I think it would have done it. Not to forget, it needed to support itself as well,”* said a former general manager.

As a result of the circumstance, Toters closed for one day and a half and resumed operations normally afterward. It came to the leadership’s surprise that the reopening was due to the workforce who kept coming to help one another. Many stories were shared by employees who experienced the explosion. *“It was fascinating how everyone collaborated together in almost all functions to support in whatever can be done. I, myself, worked in customer experience to help meeting the capacity of requests”* shared one of the account management team members.

The old headquarters was only 1.3 km away from the explosion and it was completely destroyed. The management opted to move to a new location that allows them to practice culture more openly. They knew it was time to change into something more like the culture they always wanted. That is, they moved almost 7 km away from the center of Beirut. This was found to be the best option among others like renting an apartment in different cities where employees can work from the office of their respective city.

Toters considers that the fast recovery was solely from what they have built and practiced over the years in terms of cultural values and beliefs. *“It was almost impossible to resume operations in a day and a half after such a disaster that hit the entire city and*

destroyed it all. However, this was achievable due to the efforts that employees exerted to save a place they called home” reflected Khalfa.

J. Business Owners

“One aspect of a strong culture, when things get hard is that those employees start acting like owners of the business and find solutions together. People feel a sense of belonging and one unit, they start to feel the business as if their own. However, when there is weak culture, hardship hits everybody jumps ship” noted Khalfa.

It is vividly apparent that Toters enjoys a strong organizational culture and that stems from the people’s endeavors to save the company. As in the aforementioned about Toters’ philosophy on a culture that sheds light on hiring the calibers that meet the cultural values serves a vital role in responding to all challenges. It was also declared by the leadership that adversity creates a bond – a loop. During such a time, this loop constitutes a sense of belonging and camaraderie between and among employees and that enforces a stronger culture.

K. The CEO’S Note

From Toters’ perspective, these unprecedented grand challenges were neither more challenging nor less challenging than expected. They were fairly balanced. Although these hardships hit harder on Toters as a start-up, the company benefited in many other cases. Being a start-up constantly needing to raise funds for growth and sustainability makes the case very difficult with the financial crisis. However, the COVID-19 created an opportunity for people to stay home on the one hand. On the other hand, this comes at the cost of lockdowns where

full capacity may not be fully captured, and not sufficient couriers can be on duty. Hence, the organization has been hit harder in some areas but benefited in many others.

“It is the dealt cards and how you use them is what defines whether you are going to be successful or not. It is the different set of dealt cards” Khalfa pointed. He added that the realization of the aspect of “luck or lack of” can also come into one’s consciousness to make a difference in coping with such adversities. That said, this aspect depends on how a start-up has been prepared for a challenge. Thus, the more preparation, the luckier one gets. Khalfa continued that one can be unlucky in a particular situation, even though everything is in one’s favor. And one can be lucky where everything is against the wind.

I. The Way Forward

Despite the financial crisis and the limited outlook it offers, the future sounded tempting for Toters. As the market is going anyway, and this is because a lot of people are changing behaviors by going online. So, this is a growth indicator. It also keeps competition out in the short term where the company can fortify its market positioning to create more value.

The leadership plans to go into new locations and countries where it can touch more customers and add its unique value, and this only can happen by keeping practicing culture. Having said that, this needs the management to remain intentional about maintaining and driving the culture. It requires a lot of effort and does not happen by accident. As Khalfa put *“it is a lot of preparation, a lot of work, and a lot of initiatives that drive the intended culture”*.

Toters also views that to reach the goals of growth and sustainability, it must keep a strategic approach towards maintaining a culture. Such an approach is constant communication across the organization, onboarding those who match the company's values, and rewarding behaviors based on how culture should look like.

“We will continue being strategic and intentional about culture. And that is what made us stand out”

CHAPTER V

CONCLUSION

The term organizational culture has gained rich definitions from many scholars and practitioners (Schein 2009), as it has been deemed a multidisciplinary word. Some would perceive it as the shared values, beliefs, and norms and some sort of habits that are practiced regularly. As such, this project allocates the term organization culture with a context and a case scenario for a better understanding of the terminology. Hence, this project considers the case of Toters Delivery in times of adversity.

The role of organizational culture varies relatively according to the situation being undertaken. That is why the project takes the role of culture during grand challenges and measures it on a start-up organization level. In addition, the response of a start-up to the challenges also differs in terms of altering the business model – whether innovation or adaptation. The company's size, industry, and environmental changes all come at the foremost position of dealing with the hardships. Therefore, this project presents a practical understanding of Edgar Schein's framework on culture.

As per Schein's framework, the first layer at Toters, artefacts, were the overall layout of the headquarters; the distribution of the offices, the kitchen, and the glass outlook offices. In addition, most employees are from the same age group (25-30) and speak at least one language. These employees are very friendly and sociable. The second layer of Toters' culture is the espoused values in which almost everyone shares the same set of values. These

values are diversity, transparency, fun, sociability, accountability, and love of the work. Such values can only be observed on the ground when being in contact with employees, especially at company events and celebrations like birthdays and farewells. Although the last layer is the hardest to spot, the basic assumption represents the core behaviors of the company in which they are practiced. At Toters, such behaviors came in the form of a centralized hierarchy, and new decisions and values came in a top-down approach.

It is every employer's dream to pass through challenges safely, however attaining this without a strategic change can lead to catastrophe. When it comes to start-ups, challenges may sound harder to them, but being innovative and adaptive is essential to survive. For Toters, the management decided to follow a blended business model change as a response to the three events. As such, they engaged in a change of both business model adaptation and innovation. The company engaged in a business model adaptation to find a better fit between its value chain and the challenges. They offered their employees internet vouchers in times of COVID-19 when people worked remotely and offered transportation allowance during the financial crises when gasoline prices soared drastically. Then, they provided support through intensive communications to mitigate the impact of the pandemic on people. Such communications were e-meetings, group calls, video conferencing, and many more.

Also, they introduced a hybrid work mode for some departments that don't require physical presence to support transportation further. Toters found the need to engage in business model innovation by introducing its grocery store - Toters Fresh, only a few months after the pandemic was there. Consequently, the company found a solution to the many people stuck at home during lockdowns and a new way for generating more revenue.

The teaching case study encompasses a generic idea about the Lebanese context and the three series of challenges that threatened the country at a close timeframe. The thesis also reviewed the literature on the start-ups culture facing grand challenges and the ways of response. On that basis, the case illustrates practical examples of the techniques and strategies adopted by Toters to cope with the three events to meet the business goals. Given Schein's culture framework, Toters Delivery is better able to develop a native understanding of how culture works in the face of adversity.

APPENDIX I

Map of Lebanon



APPENDIX II

Toters Featured on Forbes – Most Funded Start-ups 2022

MENA's Top 50 Most Funded-Startups



45. Toters

Total funding: \$24 million

Q-commerce delivery tech platform

Founders: Tamim Khalfa, Nael Halwani

Nationality: Canadian, Lebanese

Investors: IFC, BY Venture Partners, Endeavor Catalyst, Caruso Ventures, Merit Ventures, March Holding, Saks Capital, Phoenician Funds, MEVR, Azure Fund, Saned Partners

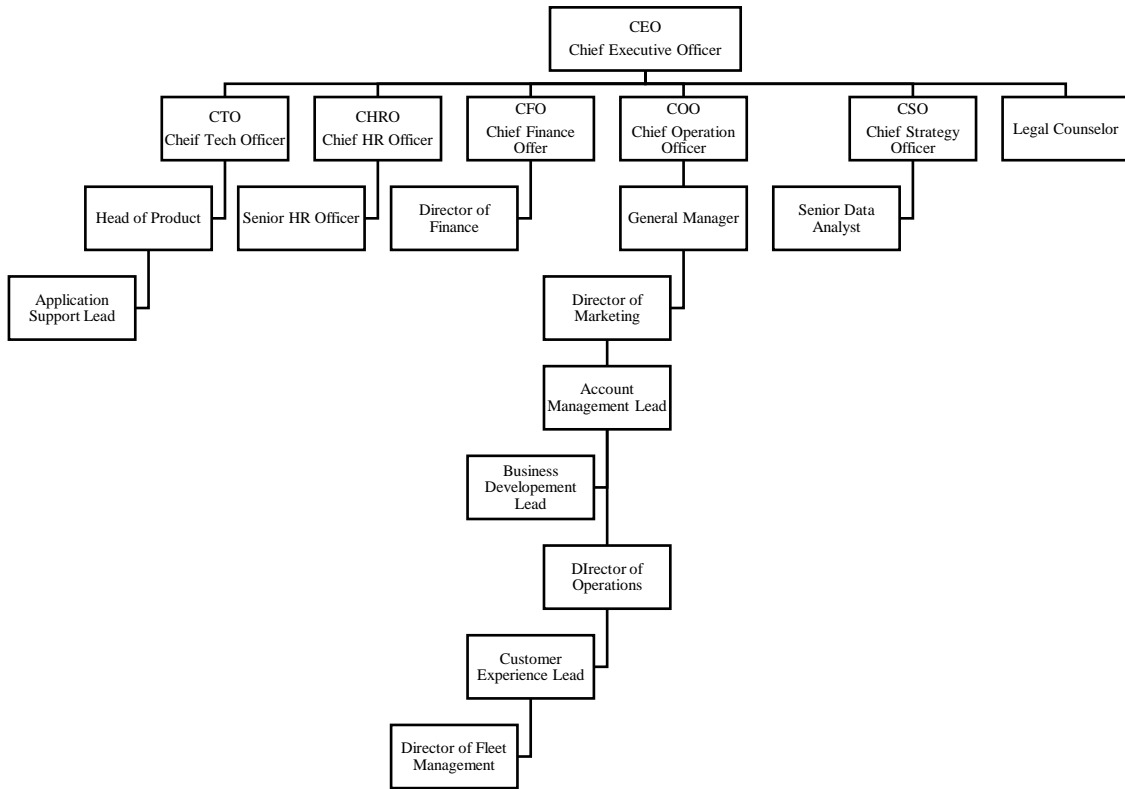
Headquarters: Lebanon

Date of establishment: 2017

Toters connects customers with retailers and local couriers to deliver goods from any grocery store, restaurant, or other retail shops in Lebanon and Iraq. With over 600 employees, the startup operates in 10 cities with 4,000 partners. It has more than 500,000 customers. Toters also operates a chain of dark grocery warehouses, "Toters Fresh," which deliver within 15 minutes. In June 2022, Toters closed an \$18 million Series B funding round led by the International Finance Corporation, a member of the World Bank Group.

APPENDIX III

Organizational Chart



APPENDIX IV

HR and Departmental Scorecard

		Account Manager			
		Weight	Candidate 1	Candidate 2	Candidate 3
Criteria	Customer centricity	0.1	3	5	4
	Transparency	0.2	4	3	5
	Team collaboration	0.4	2	4	4
	Learning	0.3	5	1	3
	Total	1	14	13	16
	Weighted Total		3.4	3	3.9

Score Range	1 to 5
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APPENDIX V

The Display of the Headquarters



APPENDIX VI

Snack Box



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