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**BUSINESS IN CONFLICT CONTEXTS: FIELD STUDIES FROM
ISRAEL-PALESTINE AND CONCEPTUAL THEORIZING**

PIETER DE WIT

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VRIJE UNIVERSITEIT

**BUSINESS IN CONFLICT CONTEXTS: FIELD STUDIES FROM ISRAEL-
PALESTINE AND CONCEPTUAL THEORIZING**

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad Doctor of Philosophy aan
de Vrije Universiteit Amsterdam,
op gezag van de rector magnificus
prof.dr. J.J.G. Geurts,
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Preface

In high school I was intrigued by the outbreak of the Syrian Civil war. In history class we were encouraged to find out what led to this war and I remember being drawn to the mix of causes and also the alliances between armed groups and their international support. In art class I would take the Syrian flag with its two red stars and paint a tear to resemble crying eyes, with the accompanying text ‘how many more?’ referring to the victims and the inaction of fighting states while they would nevertheless argue to have a responsibility to protect. During my bachelor’s program in Leiden, on international relations and organizations, I learned through classical and contemporary literature, as well as simulated diplomacy, that global challenges such as conflict are often strategically maintained rather than being solved. By looking at actors’ interests it became clear that change typically occurs rather slowly, or very suddenly when being pressured by more powerful actors. Following my curiosity, I wanted to learn more about business and management because analyzing global conflict from a political science perspective, often hinted to an important role of ‘the private sector’ in potential solutions. I felt I needed to further explore this black box called private sector, and I reasoned it would at some point also be useful in finding a job.

In the research master’s Business in Society we were encouraged to explore our interests further which resulted in delving into the role of firms in conflict contexts. I met professors and consultants in this field and I read about ‘best practices’ of how multinationals may create peace. Intuitively this seemed great, but frankly also a bridge too far. Firms creating peace, really? Searching for theoretical explanations and data that could show how this would work led to frustration, as did the attended conferences on the topic. I just could not find convincing explanations. Most importantly, I could not find much about the perspectives of people actually living in conflict and being part of such best practices. Since the underlying question about

whether-or-not-and-if-so-how firms would impact conflict kept being intriguing, I thought, why not just go myself? If there is a best practice from a context of conflict, I would be most curious to hear the experiences of those living it.

Finding a supervisor for this idea, however, was challenging. Being a master's student without any relation to Israel and Palestine, thus having no contacts, but simply being driven by passion was probably not the most convincing. One professor replied: "so many hurdles would exist that I wonder whether, even if all went smoothly in gaining access (which is nothing to assume blithely), you would have a real stretch in getting this all done in the time frame". Others mentioned to have "serious concerns about feasibility and contribution" and thus asked me to "reconsider" my ideas, or simply said that without a convincing proposal for the master thesis, applying for a PhD position based on this topic would be "impossible". I printed these emails and kept them on my desk for extra motivation. And so happy I was when finding the professors supporting my research ideas. Those initial ideas eventually became this dissertation.

After finding the right support in following my curiosity, and of course telling my parents I would go to Israel and Palestine for my master's thesis, I went for my first visit. With three appointments planned beforehand, and the drive to give this project my very best, I started my fieldwork. Probably the hospitality and easiness of networking in Israel and the West Bank made this visit a success. I returned with more than double the required number of interviews and many new experiences. Already after the second interview I let the idea of peace go. I decided to focus completely on the realities of my informants and promised to translate their perspectives as well as I could to academia. The master's thesis turned out all right and during the PhD I returned to Israel and Palestine to see what had changed and what had not. Catching up with the same, and also new informants, brought valuable longitudinal insights and a pile of interesting data featured in this dissertation.

Intellectually, the PhD years have been incredibly satisfying. Perhaps the nicest in this regard was the conceptual study in which I started to disentangle the question of how firms could impact conflict transformation, thus coming back to the initial idea of the role of firms in peacebuilding. During this project, I have pivoted and changed my mind probably a hundred times. And with every new study relevant to the project I thought there is maybe new evidence, or a new potential mechanism, or a new hidden assumption that could change our view of how firms can impact conflict transformation. In other words, it was just great fun. Equally fun was to brainstorm with my supervisors and co-authors on how to strengthen analyses and how to clearly present the findings, for the conceptual work and the field studies alike. Further, the teaching of courses across different programs made the past years valuable too. Welcoming first-year bachelor's in class for academic skills required a slightly different teaching style compared to teaching master's students organizational growth challenges and strategies, or closer to my area of research but yet another audience, providing a module to executive MBA's on business in conflict-affected contexts. I cherish all these experiences. I think the PhD was a great time for learning how to process information on complex problems to eventually add something to existing knowledge. With this gained knowledge we, then, are able to help others, for instance with theoretical contributions, conference presentations, teaching materials, and in my case also by just being a listener to informants.

In short, it has been an honor and privilege to work as a PhD for Vrije Universiteit Amsterdam and I will carry everything I have gained with huge gratitude for the rest of my life. I hope, not necessarily related to my work but to global developments more broadly, that violent conflict may decrease, be filled with moments of hope, or at least may bring more sustainable and just futures for those suffering from conflict. That we may together be safe and free.

25 February 2024

Summary

Violent conflict is abundant and yet management research has only limitedly featured such contexts. Fundamental questions such as ‘what makes people of opposing groups work together in business?’, ‘how can business cooperation be sustained over time?’ and ‘when does business cooperation impact societal conflict?’ have remained largely unexplored. Given that many global value chains pass through societies affected by conflict, and given that firms are crucial in sustaining livelihoods while also being important places for groups to meet, research into business cooperation in the context of conflict continues to be relevant.

This dissertation aimed at gaining a better understanding of how business gets impacted by, and simultaneously impacts its context of conflict. Through qualitative field studies on the Israeli-Palestinian IT industry – a growing industry that brings Israeli and Palestinian professionals together to work on software – and conceptual theorizing, the author provides a unique insight into how people experience business cooperation despite ongoing violence and how intergroup contact within firms could further aggravate or help reduce conflict. The field studies are based on a total of more than 80 in-depth interviews, more than 900 documents, and memos of personal reflections during data collection. Two field visits of a month were conducted in 2019 and 2022, which helped to better understand life in Israel and the Palestinian West Bank. The conceptual work draws on studies from across the globe which helped to gain a more parsimonious view of how and when business cooperation may impact conflict, combining perspectives from social psychology, conflict transformation, and management.

Key insights are the following. A) Individuals need to navigate societal meaning structures projecting the other as “enemy” when explaining their work to themselves and others even though a strong business case for cooperation exists. Israeli IT professionals do so by politicizing cooperation, pointing to the positive impact of cooperation on peace, and

highlighting their personal involvement, while Palestinian IT professionals are depoliticizing cooperation, pointing to economic survival under occupation, and disguising personal involvement. B) Despite shocking episodes of violence, industries around cooperation can emerge and be sustained over decades, as the Israeli-Palestinian IT industry is still growing. Drivers of sustained business cooperation are that individuals feel to access hard-to-find resources and to contribute to statebuilding, Additionally, while the perception of the other can change from negative to more positive, general perceptions of conflict remain mostly unaffected. C) Different strategies for managing intergroup contact within firms can, over time, perpetuate, further aggravate, or help reduce societal conflict. Firms' contact strategies shape various forms of trustbuilding, developing intergroup views, and realizing intergroup interdependency, which impact societal intergroup relations and help explain when firms contribute to conflict transformation or when they perpetuate and even aggravate conflict.

These insights form the basis of several theoretical contributions to management research. The field studies are expanding knowledge of how individuals cope with societal meaning structures inhibiting their work, and to knowledge of how ethnonational conflict can be challenging business cooperation while individuals may keep being engaged and thus sustain cooperation over time despite ongoing violence. The conceptual work contributes to knowledge of the role of firms in conflict contexts, highlighting the importance of managing intergroup relations within firms as they amplify to societal intergroup relations and thus inherently impact conflict. In light of practical implications, managers may want to pay closer attention to societal meaning structures and intergroup relations, especially when working on social impact in conflict contexts, policymakers may note positive examples of private sector development as an alternative form of development aid, and business schools may use this type of research to further expand education on topics related to business in conflict contexts.

Chapter 1 – Introduction

BUSINESS IN CONFLICT CONTEXTS AS A FRONTIER IN MANAGEMENT RESREARCH

Why Research on Business in Conflict Contexts Matters

Violent conflict has impacted the world considerably over the past decade. For instance, the latest Global Peace Index (GPI) reports: “2022 was the deadliest year for armed conflict since the 1994 Rwandan genocide, the deadliest year in the history of the GPI” while 2023 showed the “thirteenth deterioration in peacefulness in the last fifteen years” (Institute for Economics and Peace, 2024, pp.2-3). Some of the violence is known in the so-called West, such as in Ukraine, Israel-Palestine, and Syria. Some ongoing wars are mostly forgotten, such as in Armenia-Azerbaijan, Ethiopia, Yemen, Sudan, Myanmar, and the Democratic Republic of Congo, *and* there are potentially new ones brewing such as in Mali, Niger, Haiti, and Taiwan. Especially Ukraine seemed to be an eye-opener for many in Europe and the US, sparking debates in media, policy, and research around the impact of conflict on society and business.

Management research has long overlooked how these types of conflict are related to business. Yet, over the past years, more studies conducted in contexts of conflict have appeared. For instance, De Rond and Lok (2016) documented insights on psychological injury from war in Afghanistan, Miklian and Medina Bickel (2020) revealed how a large number of vulnerable communities in Colombia used coffee farming for conflict prevention, Belhoste and Nivet (2021) highlighted the importance of a clear exit strategy which was lacking at Lafarge in Syria, and Sadeh and Zilber (2019) illustrated how organizations can generally guard themselves from ethnonationalism but may fail to do so during nationalistic events. Contexts of violent conflict have indeed appeared across subfields, including risk management (Oh & Oetzel, 2017), cross-

border alliances (Arikan & Shenkar, 2013), organizational conflict intervention (Weber, Shantz, Kistruck, & Lount Jr., 2023), and new venture legitimation (Neuberger, Kroezen, & Tracey, 2023). However, despite all these valuable studies, and despite recurring calls for further research into the sociopolitical context of firms (Alvarez & Rangan, 2019; Ganson, 2019a), research on the relationships between conflict and business remains relatively scarce.

Such scarcity is problematic given that firms are crucial in sustaining livelihoods and because they may be important places for groups to meet. For firms, research into how conflict and business relate is also important, as critical resources in global supply chains such as oil, gas, lithium, and cobalt, but also software development services, often come from societies characterized by conflict. In fact, most of the emerging markets in the Global South (Morris, Aguilera, Fisher, & Thatcher, 2023) are considered ‘fragile’ contexts (Fragile States Index, 2024). While not all have similar experiences with conflict, many have histories of colonialism and systemic violence.

While business interactions often span across conflict groups, for instance when buying or selling but also while working together in firms (Haider, 2009; Pickering, 2006), still little is known about how people from opposing groups actually experience to work together in firms during conflict and how their business cooperation in turn impacts the context of conflict. Hence, the overarching puzzle of the dissertation is: How does conflict impact business cooperation, and how may business cooperation impact conflict? As others have shown, cooperation with the ‘enemy’ is sometimes necessary (Seremani, Farias, Clegg, 2022) while firms typically have the reputation of benefiting from conflict (Guidolin & La Ferrara, 2007) and even fueling conflict (Idahosa, 2002; Nitzan & Bichler, 1995). Yet, the private sector is also considered pivotal in peacebuilding (Barbara, 2006; Bray, 2009), partly because populations may express sentiments along the lines of “we can’t eat peace” (Bangura, 2016), partly because working together toward shared goals could generate positive contact which in turn can lower

prejudice and increase forgiveness (Kang, Delzell, Snyder, Mwemere, Mbonyingabo, 2020), and partly because firms have a key role in further aggravating or reducing societal inequalities which often form a root cause of conflict (Ganson, He, & Henisz, 2022). Thus, the puzzle of how business gets impacted by, and in turn impacts conflict, deserves further attention.

The chapters in this dissertation together address this puzzle with separate research questions, including:

- Chapter 2 – Study 1: *How do individuals embedded in sociopolitical conflict create and maintain cooperation despite conflicting institutional logics?*
- Chapter 3 – Study 2: *How and why is business cooperation sustained in contexts of ethnonational conflict?*
- Chapter 4 – Study 3: *When does intergroup contact within firms contribute to conflict transformation?*

Dissertation Outline

In *Chapter 2*, the Israeli-Palestinian IT industry is seen through the prism of institutional logics, which are “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio, 1999, p.804). The most important societal logics that were visible in IT cooperation are the market and state logics. The market logic (signaling demand and supply of IT services) is experienced the same in Israel and Palestine and brings IT professionals together. The state logics on both sides, however, are different and simultaneously inhibit cooperation (by projecting Palestinians as security threats and Israelis as occupiers) and enable cooperation (through the goal of safety for Israelis and freedom for Palestinians). Israeli IT professionals cope with this setting by politicizing cooperation, taking pride in positive impact on peace, and

disclosing their own involvement. Palestinian IT professionals, on the other hand, cope by depoliticizing cooperation, taking pride in economic survival under cooperation and disguising their own involvement in cooperation. Based on these findings, two contributions to the institutional logics literature are made. First, it shows that in contexts of conflict such as in Israel-Palestine individuals may bring additional logics such as the state logic to work because they are likely more concerned about how their work relates to society more broadly than in more peaceful contexts. Second, this study demonstrates how individuals cope with repeated interactions with others who hold conflicting logics, namely by mobilizing logic prescriptions across domains while they are constrained, or not, depending on their position in the context. The findings are also applicable to practitioners who feel to be caught between contradictory logics. A more detailed explanation of the problems in extant theory, use methods, emerging findings, and contributions can be found in each chapter.

In *Chapter 3*, the Israeli-Palestinian IT industry is analyzed over time. Considering management literature more broadly, several studies have been conducted in contexts of ethnonational conflict, which is defined as conflict over the survival of a group of people who feel to be ancestrally related (Connor, 1993). Problematic in extant work, however, is that experiences and processes over time are lacking. Therefore, it is analyzed how Israeli-Palestinian IT cooperation has evolved over roughly a decade, bringing to the fore three stages, and how business cooperation affects perceptions of the other. Remarkably, while the perception of the other could indeed become more positive due to business cooperation, it remains fragile as it can revert back to negative stereotypes. Further, a change in perception of the other generally does not lead to a change in broader perceptions of conflict or cooperation during conflict. The findings suggest that the ongoing process of ethnonational conflict likely impacts the general perception of conflict and cooperation stronger than does the perception of the other as a result of business cooperation. The resulting model contributes to the nascent work in

management research on the role of firms in conflict contexts by explaining sustained conflict-laden cooperation, and to work on intergroup contact by highlighting the difference in strength of influence between ongoing conflict and positive contact in business cooperation.

In *Chapter 4*, a more parsimonious view is adopted to conceptually examine the question of how and when firms, around the world, could positively contribute to conflict transformation. Conflict transformation refers to the process of conflict groups gradually changing their relations from antagonistic to acceptance and coexistence (Lederach, 1997; Mitchell, 2002). While previous work has shown that firms, through their stakeholder networks, can aggravate or reduce societal inequalities (a root cause of conflict), it remains unclear when such inclusive stakeholder networks would be accepted by those involved. Combining work from social psychology, peacebuilding research, and an emerging intergroup view in management research, a model is developed outlining three firm-level contact strategies (separating, blending, hosting). These contact strategies, subsequently allow certain modes of trustbuilding, developing intergroup views, and realizing intergroup interdependency, which together perpetuate, aggravate, or transform conflict. The model uses assumptions from intergroup conflict theory and highlights how intergroup contact over time is likely to impact conflict. Thereby, the contributions of this study are to extant work in the so-called business for peace debate. Despite a valuable body of work, theory has been relatively ignorant to experiences of intergroup contact and the willingness to cooperate with the ‘other’. By detailing three contact strategies on the firm level and explaining how they may generate subsequent interlinked processes that amplify to the societal level, the proposed model highlights when firms could become a positive force in conflict transformation.

Taken together, as will be explained in detail in the general discussion (chapter 5), this dissertation contributes to a better understanding of how business gets impacted by conflict and how business in turn may impact conflict. The dissertation demonstrates how people experience

conflict while they manage to maintain professional business cooperation, how cooperation grows and gets sustained over time, and how intergroup contact in business could transform, perpetuate, or even aggravate conflict. The dissertation, thus, provides a unique insight into the experiences of working with the ‘other’ in contexts of conflict, and theorizes in different ways how cooperation is possible in such contexts.

An overview of each study with corresponding title, research question, approach, co-authors, venues where the study has been presented, and current status (e.g., at a journal), is provided in Table 1.

Table 1. Overview of studies in this dissertation

	Chapter 2 – Study 1	Chapter 3 – Study 2	Chapter 4 – Study 3
<i>Title</i>	Cooperation despite sociopolitical conflict: Navigating contradictory institutional logics in the Israeli–Palestinian IT sector	Business cooperation under ethnonational conflict: A longitudinal study of the Israeli–Palestinian IT industry	Business in conflict areas: A conceptual model of when firm’s intergroup contact strategies contribute to conflict transformation
<i>RQ</i>	How do individuals embedded in sociopolitical conflict create and maintain cooperation despite conflicting institutional logics?	How and why is business cooperation sustained in contexts of ethnonational conflict?	When does intergroup contact within firms contribute to conflict transformation?
<i>Approach</i>	Explorative case study, inductive qualitative	Longitudinal case study, inductive qualitative	Conceptual study, blending perspectives
<i>Co-authors</i>	Christopher Wickert Ali Gümüşay	Elco van Burg Christopher Wickert	Christopher Wickert Elco van Burg Joep Cornelissen
<i>Presented at</i>	<ul style="list-style-type: none"> • GRONEN 2023 • OTREG 2021 	<ul style="list-style-type: none"> • Vermut Esade 2023 • AMJ UVA Workshop 2022 • B&S Namur (online) 2021 	<ul style="list-style-type: none"> • EGOS Cagliari 2023 • B&S UVA 2023 • Workshop Esade Aguilera 2023 • Workshop VU König 2022 • Workshop VU Haack 2022 • EGOS Amsterdam (online) 2021
<i>Status</i>	R&R at OrgScience	In preparation for submission to AMJ	In preparation for submission to AMR

Key Concepts

Some concepts are key to the different studies in this dissertation, such as business cooperation and conflict, and are therefore introduced here. *Business cooperation* refers to “attitudes, behaviors, and outcomes related to the implementation of a common goal” (Castañer & Oliveira 2020, p.984). In their extensive review, Castañer and Oliveira (2020) nicely illustrate the differences between collaboration, cooperation, and coordination. First, collaboration is seen as completely voluntary, as in helping other partners achieving common goals or their private goals. Second, cooperation is seen as implementing common goals, thus working toward what has been agreed. Third, coordination is seen as determining common goals, in other words this means getting to an understanding of what the common goals are. They provide the examples of general buyer-supplier relations being cooperation and cross-sector partnerships being collaboration. In both types of relations, coordination is needed to come to a shared understanding of goals. Following this line of reasoning, the dissertation uses the term cooperation because the observed interactions between Israeli and Palestinian IT professionals, and the conceptualized business interactions in the conceptual study, mostly suit the example of a buyer-supplier relation (Castañer & Oliveira 2020). Theorizing in the three studies is based on general interactions between coworkers, which sometimes occurs in the same firm and otherwise between firms having outsourcing relations. Both types of coworking thus suit the definition of cooperation.

Conflict is harder to define. To suit the aims of the separate studies, a slightly different definition for conflict is used in each chapter. The term *sociopolitical conflict* is used in the Chapter 2. This term is inspired by a common, practical understanding of conflict observed during data collection and in the vocabularies of informants, meaning that there is societal level conflict affecting politics and social wellbeing. Given the limited attention to conflict in extant

work on the adopted theoretical lens in this study, the choice was made to use sociopolitical conflict as a reflection of the data.

The term *ethnonational conflict* is used in Chapter 3. This refers to the observed sentiment among Israelis and Palestinians of their “ethnic group” being threatened for survival. Connor (1993) nicely captures the meaning of ethnonationalism as an emotional bond between previous and future generations of a group of people who strive for survival. While ethnonationalism is socially constructed in the sense that a common ancestry does “not accord with factual history”, members *do* often “share an intuitive conviction of the group's separate origin and evolution” (Connor, 1993, p.382). In other words, ethnic belonging is felt as kinships ties and as unchangeable. Given that the second study draws on work from social psychology next to management literature, the choice for ethnonational conflict, which is generally known in the former, seemed more appropriate here.

In Chapter 4, the term *intergroup conflict* is chosen to be more parsimonious than ethnonational conflict. Based on Tajfel and Turner’s work on intergroup conflict (1979), where a group is defined as “a collection of individuals who perceive themselves to be members of the same social category, share some emotional involvement in this common definition of themselves, and achieve some degree of social consensus about the evaluation of their group and of their membership of it” (p.40), conflict in this study also encompasses that of armed groups with a shared conviction of ancestry. Leveraging Tajfel and Turner’s conceptualization of intergroup conflict (1979) while theorizing for “conflict areas”, defined as “places marked by, or vulnerable to, serious and systemic violent conflict” (Ford, 2015, p.451), the resulting model is meant to include contexts of terrorism in which the armed groups feel to be of the same ethnicity as other armed groups or those representing the state, yet excluding contexts where violent conflict is not systemic. Therefore, cases such as Colombia and Peru, characterized by decades of war between armed groups and the state regardless of ethnicity, are

part of the theorizing while cases such as rivalry between supporters of political parties in the US and Europe (which can nevertheless turn violent) remain outside the scope of this study.

Methods & Ethical Considerations

This dissertation is comprised of two qualitative inductive case studies and one conceptual study. *Chapter 2* presents an explorative qualitative case study based on the following data: 48 interviews of which 31 were formal in-depth semi-structured with 38 informants (38 hours, mostly recorded with a few exceptions) and 17 were informal unstructured with 23 informants (13 hours, unrecorded but notes were taken), observations of the daily life in the research context of which notes were taken (15 pages), and documents such as news articles, practitioners' articles, and reports from non-governmental organizations (NGOs) which helped to corroborate the findings (251 documents). These data were all collected by the author of this dissertation between February and June in 2019. The interviews and the observations were conducted during a field visit of 32 consecutive days. Two weeks were spent in Israel (Tel Aviv, Jaffa, Petach Tikva, and Be'er Sheva), two weeks in the Palestinian West Bank (Ramallah, Hebron/Al-Khalil, Bethlehem, Beit Sahur, Jericho, Birzeit, Rawabi, and Nablus), and several days in Jerusalem (the Israeli side to the west, the old city center, and the Palestinian side to the East).

Chapter 3 features a longitudinal qualitative case study. The author continued data collection with in-depth interviews through videocalls in the years 2020 and 2021, and with another field visit in 2022 to conduct in-person interviews and observations. Together with the data from the first study in 2019, the data include: 87 formal in-depth interviews (with 63 informants covering 102 hours), memos covering the reflections of the author during the weeks of data collection (93 pages), and 947 media articles and NGO reports. All data were collected only by the author of this dissertation. The second field visit lasted 33 consecutive days. Again,

two weeks were spent in Israel (Tel-Aviv, Jaffa, Petach Tikva, and Nazareth), two in the Palestinian West Bank (Ramallah, Bethlehem, Birzeit, Rawabi, Nablus, and Taybeh), and several days in Jerusalem (the old city center and the Palestinian side to the North).

In both studies the findings were generated through inductive data analysis which overlapped with the data collection (Corbin & Strauss, 2014; Glaser & Strauss, 1967). To get to crystalized findings, different orders of coding were applied, starting with words or phrases of informants, and ending up with more abstract theoretically relevant terms (Gioia, Corley, & Hamilton, 2013). Thus, the case studies were aimed at showing the *realities* of our informants through *their vocabularies* while making theoretical contributions.

Informants were approached on an individual basis via snowball sampling. The aim was to include key organizations involved in IT cooperation and a variety in opinions, professional positions, geography, and gender. Five of the biggest Palestinian outsourcing firms are included, as are eight Israeli-located multinationals, several startups and scale-ups, one B-Corporation, several business organizations and NGOs facilitating IT cooperation, and several activists opposing IT cooperation. It was always made clear that interviews would only be used for academic research and wishes to not be recorded were respected which only occurred in a handful of occasions. Questions were formulated with extra care, such as “please let me know if you don’t wish to answer, but I was wondering...” and informants were assured that their stories would not be shared with other informants. During the data analysis, several informants were asked to verify interpretations of the data. Since the interviews were on individual basis, the data should be seen as such. While individuals typically described some organizational dynamics and decision making, the data does not fully capture the organizational level of analysis. Neither does the data capture live interactions of IT professionals at work, as would be the case in organizational ethnography. Nevertheless, given the research setting and the

formulated research questions, collected data give a suitable rich and unique insight into the relatively unknown phenomena of business cooperation during conflict.

Chapter 4 describes a conceptual study. Next to the valuable knowledge on theorizing in management more generally (Bacharach, 1989; Barney, 2018; Cornelissen, 2017; Lange & Pfarrer, 2017; Makadok, Burton, & Barney, 2018), two specific methods of reasoning were used, including blending perspectives (Okhuysen & Bonardi, 2011) and process theorizing (Cloutier & Langley, 2020). To contribute to an emerging ‘intergroup view’ in management research on the role of business in conflict contexts, two additional views were invoked. Work from social psychology was used to conceptualize intergroup conflict and contact, and work from peacebuilding research addressing conflict transformation was used to conceptualize potential outcomes of different strategies of intergroup contact. The model reveals three interlinked processes – trustbuilding, developing intergroup views, and realizing intergroup interdependency – showing a pathway from firm-level interactions to societal-level impacts on conflict transformation. Important to note here is that this study was motivated by a deep curiosity regarding whether and how firms’ activities would be able to contribute to conflict transformation, which led to the findings. Yet, even if the illustrated processes can be observed in reality, it is not intended to place full responsibility of conflict transformation on firms. Rather, governments, international organizations, and civil society *together with firms* likely need collective action if there is a true desire for peacebuilding. Thus, in line with extant work (Anderson & Zandvliet, 2001; Austin & Wennmann, 2017; Ford, 2015; Ganson et al., 2022; Katsos & AlKafaji, 2019; Miklian, 2016), this study zoomed in on the role of firms while acknowledging the need for state-led initiatives (Gawerc, 2006; Mitchell, 2002).

Taken together, the studies show multiple levels of analysis. On the one hand, conflict between Israelis and Palestinians is experienced on the societal level. Politics, media, but also the fact that all informants have family or close friends directly affected by certain

manifestations of conflict (e.g., mandatory military service in Israel and a large number of Palestinians jailed without civil process), contribute to the sense of conflict being systemic and potentially impacting every sphere of life. On the other hand, individuals show slightly different ways of dealing with societal forces. The various ways of coping demonstrated in study 1, and the illustrated fluidity of the perception of the other over time in study 2 highlight such individual level differences. Finally, in study 3, intergroup conflict is analyzed at the firm and societal level. By unpacking firms' contact strategies, it is explained how intergroup interactions within firms could over time amplify to perpetuating, aggravating, or transforming societal intergroup conflict. The levels of analysis in the studies thus reflect the nature of the data and suit the aims of understanding how a context of conflict impacts business cooperation and how business in turn could potentially impact the context of conflict.

Positionality: Reflecting on the author's position in the field, several notes need to be made. The role taken during data collection was that of complete outsider. Having zero connections to Israel-Palestine and zero experience with the field of software development, the author felt to be a complete outsider. The role of outsider was purposefully maintained as it seemed to help in building a network of informants. Most people expressed to be happily surprised by someone taking the time to come and see their reality. Quite often informants would say something like, "now you see the real life here" or "thank you for letting me speak". To stay as close as possible to the experiences of the informants, the author would follow the news daily but would not read suggested books on the history of Israel and Palestine. Sometimes, informants suggested books, such as 'Start-up Nation' by Senor and Singer, 'The General's Son' by Miko Peled, or 'The Ethnic Cleansing of Palestine' by Ilan Pappé, but in these situations informants were asked about their takeaways to make their interpretations leading in data analysis.

Being the outsider made fieldwork somewhat easier because traveling and reading the news were easier for the researcher compared to informants. For instance, with a Dutch passport it

was possible to take the bus from Bethlehem to Ramallah which passes through Jerusalem (compared to informants, only Palestinian citizens of Israel and Jerusalem are allowed, citizens of the West Bank are not), and while everyone was ordered by the soldiers to step out of the bus for an ID check, the author could remain seated based on nationality (eventually two persons were not allowed back in the bus and had to continue by foot). Other examples include occasions in which informants were emotionally devastated by developments featured in the news, expressing that they could not ignore the continues stream of notifications whereas for the author it was easier to bracket the times of actively following the news and ignoring news. Of course, it is horrible to witness suffering, and there were many times of feeling completely drained, frustrated, ashamed, and powerless. Sometimes it even felt unethical to continue research, because it felt like making a career over the backs of those who cannot escape misery. However, what helped in continuing was the belief that the informants would like to tell their stories to whoever cared to listen. In that sense, the least one could do is to show their realities and trying to be as rich as possible in presenting their experiences. The author has tried to do so while also aiming at channeling the data into clear scholarly writing to make theoretical and practical contributions to the existing state of knowledge.

Contributions

Deeper understanding of how cooperation of professionals gets impacted by conflict and how business could potentially contribute to decreasing conflict is relevant for several audiences, including scholars examining cooperation in contexts of conflict, as well as practitioners, policymakers, and business schools concerned with business in contexts of conflict.

The audience of scholars examining cooperation in contexts of conflict may find the following theoretical implications useful.

Chapter 2 contributes to research on individuals strategically coping with societal demands (Malhotra, Zietsma, Morris, & Smets, 2021; McPherson & Sauder 2013; Sadeh & Zilber, 2019). First, the study presents a case of intense sociopolitical conflict in which state logics are always present and thus impact the work of IT professionals. Individuals feel the need to actively respond to the prescriptions of their state logic to maintain cooperation. While Israelis politicize cooperation, take pride in the positive impact on peace of their work, and disclose their personal involvement in IT cooperation, Palestinians depoliticize cooperation, take pride in economic survival under occupation, and disguise their personal involvement in IT cooperation. In contrast to most work in the study of institutional complexity (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011), which has analyzed peaceful contexts where different logics compete within one interinstitutional system (e.g., Cappellaro, Tracey, & Greenwood, 2020; McPherson & Sauder, 2013; Smith & Besharov, 2019) – such as a corporate logic and a professional logic in healthcare (Reay & Hinings, 2009) – or multiple logic-conceptualizations from different interinstitutional systems compete with each other (e.g., Meyer & Höllerer, 2016; Smets & Jarzabkowski, 2013) – such as shareholder and stakeholder value as part of the market logic (Meyer & Höllerer, 2010) – the impact of state logics in Israeli-Palestinian IT cooperation reveals how individuals in contexts of sociopolitical conflict bring additional logics to work as they are likely more concerned about how their behavior relates to their society more broadly. As the study demonstrates, individuals cannot change these logics but have to cope with their inhibiting forces. Thus, ways of making logics complementary as outlined in extant work to enable shared practices may be much more difficult, perhaps impossible, if logics are part of different interinstitutional systems and in a context of sociopolitical conflict.

Second, the study demonstrates how individuals “support” the materialization of their state logic through IT cooperation and through combining elements of the state and the market logic in their ways of coping. By linking market and state logic, such as in explaining IT cooperation

as a positive impact on peace, Israeli IT professionals motivate themselves with the idea that their state logic gets materialized by cooperation. Also by explicitly separating market and state logic, such as in explaining IT cooperation as economic survival under occupation, Palestinian IT professionals motivate themselves with the idea that cooperation is giving them a lifeline toward national independence (especially given that other sectors of the economy are much more dependent on physical trade routes often blocked due to violence escalations). While extant work on strategically coping with logics (Malhotra et al., 2020) has suggested that individuals can use logics as strategic tools, for instance to influence decision making (McPherson & Sauder, 2013), the linking and separating of logics in Israel and Palestine to maintain cooperation with the so-called enemy hints toward individuals indeed being able to use logics strategically to enable a contested practice but not simply as tools to be picked up. Instead, individuals need to re-combine separate elements of logics, such as prescribed goals (safety in Israel and freedom in Palestine) and means (avoiding the other vs. cooperating) and then still, the position in the wider context constraints or enables individuals to recombine such elements. Israelis experienced leeway in their ways of coping, as they could choose their partners and they only had to overcome the picture of Palestinians not being terrorists. Palestinians on the other hand, were much more constrained due to limited opportunities for outsourcing globally and because they had to overcome the picture of Israelis being occupiers. Thus, positional differences constrain an enable coping with logics also via the content to which individuals need to respond to, next to different emotions (Sadeh & Zilber, 2019) or interorganizational relations (Nicholls & Huybrechts, 2016).

Chapter 3 contributes to research on the experiences of evolving cooperation during conflict (Gray, Coleman, & Putnam, 2007; Kang et al., 2020; Weber et al., 2023). First, while conflict typically destroys constructive social interactions (Gray et al., 2007), this study demonstrates that business cooperation is nevertheless possible and can be sustained over decades. As long

as people keep seeing the business case and remain open to exploring business cooperation, the cycle of business cooperation can continue. Even contextual events such as episodes of extreme violence generally do not break business cooperation (except maybe momentarily during strikes of workers after which cooperation resumes). Extant work on business in conflict contexts is laudable (Katsos & AlKafaji, 2019; Miklian & Medina-Bickel, 2020; Neuberger et al., 2023; Sadeh & Zilber, 2019) however it scarcely addresses intergroup business cooperation (Seremani et al., 2022) and misses a longitudinal view. This study fills this void and offers a theoretical model of longitudinal conflict-laden business cooperation.

Second, the study expands theory on the role of firms in conflict contexts (Ganson et al., 2022; Joseph, Katsos, & Daher, 2021) by delving further into how business cooperation is experienced. While theory typically assumes acceptance of those involved in inclusive stakeholder networks, this study highlights that business cooperation likely shows growing complexity both in logistical challenges but also in emotional challenges of deepened social relations. Due to frustrations individuals may at some point opt out of business cooperation. Additionally, the study reveals how the perception of the other indeed could change to more positive, however it also shows that the perception of the other can revert back to negative stereotypes. Thus, the assumed acceptance of groups to cooperate with each other in extant theory (Ganson et al., 2022; Joseph et al., 2021) is not always realistic. This study highlights that cooperation with the other is an ongoing effort rather than given.

Third, in light of work on the so-called contact hypothesis, this study offers insights into business cooperation as an understudied form of intergroup contact. Scholars in this line of research have started to conduct studies in conflict contexts (Wright, Mazziotta, & Tropp, 2017; Feuchte, Neufeld, Bilali, & Mazziotta, 2020) in contrast to the typically studied peaceful settings (Allport, 1954; Dixon, Tropp, Durrheim, & Tredoux, 2010; Paluck, Green, & Green 2019; Tropp, Wagner, & Christ, 2011), but intergroup contact is mostly operationalized as

friendship ties or voluntary participation in dialogue. Business cooperation in fact suits important conditions of positive intergroup contact, such as having shared goals, interdependency, equal status, and systemic interactions. This form of contact holds potential especially given that once established, it becomes necessary in sustaining livelihoods. Importantly, however, the study shows that even though the perception of the other could change as the result of positive contact during business cooperation, general perceptions of conflict and cooperation are unaffected which hints at societal sentiments and experiences outside of work likely overpowering gained positive contact. These are valuable insights for future contact interventions and a better understanding of how positive contact could potentially help in reducing conflict.

Chapter 4 contributes to research on the role of firm-level intergroup contact in impacting conflict transformation (Ganson et al., 2022; Mitchell, 2002; Pickering, 2006). In this study it is theorized how interactions between conflict groups within firms could potentially impact the context of conflict. Leveraging work from social psychology, peacebuilding research, and an emerging intergroup view in the debate of “business for peace”, the study explains how negative contact can occur during interactions inside the firm which further aggravates conflict. Therefore, the first implication is that the proposed inclusive stakeholder networks to reduce inequality in extant theory (Ganson et al., 2022; Joseph et al., 2021) may not always decrease conflict. Instead, an additional layer of intergroup contact needs to be examined because firms could still perpetuate or aggravate conflict by including conflict groups if negative contact experiences prevail.

Second, the study outlines three different contact strategies (separating, blending, and hosting) for structuring intergroup interactions within firms. These strategies guide groups in interpreting social interactions with the “enemy” in distinct ways. While each strategy has its strength, the study explains how hosting likely results in impacting conflict transformation

whereas separating would likely perpetuate conflict and blending would likely aggravate conflict. Where extant research has focused on creating harmony (Dixon et al., 2010; Fiol, Pratt, & O'Connor, 2009), empowering employees (Milliken, Schipani, Bishara, & Prado, 2015), and creating collective identities (Garagozov & Gadirova, 2019), this study highlights that different forms of intergroup contact can have unintended consequences.

Third, the study brings processual dynamics of intergroup contact and intergroup conflict to the fore. While extant work has identified important concepts such as trust (Kappmeier, Guenoun, & Fahey, 2021), intergroup views (Bar-Tal, Oren, & Nets-Zehngut, 2014), and intergroup interdependency (Bar-Tal, 2000; Miklian, 2019), next to positive and negative contact, the theorizing reframes such concepts in explicit processual terms which allows an explanation of how they add up to making impacts on conflict. Instead of static variables, the model shows interlinked processes and reveals three sequences of trustbuilding, developing intergroup views, and realizing intergroup societal interdependency. Depending on the used contact strategy, these processes take on different forms and result in perpetuating, aggravating, or reducing conflict. Conceptualizing the impact of firm-level intergroup contact on societal conflict as interlinked processes where different ways of combining positive with negative contact amplifies to societal intergroup relations reveals when firms contribute to conflict transformation and when not.

Taken together, the findings can be seen in light of a growing body of management research that started questioning extant theory by studying contexts of conflict (Belhoste & Nivet, 2021; Neuberger et al., 2023; Sadeh & Zilber, 2019; Seremani et al., 2022; Weber et al., 2023) contributing to a better understanding of the lived reality of people working in such contexts (De Rond & Lok, 2016; Miklian, 2019) and to more fine-grained knowledge of the role of business in conflict (Ganson 2019a; Joseph et al., 2021; Lounsbury & Wang, 2020).

The audiences including practitioners, policymakers, and business schools may feel closer to the following implications.

While *managers* are often pressured to act and report on social impact (e.g., with ESG reporting), they often lack deep knowledge about the specific risks in conflict contexts. As the dissertation shows, business cooperation between conflict groups can be sustained but a certain sensitivity is needed to make cooperation attractive and to manage intergroup interactions. Press releases and public statements, for instance, which would make coping harder or which would increase emotional challenges, can seriously impact involved employees. Further, different contact strategies probably not only impact business cooperation but likely impact societal intergroup relations and thus how conflict evolves over time. Deeper knowledge about cooperation in conflict contexts could thus be beneficial for managers concerned with social impact, but also for society more broadly. In parallel, calls for turning to the ‘local’ in development aid are stronger than ever (e.g., in contracting staff and in adopting perspectives) but questions remain about how to manage groups that suffer from historical and ongoing conflict. Managers in firms have a key role to play in safeguarding their operations and staff, and thus indirectly also in impacting the conflict context in which they operate.

Policymakers interested in private sector development aiming to build sustainable ecosystems in conflict-societies could draw lessons from this dissertation too. Development aid, peacebuilding, and assisting economies to become more self-sustainable go hand in hand. As some multinationals initially followed a non-market rationale to invest in Palestine but then changed toward a pure market rationale, and since the Israeli-Palestinian IT industry has proven resilient to sociopolitical crises, the experiences featured in the studies could provide insights that are potentially applicable to other geographical contexts as well. To illustrate, the CEO of the biggest IT firm in Gaza asked, “please give us work instead of development aid” stressing that the population of Gaza would benefit more from these types of jobs than from being

dependent on aid. Closer attention to how a sense of independence and pride, next to securing livelihoods through salaries, contribute to more sustainable development could help both those on the giving and receiving end of current aid initiatives.

Lastly, *business schools* may see opportunities to develop courses on the role of firms in conflict contexts. Based on the dissertation's findings and literature, further teaching materials could be developed and implemented across bachelor, master, and MBA programs. Interest in societal conflict seems to be rising and business schools could do more to equip their students with the skills and knowledge to navigate sociopolitical tensions and conflict.

In sum, several audiences may benefit from research on how people from opposing groups experience cooperation in firms, how cooperation can be sustained over time, and how business potentially impacts conflict. This dissertation offers insights into these questions. In the following chapters, each study is described in a journal-article format, starting with an introduction in which the phenomena and theoretical problems are explained, followed by an outline of the methods, a presentation of the findings, and finally a discussion of the contributions and opportunities for future research. To close, a more macro-level discussion describes the overall contributions and avenues for future research of the dissertation as a whole.

**Chapter 2 – Cooperation despite sociopolitical conflict: Navigating contradictory
institutional logics in the Israeli–Palestinian IT sector**

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ABSTRACT

How do individuals embedded in sociopolitical conflict create and maintain cooperation despite contradictory institutional logics? We explore this puzzle by examining the Israeli–Palestinian information technology (IT) sector. Our qualitative and inductive study reveals that Israeli and Palestinian IT professionals share a similar market logic which enables cooperation, while they draw on conflicting state logics which simultaneously enable and inhibit cooperation. To maintain cooperation, both sides show different ways of coping. Whereas Israeli IT professionals cope by politicizing cooperation, taking pride in positive impact on peace, and disclosing their own involvement in cooperation, Palestinian IT professionals cope by depoliticizing cooperation, taking pride in economic survival under occupation, and disguising their own involvement in cooperation. With our theoretical emphasis on the lived reality of logics across interinstitutional systems, and in a setting of sociopolitical conflict, we contribute to the literature on institutional complexity and the strategic use of logics.

INTRODUCTION

Individual experiences of competing institutional demands have gained increased attention in institutional theory (Besharov & Smith, 2014; McPherson & Sauder, 2013). Research has particularly focused on contradictory demands stemming from different logics (Greenwood, Raynard, Kodeih, Micelotta & Lounsbury, 2011, p.318). This stream of work has contributed important insights into how organizations can combine logics such as logics in business and social welfare (Pache & Santos, 2013; Smith & Besharov, 2019), business and health care (Cappellaro, Tracey, & Greenwood, 2020; Reay & Hinings, 2009), business and art (Ramus, Vaccaro, & Brusoni, 2017), and business and research (Perkmann, McKelvey, & Phillips, 2019).

Organizations deal with conflicting logics, for instance by making them complementary (Smets & Jarzabkowski, 2013), compartmentalizing them (Kraatz & Block, 2008), and forming blended hybrid logics (Ramus et al., 2017). Yet, common response strategies seem to fail in settings where individuals feel strongly opposed to making “their” logic complementary or hybrid, for instance when they strongly defend their values and beliefs such as in religion (Gümüşay, Smets, & Morris, 2020). Likewise, compartmentalizing may also be impossible, for instance when individuals cannot escape demands from other domains such as the family or state (Greenwood, Díaz, Li, & Lorente, 2010). Yet, enduring conflict over logics potentially threatens organizational survival and may similarly burden individuals (Cappellaro et al., 2020).

A nascent line of inquiry has investigated a strenuous type of logics conflict. Embedded in various empirical contexts of sociopolitical conflict, scholars have demonstrated how individuals from conflicting collectives deal with strongly opposed values and beliefs (Sadeh & Zilber, 2019), and how the legitimacy of institutions is maintained in these contexts (Seremani, Farias, & Clegg, 2022). Such work is particularly well-suited to nuance contextual factors because individuals in contexts of sociopolitical conflict likely deem different elements of logics relevant compared to individuals in the commonly analyzed ‘peaceful’ settings. As

colleagues have shown, issues such as universalism and ethnonationality in the workplace (Sadeh & Zilber, 2019), or the legitimacy of armed forces in society (Seremani et al., 2022) matter. Sociopolitical conflict, thus, is relevant for institutional logics, specifically with regards to the lived reality of logics. Further, Friedland and Alford (1991, p.256) argued that “institutional contradictions are the bases of the most important political conflicts in our society”, which also calls for a deeper scrutiny of contradictory demands stemming from logics in relation to sociopolitical conflict.

Importantly, “conflict” has multiple (yet related) meanings for individuals. Sociopolitical conflict relates to the context such as “war” in De Rond and Lok (2016) or “ethno-national conflict” in Sadeh and Zilber (2019) while “conflict between logics” relates to the interplay between desired conceptualizations of social domains such as the state, market, and religion. The latter conflict is commonly experienced as “repeated clashes over issues of mission, strategy, structure, power, resources, and identity” (Besharov & Smith, 2014, p.371). Notably, conflict between logics may be instantiated inside organizations even when logics manifest at the societal level (Malhotra, Zietsma, Morris, & Smets, 2021; Meyer & Höllerer, 2010). Additionally, sociopolitical conflict also impacts logics. For instance, due to distinct collective memories of historical events, different societal logics can be formed (Ocasio, Mausekopf, & Steele, 2016). Hence, these interpretations of conflict are inextricably linked with underlying logics.

Although researchers have started to include settings of sociopolitical conflict, more exploration of the lived reality of logics in such contexts is needed. It remains unclear how individuals guided by conflicting logics find common ground to cooperate in the first place and how they continue such cooperation. Hence, we ask: *How do individuals embedded in sociopolitical conflict create and maintain cooperation despite conflicting institutional logics?*

To study this research question, we examine the Israeli–Palestinian cooperation in the information technology (IT) sector. Israel and Palestine, with their sociocultural differences, can be conceptualized as constituting two “interinstitutional systems”, a term Friedland and Alford (1991) use to refer to the combination of logics at the societal level. Israelis and Palestinians mostly live spatially separated from each other (Smoocha, 2017). Historical and contemporary narratives assign the other nation the role of “villain” (Rouhana & Bar-Tal, 1998) generating distinct collective memories of historical events where a national victory for one is a catastrophe for the other. In this context, however, Israeli and Palestinian IT professionals successfully cooperate in shared IT projects. They work for the same tech firms with digital daily, and in-person monthly interactions in a surprisingly stable manner.

Drawing on in-depth interviews, field observations, and documentary data, we seek to understand how individuals are guided by, and cope with, different societal level logics that might enable and inhibit cooperation. In this inductive qualitative case study, we identified how Israeli and Palestinian IT professionals navigate institutional demands stemming from their market and state logics to find common ground to cooperate in the first place, and how they maintain their cooperation despite experiencing sociopolitical conflict. Cooperation here refers to the “attitudes, behaviors, and outcomes related to the implementation of a common goal” (Castañer & Oliveira, 2020, p.984), such as jointly developing a product or service. While cooperation is typically shaped by a range of factors (e.g., contracts and organizational hierarchy), individuals still must cope with it, and how they do so is the focus of this study.

We offer two contributions to institutional theory, specifically the literatures on institutional logics and complexity. First, we present a case of sociopolitical conflict across interinstitutional systems where we inductively captured logics (Reay & Jones, 2016). Our case shows that complexity across interinstitutional systems could face additional tensions from logics that individuals bring with them to work. That is, Israeli and Palestinian IT professionals experience

state logics at work differently, which simultaneously enables and inhibits cooperation. Compared to previous work (Meyer & Höllerer, 2016; Smets & Jarzabkowski, 2013), we show that in settings of sociopolitical conflict, individuals may bring additional logics to a shared practice which makes it likely harder to reconcile contradictory logic prescriptions (Sadeh & Zilber, 2019; Smets & Jarzabkowski, 2013) as individuals are more concerned about how their work relates to their society more broadly. Hereby, we contribute to the understanding of logics as being collectively created and used, and thus their lived experience (Ansari, Wijen, & Gray, 2013; Ocasio et al., 2016).

Second, we demonstrate how individuals cope with repeated interactions with others who hold conflicting logics. We explain how separate logic prescriptions (Malhotra et al., 2020) can be mobilized across social domains to help realize an envisioned state. In our case, individuals do so by (de)politicizing cooperation, taking pride in contributing to peace or economic survival, and disclosing or disguising personal involvement. We highlight, however, that positional differences (McPherson & Sauder, 2013), within the industry and sociopolitical conflict, constrain or enable the freedom of mobilizing logic prescriptions across domains. Hereby, we further advance knowledge on the relation between logics from different domains (Greenwood et al., 2010) and on the strategic use of logics (Malhotra et al., 2020; McPherson & Sauder, 2013).

THEORETICAL CONTEXT

Cooperation Despite Sociopolitical Conflict

Cooperation is central to organizational functioning and for addressing societal grand challenges (Gümüşay, Marti, Trittin-Ulbrich, & Wickert, 2022). Yet, its manifestation in conflict-societies, and in particular the role of sociopolitical conflict *during* cooperation, remain relatively underexplored. While institutional theory is suitable to examine “socio-economic

dynamics that involve conflict” and “political struggle” (Lounsbury & Wang, 2020, p.7), few studies have found forms of cooperation in sociopolitical conflict. As notable exceptions, Seremani and colleagues (2022) studied how the armed forces in South Africa were re-legitimized during the public hearings of the Truth and Reconciliation Commission when Apartheid had officially ended. Additionally, Sadeh and Zilber (2019) ethnographically investigated how a peacebuilding organization in Israel maintained a dominant universalistic logic while occasionally an ethnonational logic disrupted the organization.

However, what remains not well understood is how individuals experience cooperation under sociopolitical conflict, especially when they come from different “interinstitutional systems”, and how they interact with their cooperation partners during sociopolitical conflict. We thus analyze the lived experience of logics that affect cooperation and conflict.

Responses to Competing Logics Within and Across Interinstitutional Systems

Institutional logics are “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio, 1999, p.804). Logics function as prescriptions and proscriptions for individual, organizational, and societal life (Thornton, Ocasio, & Lounsbury, 2012). As such, they form the “organizing principles” for various domains in society (Friedland & Alford, 1991, p.248); provide coherent sets of values, identities, and practices; and offer legitimate goals to pursue and appropriate means to do so (Pache & Santos, 2010).

Institutional pluralism – experiencing multiple logics simultaneously – often remains unproblematic (Goodrick & Reay 2011; Kraatz & Block, 2008). Institutional complexity, however, defined as “the condition that emerges when organizations confront incompatible prescriptions from multiple institutional logics” (Greenwood et al., 2011, p.318), is more challenging. Actors facing institutional complexity “are subject to multiple and contradictory

regulatory regimes, normative orders, and/or cultural logics” (Pache & Santos, 2010, p.457). Additionally, complexity is experienced when “actors confront and draw on multiple logics within, not just across, social domains” (Besharov & Smith, 2014, p.366). Continued clashes over issues of mission, strategy, structure, power, and identity are likely to occur in case of extensive logic conflict, leading to internal tensions, next to the inability to gain legitimacy and support from external stakeholders (Besharov & Smith, 2014). This can be problematic as conflicting logics may threaten organizational performance or lead to organizational demise (Smith & Besharov, 2019; Tracey, Phillips, & Jarvis, 2011).

Extant studies illustrate different responses to conflicting logics, which can be grouped into two streams. First, much work examines institutional complexity *within* an interinstitutional system. Research has conceptualized competing logics between social domains including state, market, or religion within one interinstitutional system (Cappellaro et al., 2020; Preminger & Drori, 2016; Sharp, 2020), such as analyzing “American colleges and universities” (Kraatz & Block, 2008). Here, scholars found ways to minimize conflict through compartmentalizing to decrease the centrality of incompatible logics (Kraatz & Block, 2008; Reay and Hinings, 2009); blending to decrease incompatibility (Ramus et al., 2017; Tracey et al., 2011); or a dynamic approach of balancing incompatible and central logics (Smith & Besharov, 2019). Most often, tensions between logics are analyzed for organizations in the US or Europe.

Second, a smaller stream of work has conceptualized tensions between logics *across* interinstitutional systems. Meyer and Höllerer (2010), for example, have observed heterogeneous interpretations of “shareholder value”, informed by either an Anglo-American model of liberal market economy or a continental European model of coordinated market economy. Both models (which we interpret as being part of the Anglo-American interinstitutional system and the continental European interinstitutional system) formed “a ceasefire, a suspended contestation ready to erupt again with critical events” (Meyer & Höllerer,

2010, p.1259). Even though organizations can sustain such a ceasefire by sending ambiguous signals to their audiences, the potential for experiencing backlash is higher compared to conflicting logics in only one interinstitutional system (Meyer & Höllerer, 2016). More recently, Gümüşay and colleagues (2020b) have explained the emergence of the first Islamic Bank in Germany, whereby Islamic faith is conceived as part of a “foreign interinstitutional system” (p.150), which is novel for the German field of banking. They demonstrated how the values, identities, and practices deemed legitimate within German society and within Islamic Banking were successfully brought together through dynamically integrating and separating logics.

A crucial difference between these two streams of research is that the former often suggests an approach for organizations to actively prescribe guidelines of conflict-minimizing behavior. By contrast, studies on complexity across interinstitutional systems highlight that such organizational prescriptions may not be feasible. They note the importance of individual leeway to flexibly interpret organizational practices and intentions, as conflict is entrenched and likely cannot be resolved – but situated balances may be formed. The works of Meyer and Höllerer (2010; 2016), Gümüşay et al. (2020b), and Sadeh and Zilber (2019) demonstrate such dynamic balances and address how organizations promote them. However, how individuals experience cooperation in settings of sociopolitical conflict remains underinvestigated.

METHODS

Research Context

We consider the cooperation between Israeli and Palestinian IT professionals as a theoretically insightful case of cooperation despite conflicting institutional logics for two reasons. First, Israelis and Palestinians are embedded within one of the most conflict-riddled places worldwide (Nyhan & Zeitzoff, 2018), due to ongoing eruptions of violence and

uncertainty of livelihood in both societies. This imposes strong demands on professionals regarding survival, nation-building, and economic cross-border organizing. Sociopolitical conflict is experienced during cooperation, for instance as one of our informants explained:

When I was speaking to the team leader at the Palestinian side over the phone and I asked him, how are you doing, he told me that his family in Gaza just lost their house because the Israeli air force demolished their entire neighborhood. And I was telling him how I woke up with my young children at 3am because the siren was firing off and we had to rush to the safe room and open the radio in expectation of incoming missiles. So, we share stories, we even tell dark jokes, and then we move on to speak about work. Eitan

Second, compared to different types of Israeli–Palestinian interaction, typically characterized by extremely unequal power relations, both, economically and politically, IT cooperation is experienced as something special because IT professionals perceive to work at parity during their daily interactions. The relations we studied are structured in teams that generally consist of engineers from both sides who feel as equal contributors to the project. While the project manager was either Israeli or Palestinian, senior management was in all cases Israeli and top management was either European or from the US. During our study, we were intrigued by the experiences of equality, as illustrated by Jamal (Palestinian) and Amos (Israeli):

In our work we don't have inequality, we have scrum-masters sometimes as well, and the [software] engineers work on an equal basis with the Israelis. Jamal

On the business level we are equal. All our release managers are from the PA, so they are sometimes leading the Israeli employees here. Amos

IT professionals experience this cooperation through daily virtual meetings and weekly or monthly physical meetings. While Palestinian companies are technically outsourcing, as they are paid through the outsourcing budgets of the multinational subsidiaries in Israel, they work on a permanent rather than project basis, and most of the involved companies use augmented instead of truly separated teams. Thus, our informants, working in separate offices and being physically together regularly, feel integrated into the team (Palestinians) or to have an extension

of the team (Israelis) on the other side of the border. Working partly remotely paired with physical visits, they interact virtually on a daily basis.

Cooperation happens in a context of sociopolitical conflict. The fractured political landscape in Israel and the rival political factions in Palestine reveal a variety in political ideals and envisioned relationships with the other side (Hermann, 2005). Yet, a commonality in both societies is the dominant narrative of “state-building”, including issues such as sovereignty and self-determination (Frisch & Sandler, 2004). Whereas Israeli nationalism is anchored to Jewish ethnicity (Sadeh & Zilber, 2019) and Zionism (Rouhana & Bar-Tal, 1998), Palestinian nationalism reflects a sense of indigenusness (Rouhana & Bar-Tal, 1998). These general sociopolitical narratives prolong sociopolitical conflict, especially as they shape opposite meanings of historical events where a victory in war for one side is a traumatic catastrophe for the other (Nyhan & Zeitzoff, 2018).

Individuals on both sides, physically divided by the Separation Barrier (a 759km long barrier with pieces of 8-meter-high concrete walls and other pieces with barbed wire surrounding the West Bank), not only hold different national narratives but also experience sociopolitical conflict differently. Israeli IT professionals experience terrorist attacks, during which they take shelter in mandatory safe rooms, and Jewish-Israeli citizens are required to serve on (reserve) duty in the army. Palestinian IT professionals, in contrast, experience occupation, restriction of movement by military checkpoints with potentially waiting hours and harassment in their commutes to work, forced house evictions, land confiscations, bombardments on Gaza, and waves of arrests throughout the West Bank and Jerusalem. Ongoing violence has cost the lives of at least 18,335 Israelis and 86,158 Palestinians between 1948 and January 2022 (Jewish Virtual Library, 2022).

Data Collection

Our data includes interviews, observations during a 32-days field visit to Israel and Palestine, and documents (see Table 2). The first author collected data primarily between February and June 2019. A purposeful sampling approach was used (Corbin & Strauss, 2014) and caution was taken regarding safety of our informants. We included IT professionals of five multinationals in Israel and four companies in Palestine that were involved in shared projects. Additionally, we included informants from five organizations that facilitated connections between Israeli and Palestinian IT professionals, including one non-profit business organization, one advocacy group, two non-governmental organizations, and one consultancy company. Together, these organizations were seen as the major actors engaged in IT cooperation according to our informants (further information is withheld to assure anonymity). Finally, to better understand the sensitivity about Israeli-Palestinian cooperation we also included several informants that were explicitly critical of IT cooperation.

Interviews. The first author conducted 48 interviews in total, including 31 semistructured interviews with 38 informants (38 hours) which were recorded and transcribed where possible, and 17 unstructured interviews with 23 informants (13 hours) which were not recorded but helped to contextualize and compare narratives about cross-border interaction. Of the 31 semistructured interviews, one was a group interview with five informants (James, Khalil, Mariam, Nasir, and Samir) and three interviews were with two informants each (Ayala and Talia, Moshe and Daniel, Hamza and Abdullah). Group interviews provided an additional level of comfort and offered insight into how people reacted to others' opinions. Names have been replaced by pseudonyms to assure anonymity. Of our informants for the semistructured interviews, 35 were professionally working at various levels in the IT sector (including CEOs, heads of departments, team leaders, software engineers, and human resource managers),

whereas three were active in other sectors and provided critical perspectives on IT cooperation (see Table 3).

The semistructured interviews lasted 74 minutes on average (min. 30m, max. 4h2m), of which 25 were face-to-face and on-site, while six were virtual. During five interviews, detailed notes were taken, for instance when informants preferred not to be recorded or when there was too much background noise. Furthermore, as we studied a sensitive topic, we checked the

Table 2. Overview of data sources

<i>Data Source</i>	<i>Details</i>	<i>Use in Analysis</i>
Interviews		
- Unstructured	23 informants through 17 interviews (\pm 13 hours).	Acquired contextual awareness.
- Semistructured	38 informants through 31 interviews (\pm 38 hours).	Transcribed, coded, debated, and used to construct our findings.
Total	61 informants through 48 interviews (\pm51 hours).	
Observations		
- Activities	4 hours of local management training; 2h-visit to “The Library” (Tel Aviv); 2h-visit to “TechnoPark” (Birzeit).	Field notes and pictures were compared to emerging themes and gave a better understanding of how interview data related to the lived reality of informants.
- General	32 consecutive days in Israel/Palestine; visited company offices and informants’ homes; and experienced political campaigns as well as demonstrations.	
Total	32 days in research setting with 8 hours focused on IT activities.	
Documents		
- News articles	218 (e.g., Times of Israel, Al Jazeera, Haaretz, Middle-East Eye).	Revealed societal sentiments regarding IT cooperation and general Israeli-Palestinian relations.
- Practitioners’ articles	13 (e.g., Forbes).	Allowed for snowball sampling and supported emerging themes in data analysis
- Company reports	11 (e.g., CSR reports, blogs).	
- NGO reports	9 (on IT development).	
Total	251 documents.	

interview questions beforehand with experts who were acquainted with the context. In the semistructured interviews we discussed personal background, working relationships in the projects, social perceptions of Israeli–Palestinian cooperation, and socioeconomic and political implications of the cross-border cooperation. We asked open questions to avoid steering informants in their answers, as we were interested in *their* vocabulary. We also used several techniques to limit potential harm to participants and increase the usefulness of the data. For example, our intentions were made transparent and confidentiality was secured.

Observations. During field work, the first author observed the general sociopolitical context and visited company sites which helped to better understand the lived reality of our informants. General observations included: the Separation Barrier, Palestinian Land Day while being in Israel, the parliamentary elections in Israel, several days of construction and painting work by Palestinians in and around the author’s accommodation in Israel, ID checks while being with Palestinians at checkpoints in Palestine, demonstrations in Palestine, and the unavoidable political banners on both sides. IT sector-specific activities included participation in a four-hour management training session held in Ramallah with Israelis and Palestinians, two joint company lunches, a visit to “The Library” in Tel Aviv which is a government-supported location for start-ups, and a visit to the newly built “Techno Park” in Birzeit which brings together start-ups, incubators, and accelerators.

Documents. Before, during, and directly after the field work, we gathered news articles and company documents on IT cooperation specifically and Israeli-Palestinian relations generally. A common search engine was used to collect documents about IT cooperation in February 2019. These included company reports (which we used to approach individuals for interviews), practitioners’ articles (Forbes), several news articles (New York Times, Guardian, BBC, Times of Israel), and reports by non-governmental organizations. Additionally, we screened daily between April and May 2019 news outlets that frequently featured articles about general Israeli-

Palestinian interactions (Times of Israel, Haaretz, Jerusalem Post, Middle East Eye, Al Jazeera, and Wafa). Here, we selected articles about wider societal tensions. In total, we identified 251 relevant documents which we used to corroborate findings from interviews and observations.

Table 3. Overview of semistructured interviews

<i>No.</i>	<i>Pseudonym</i>	<i>Job Title</i>	<i>Organization</i>	<i>M/F</i>	<i>Nationality</i>	<i>Length</i>
1	Mohammed	Activist	U.A.E. NGO	M	Palestinian; Jordanian; Emirati	48m
2	Youssef	Activist & Student	Individual	M	Palestinian	2h21
3	Ori	Program Manager	International Tech- Company1	M	Israeli	2h3
4	Noam	Founder & CEO	Israeli Tech- Company1	M	Israeli	1h21
5	Eitan	General Manager	International Tech- Company2	M	Israeli	1h9
6	Shira	CSR Manager	International Tech- Company1	F	Israeli	2h7
7	Yosef	Director of Business Development	International Tech- Company1	M	Israeli	59m
8	Yonatan	Director	Israeli-Palestinian Advocacy Group	M	Israeli	1h9
9	Ezra	Group Manager	International Tech- Company3	M	Israeli	41m
10a	Ayala	Consultant	Israeli Consultancy Company	F	Israeli	1h50
10b	Talia	Consultant	Israeli Consultancy Company	F	Israeli	1h50
11a	Daniel	Regional Manager	International Tech- Company4	M	Israeli	1h17
11b	Moshe	Regional Director	International Tech- Company4	M	Israeli	1h17
12	Nirel	Director of Engineering	International Tech- Company1	M	Israeli	1h8
13	Amos	Senior Director Gaza/PA	International Tech- Company3	M	Israeli	56m
14	Itai	Director of Software Engineering	International Tech- Company1	M	Israeli	46m
15	Adam	Activist & Tour Guide	Individual	M	Palestinian	4h2
16	Omar	CEO	Palestinian-Tech Company1	M	Palestinian	1h3
17	Jamal	Founder & CEO	Palestinian Tech- Company2	M	Palestinian	1h7

18	Yaron	Team leader	International Tech-Company5	M	Israeli	30m
19	Yasin	Dev. Lead	Palestinian Start-Up1	M	Palestinian	1h22
20a	Abdullah	Team leader	Palestinian Start-Up2	M	Palestinian	1h12
20b	Hamza	Android Developer	Palestinian Start-Up2	M	Palestinian	1h12
21	Ali	Software Engineer	Palestinian Tech-Company1	M	Palestinian	30m
22	Ahmed	Software Engineer	Palestinian Tech-Company1	M	Palestinian	30m
23	Amir	Software Engineer	Palestinian Tech-Company1	M	Palestinian	1h
24	Bilal	Founder & CEO; Chairman	Palestinian Scale-Up; Palestinian Business Organization	M	Palestinian	50m
25	Rashid	Director of Business Development	Palestinian Tech-Company3	M	Palestinian	49m
26	Hakeem	Creative Director & Freelance Content Developer	Palestinian Scale-Up	M	Palestinian; Dutch	1h45
27	Malik	Project Manager	Palestinian Tech-Company3	M	Palestinian	57m
28	Hassan	CEO	Palestinian Tech-Company4	M	Palestinian	1h2
29	Sara	Program Director	U.S. NGO	F	Israeli	1h4
30	Karim	CEO	Palestinian Tech-Organization	M	Palestinian; Canadian	1h44
31a	James	CEO	European NGO	M	British	1h5
31b	Khalil	Managing Director	European NGO	M	Palestinian	1h5
31c	Mariam	IT Program Director	European NGO	F	Palestinian	1h5
31d	Nasir	Project Manager	European NGO	M	Palestinian	1h5
31e	Samir	Economist	European NGO	M	Palestinian	1h5

Data Analysis

Being outsiders to the socio-cultural setting and the professional area of software development helped to uncover the “taken-for-granted” feelings and beliefs that were normal to our informants yet highly insightful to us. To mirror our interpretations of the data, the interviewer discussed emerging findings with informants and co-authors throughout the process. Data analysis was iterative with the data collection. To prepare for analyzing our data,

we highlighted terms and phrases that would be relevant to our research question. These initial first-order codes served as a tool to make comparisons between chunks of data and provided a better understanding of the language used by informants to describe their realities.

We first noticed a variety of reasons to cooperate in the IT sector and a variety of obstacles. This seemed contradictory from the outsider's perspective yet completely normal to our informants. For instance, shortages of IT professionals in Israel and shortages of IT jobs in Palestine were mentioned as important reasons for IT cooperation. Moreover, Israelis being scared of Palestinians, is seen as normal in Israel, while Palestinians that are not opposing normalization, are seen as traitors by others in Palestine. These motives to cooperate and not to cooperate were grouped into several first-order categories. For instance, "shortages of IT professionals", "competitive salaries of Palestinians", and "equal time zones" formed the category of "financial incentives" on the Israeli side, and "abundance of IT-related graduates", "higher-than-local-salaries", and "limited worldwide clientele" formed the category of "financial incentives" on the Palestinian side.

Further, Israelis commonly expressed that better ties with Palestinians will make them safer as Jewish people, while Palestinians expressed that a better international reputation will help them in materializing freedom where cooperation with Israeli-based companies is seen as an important chance to do so. Here, we recognized that our informants made the clear distinction between what they called "economic" and "political" forces. Hence, we inductively labelled different forces to cooperate in line with the words of our informants. Interestingly, while the economic forces were experienced similarly among Israelis and Palestinians, the political forces were markedly different.

Comparing these insights with literature on competing institutional demands, we noticed that the notion of institutional logics was strongly reflected by our data and could explain the seeming contradiction between what our informants labeled as "economic" and "political"

(since different logics can guide behavior simultaneously as demonstrated by Goodrick and Reay [2011]), so we further used this “pattern-inducing” technique to capture logics (Reay & Jones 2016, p.9) where we saw a match between the observed economic forces and a market logic, and between the observed political forces and a state logic. However, because the political motivations were different between Israelis and Palestinians, we interpreted this as part of the Israeli state logic and the Palestinian state logic which belong to the Israeli and the Palestinian interinstitutional system, respectively (Meyer and Höllerer [2016] similarly analyze logic conceptualizations belonging to different interinstitutional systems but in our case individuals cannot choose sides). We then assigned the type of logic (market vs. state), the interinstitutional system where the logics belong to (Israel vs. Palestine), and the result in experience for IT professionals (enabling cooperation or inhibiting cooperation) together as second-order themes. For example, the economic motives deemed important on both sides were assigned to “similar market logics provide the business case for cooperation”, while the feelings of being scared by Israelis were assigned to “Israeli state logic projects Palestinians as security threats”, and feelings of treason by Palestinians to “Palestinian state logic projects collaborators as traitors”.

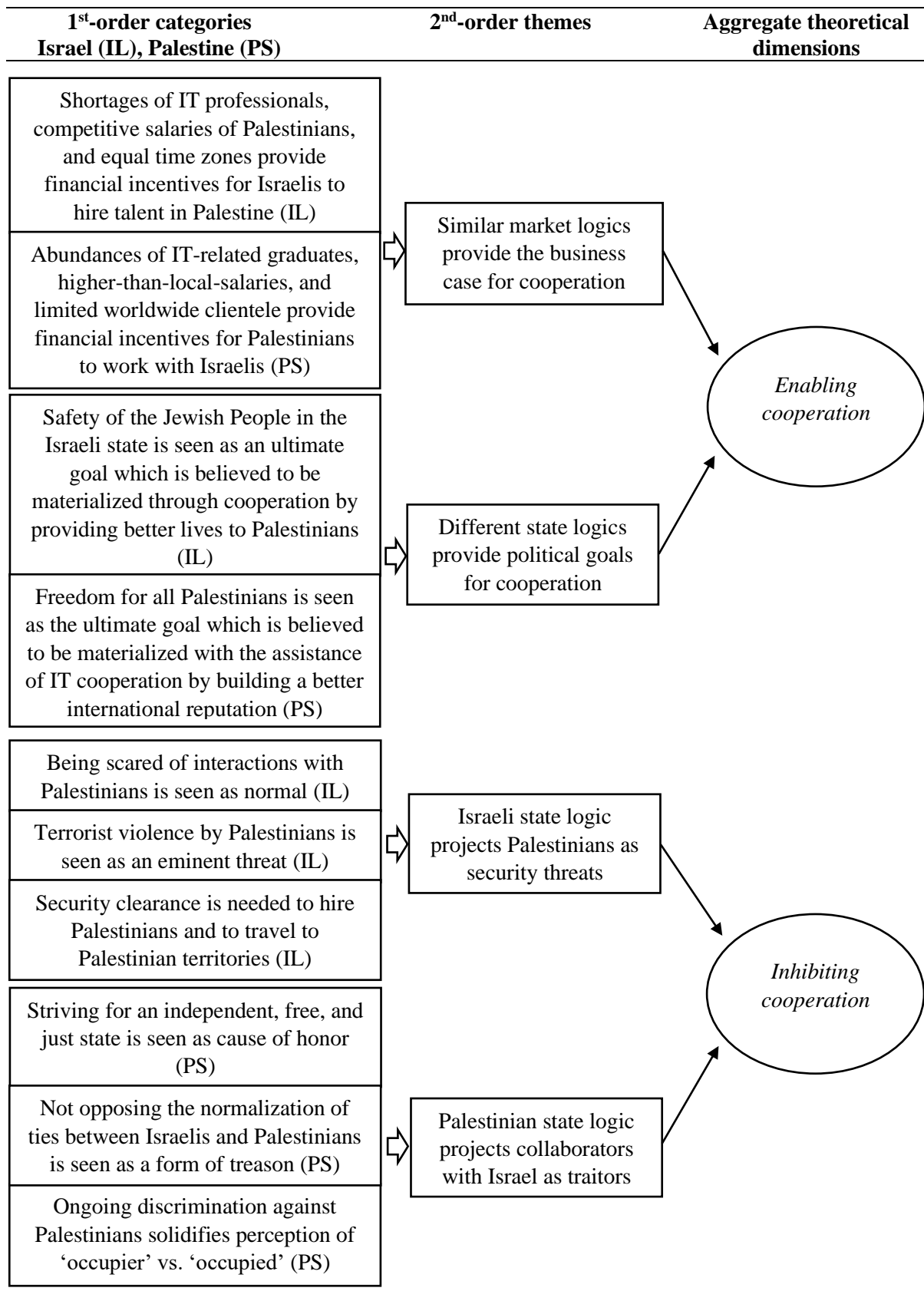
At the level of aggregate dimensions, we referred to the motives and obstacles drawn from different logics as *enabling cooperation* and *inhibiting cooperation*. As we did not observe cooperation breaking down, we interpreted the repeated references to what professionals experience as obstacles to be inhibiting cooperation rather than ending it. For instance, we looked at how IT professionals reacted to potentially disruptive events, including religious holidays such as Passover and Ramadan (disruptive in the study of Sadeh and Zilber [2019]), Israeli election campaigns containing plans to fully annex the Palestinian West Bank, and actual outbreaks of violence. However, we only heard about a few professionals quitting projects after personally experiencing violence while other professionals referred to violence as extra motivation. In general, we deemed the rare instances where an informant “knows someone who

knew someone who quitted” as too thin to identify events that halted cooperation. We thus captured forces that enable and inhibit cooperation.

As a second step in our analysis, moving beyond identifying enabling and inhibiting forces, we focused on how IT professionals cope with the experienced presence of market and state logics. We again started with open coding. For example, we found that for Israeli professionals, being value driven is making cooperation work whereas for Palestinians professionals’ requirement of technical capability is making cooperation work (first-order categories). In a similar way, data related to, for example, social impact and peaceful coexistence, or to being tired of politics and focusing on work in economic terms, were grouped into first-order categories with similar wording. Further, we arranged our first-order categories into second-order themes according to the different actions that Israeli and Palestinian IT professionals take to keep cooperating despite inhibiting logics. We found that Israeli IT professionals are *politicizing cooperation, taking pride in positive impact on peace, and disclosing own involvement in cooperation*, whereas Palestinian IT professionals are *depoliticizing cooperation, taking pride in economic survival under occupation, and disguising own involvement in cooperation*.

Our second-order themes, thus, reveal how Israeli and Palestinian IT professionals cope with the similar market logics that enable cooperation and the different state logics that simultaneously enable and inhibit cooperation. We found that Israelis argumentatively link the market and the state logic (through three strategies forming the second-order themes) whereas Palestinians argumentatively separate both logics (through three strategies forming the second-order themes). Hence, as aggregate dimensions we label these observations as *copied by linking logics* and *copied by separating logics*. Here, coping refers to maintaining cooperation while experiencing an inhibiting institutional logic. Figure 1 shows our data structure and Table 4 presents representative data for the first-order categories.

Figure 1. Analytical coding process and data structure



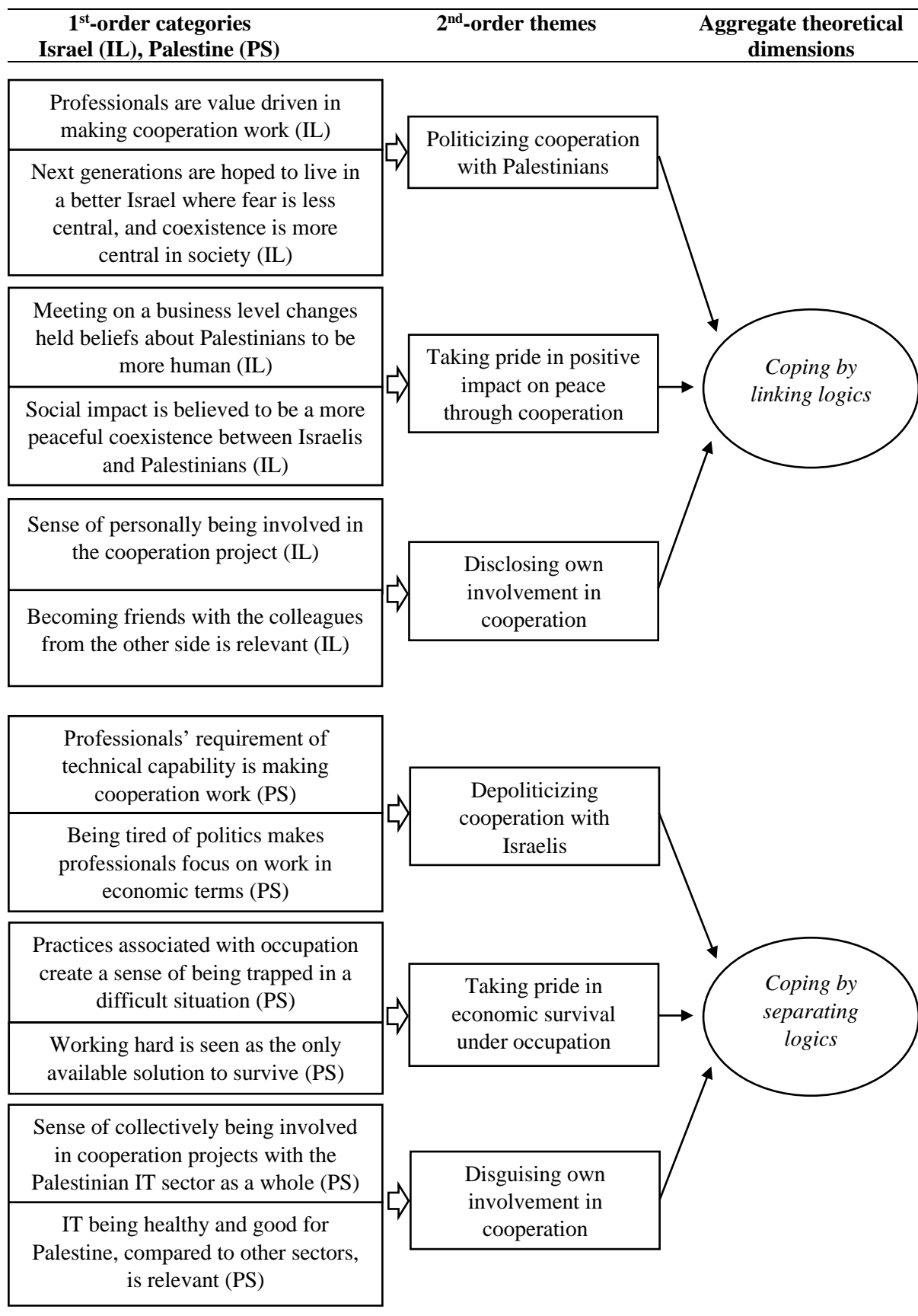


Table 4. Representative data

<i>1st-order categories</i> <i>Israel (IL)</i> <i>Palestine (PS)</i>	<i>Representative Data</i>
Shortages of IT professionals, competitive salaries of Palestinians, and equal time zones provide financial incentives for Israelis to hire talent in Palestine (IL)	“We want to see them very frequently to have interaction, person to person interaction, this is very valuable. That’s why we like this type of outsourcing, because it’s not off-shore like India or China, it’s near-shore. We have the same time zone, we have the same culture, we understand the same political context.” Yaron “Once you have economic incentives you can start to cooperate, regardless of the political situation.” Nirel
Abundances of IT-related graduates, higher-than-local-salaries, and limited worldwide clientele provide financial incentives for Palestinians to work with Israelis (PS)	“Basically it’s a win-win. They [colleagues at Israeli subsidiary] can get good quality work for a cheap price here, and we get higher wages than what’s common.” Amir “The outsourcing industry is now growing and to answer your question about why we outsource to Israel rather than other countries, is because Israel is the best ‘somewhere else’ that we have.” Khalil, Mariam, Nasir, and Samir group interview
Safety of the Jewish People in the Israeli state is seen as an ultimate goal which is believed to be materialized through cooperation by providing better lives to Palestinians (IL)	“I think everybody, doesn’t matter what political view you have, understands, at least if you are smart enough, that if people feel good and if the middle class is happy, then there is quiet. And I always thought from the beginning that terrorists are usually people that have nothing to lose. So if they have something, and if they earn enough money, if they live good, they don’t become terrorists. So, it doesn’t matter. You don’t have to love Palestinians as an Israeli, but you understand the benefit of them being in a good position, or in a better position than they are now.” Ori
Freedom for all Palestinians is seen as the ultimate goal which is believed to be materialized with the assistance of IT cooperation by building a better international reputation (PS)	“If our work turns out to be limiting our political aspirations, then we wouldn’t do it.” Jamal “It might sound strange because I just told you how bad the situation is, but if you look at living standards here in the West Bank, I mean Gaza is a totally different story, but if you compare the West Bank with our surrounding countries like Jordan, Egypt, Lebanon, especially Syria now, people here live very well. However, that we are better off than our neighbors doesn’t mean that we are happy. We are not free. We live in prisons.” Hakeem
Being scared of interactions with Palestinians is seen as normal (IL)	“We were scared because in 2010 there was a lynching of several Israeli soldiers in Ramallah. They were lost or something like that, they couldn’t find their way back and they got murdered.” ... “This has only been one event by the way. Since then, something similar never happened. But still, this is the narrative. Many said, ‘you are crazy!’” Ayala & Talia group interview
Terrorist violence by Palestinians is seen as an eminent threat (IL)	‘I would not go today to walk into Gaza and say that I am Israeli, you would be dead in a second.’ (Moshe). ‘Also in Ramallah, it’s the same, maybe not in a second but still. So, the majority would say, I’d rather not deal with those guys.’ (Daniel). (Moshe & Daniel group interview)
Security clearance is needed to hire Palestinians and to travel to Palestinian territories (IL)	“It’s not easy because there is a risk of security. There are terrorists here and it’s hard to give clearance to Palestinians without checking, because you never know, anyone can carry a bomb. And even people who used to work for a long time in Israel later became terrorists, there are many examples of that. So, Israel is in a constant fear of Palestinians.

	So, Palestinians always need to get a permit to come to Israel, and I need approval from the security office in Israel for every person I want to bring.” Ori
Striving for an independent, free, and just state is seen as cause of honor (PS)	<p>“And of course those companies will start affecting and meddling in our own perceptions of how we see the struggle and how we see the occupation. And it will not necessarily bring justice, even though it might bring peace. It won’t bring justice to the Palestinian people.” Youssef</p> <p>“The image of Palestine is the opposite of what it should be. I mean we are a people under occupation, we suffer from the measures that the occupier practices on us on a daily basis, yet, you know, we are looked at as the villain rather than the victims. And this is something we need to work on because we have a just cause.” Jamal</p>
Not opposing the normalization of ties between Israelis and Palestinians is seen as a form of treason (PS)	<p>“I was proud of my work with them, however after negative reactions of my bigger family, I kept my mouth shut. My direct family, my parents and siblings, they support me, but that’s not the case with all family members. They would say for example that I ruined the honor of the family by collaborating with the occupier.” Amir</p> <p>“So, when Malik tells people who sent their CVs, this is an Israel-based company, you will need to travel to Israel, about five percent immediately drop their application. They don’t want to talk to Israelis.” Yaron</p>
Ongoing discrimination against Palestinians solidifies perception of ‘occupier’ vs. ‘occupied’ (PS)	“For me it is black and white. Either you are free or not. Either you are equal or not. You can’t be a little bit free. And off course you can ask whether we are entirely free in the Netherlands or in any place in the world, but at least we are free and equal by law, and that’s not what we are here. You know, when you can’t enter the checkpoint because you are Palestinian, rather than Israeli, it is pretty black and white.” Hakeem
Professionals are value driven in making cooperation work (IL)	“It was the Israelis [compared to Americans and Europeans inside the company] who were striving the hardest to make it work, because they were also value driven. When it’s people talking to people there are many similarities. On both sides we were very knowledgeable about all the dimensions of the conflict, and this made the outsourcing projects fulfilling. I wish we could replicate this a thousand times and maybe a bottom-up effect on the whole sentiment in the Palestinian and Israeli community would be the result.” Yosef
Next generations are hoped to live in a better Israel where fear is less central, and coexistence is more central in society (IL)	“I think this is a very good vehicle to do things. I don’t know whether we already created enough impact, but this will influence the whole conflict. For example in the West Bank, life is better compared to Gaza, and I believe that our projects are part of it. I don’t feel the business leaders have the power to press for change as in N. Ireland, we have so much emotion and other concerns. If we can grow the next generation we can realize some change.” Itai
Meeting on a business level changes held beliefs about Palestinians to be more human (IL)	“If they had interaction it was because of the army service, now we meet on a business level which is totally different. After meetings, people have totally different views. Meeting and interacting with someone you think is totally different than you, makes you experience that actually they are not that different than you.” Nirel
Social impact is believed to be a more peaceful coexistence between Israelis and Palestinians (IL)	“Social impact is astronomical. We provide a space to work side by side for Palestinians and Israelis. Not only Jerusalemites, I am talking about West Bankers who have only seen Israelis as soldiers. There is a profound impact of bringing people together.” Sara
Sense of personally being involved in the cooperation project (IL)	“Here at International Tech-Company I was leading an R&D team, an engineering team and we were working on a product that has to do with quality of service, but I really wanted to do something. I felt like I had to do something about the polarization within society and between us and our neighbors. ([explanation about the CSR program that

	inspired the outsourcing relations]). And International Tech-Company1 is really good at that. If you have good ideas, you can also get the credit for it and run with it.” Shira
Becoming friends with the colleagues from the other side is relevant (IL)	<p>“You know, one of the things that we said, and I had a lot of arguments about it with my friends, and they are my friends, my Palestinian friends.” Shira</p> <p>“We had a presentation three months ago and they came to our office, and 20 people from Palestine were sitting with us and we were speaking Arabic, and we were hugging and ‘Salam Aleikum, kefhalak?!’.” Moshe</p>
Professionals’ required technical capability is making cooperation work (PS)	“If it’s only business, technical work, there are no negative feelings. It’s only business, and we have capable guys, we have capable teams, so things are okay. I can’t remember any accident, or bad experience. About the companies, they are not Israeli companies, we only work with multinationals. So, I think that BDS stuff doesn’t apply to our case.” Rashid
Being tired of politics makes professionals focus on work in economic terms (PS)	“More economic activity would not change the political situation, the Palestinian cause is about rights and aspirations, if these are not met then economic activity would not change that. I am not optimistic about the political situation, you just want to hide from this painful truth and focus on the personal level what you can contribute.” Jamal
Practices associated with occupation create a sense of being trapped in a difficult situation (PS)	“You know what’s the problem with the occupation? The settlements. I live near a settlement and every day I risk stones being thrown at me, my wife and my kids. Either they throw stones, or did you hear about the house they burned in Hebron? I come from there. Or they stand on the road and block the cars. And you know, we have different laws. So if a settler attacks me or my family, he has Civil Law, whereas if I attack a settler I have Military Law. This means that he can sue me, but I can’t sue him. I would go to jail immediately, while they keep postponing the normal trials and eventually the sentence is very low in most cases. So, we are in a difficult situation.” Ahmed
Working hard is seen as the only available solution to survive (PS)	“I tried to change the strategy of how the [Palestinian] government is dealing with technology, I tried from the area I operate in, but the implementation is very poor. I say, ‘Why not do this, or do that’, advice things, not [supporting] uprising. Palestinians are not rising up against the government because they believe that working hard is the solution for their families who have it difficult. Uprisings happened before, the first and the second Intifada, and it didn’t get better after that. So most Palestinians just try to work, it’s not on their minds to rise up. They are sick and tired of these things and leaving it up to the PA and Israel and Trump.” Karim
Sense of collectively being involved in cooperation projects with the Palestinian IT sector as a whole (PS)	“They do not want to deal from company to company. They want to take our new graduates and employ them in Israel or work with them as freelancers. And we are against this. I mean, we as a company, as a [Palestinian Tech Organization], as a representative of the sector, we do not encourage this type of business. (...). Why we are against this, is not only because of the master-slave relationship, but also because we want to grow the sector!” Bilal
IT being healthy and good for Palestine, compared to other sectors, is relevant (PS)	<p>“In terms of the salaries, the tech-sector in Palestine is the highest paid across all sectors.” Hassan</p> <p>“We need to create these things [engagement with multinationals, whether located in Israel or elsewhere] to make this society healthier and I think IT is a solution. IT is a solution like we said from the beginning. As long as you have internet you can make a living out of IT, and our sector will be healthier and healthier. And our engagement with our neighbors is important because at the end they are in control. This IT can be shut down at any moment if they want to shut it down.” Malik</p>

FINDINGS

Our findings reveal how Israeli and Palestinian IT professionals find common ground to cooperate and how they cope with the surrounding sociopolitical conflict. Abstracting from our observations, we show how market and state logics enable and inhibit cooperation, and how both sides cope differently with cooperation. Below, we use the identifiers “IL” (Israel) and “PS” (Palestine) after informants’ pseudonyms to enhance clarity.

How Market and State Logics Influence Cooperation

Similar market logics enable cooperation by providing a business case. On both sides, “economic forces” were seen as being crucial for cooperation. Influenced by a growing shortage of IT workers in Israel and an abundance of computer science students combined with relatively high unemployment in Palestine, contracting Palestinians to work with Israelis is typically considered a win-win. Israeli managers hire Palestinians because “*they are very smart, they are cheaper, and they are immensely motivated*” (Amos/IL), whereas Palestinians prefer to work for these companies because “*we get higher wages than what’s common*” (Amir/PS). Both sides justify the cooperation based on such economic considerations. The salaries, the same time-zone, the skills of Palestinian IT professionals, and the limited international clientele that Palestinian companies typically have, motivate both sides to cooperate. Such economic reasons were also strongly reflected in media articles, expressing for instance:

An intense labor shortage is pushing Israeli tech firms to hire Palestinians in the West Bank, establishing new economic links between the two sides despite persistent political tension and the continuing absence of a peace agreement.
Article (Wall Street Journal), 2018

Tracing back the origins of IT cooperation, our informants explained that Israeli-Palestinian IT relations started growing especially after Palestine was opened to global markets with loans from the IMF and the World Bank around 2009. In our documentary data we found that a change in Palestinian leadership, a temporary ease in restrictions by Israel, and the commitment of multinational tech firms to the Palestinian economy laid the ground for IT cooperation. This

resulted in several ‘good news’ articles in the media, which, for instance, described: “*It's boom time in the West Bank – the right kind of boom this time. (...) with a flurry of articles pronouncing the West Bank open for business.*” (Article The Guardian, 2009).

In sum, we observe similar understandings of the market logic on both sides, namely the logic that prescribes the idea of demand, supply, and the business case for cooperation, regardless of sociopolitical conflict.

Different state logics enable cooperation by providing political goals. Two additional enabling forces that, although fundamentally different, have propelled cooperation based on political goals that are expected to materialize through cooperation. While Israeli IT professionals generally aimed for the political goal of *safety*, the Palestinian side generally aimed for *freedom*. For Israelis, cooperation increases their personal safety and that of Israel at large. For example, one informant argued: “*I want them to lose the will to drive us out, through their prosperity*” (Daniel/IL). Underlying such statements is the belief that if Palestinian society prospers from IT cooperation, Palestinians will have less incentives to resort to terrorism, hence making Israel safer.

Feelings of unsafety are widely shared in Israel and are institutionalized through education, references to the Holocaust (e.g., memorials), the media, and personal experiences in the military (Jewish Israelis are obliged to serve two to three years). For instance, Israeli newspapers (Times of Israel, Jerusalem Post, and Haaretz) featured multiple articles in which the “Arab neighbors” including Hamas, Hezbollah, Iran, and Turkey form existential threats. This supports the prevailing tone that an attack on Israel can occur at any moment. Further, obligatory military service and reserve duty implies that our Israeli informants are former, or sometimes current soldiers, as are their adult family members. They often refer to this personal experience of unsafety when expressing the motivation for making general Israeli-Palestinian

relations more peaceful. As the following quote shows, IT cooperation increases safety, an opinion shared by many of our Israelis informants:

I have three kids, my oldest daughter is now in the army and my other two are not there yet, and they will live in Israel, and I want them to live in a peaceful country where we don't keep fighting with our neighbors all the time. So, this is my very small and humble contribution to making our neighborhood more peaceful, I hope.
Ezra/IL

While Israelis strive for safety, Palestinians strive for freedom. They see IT cooperation as a potential way to achieve personal freedom, and freedom for Palestine at large. Feelings of captivity are generally shared among Palestinians. To illustrate, Palestinian media (Wafa, Middle East Eye) praises worldwide protests demanding more rights for Palestinians while references to the “Israel-Palestine conflict” (implying two sides with equal responsibility) are criticized. Whereas international and Israeli media use hyperlinks reading “Israel-Palestine”, Palestinian media refer to “occupation”. To get rid of occupation, and since trust in politics is particularly low, Palestinian IT professionals focus on gradually gaining more freedom from Israel through their work. By helping the Palestinian economy grow, and by gaining more international recognition, Palestinian IT professionals hope to increase their freedom. Omar, for instance, explained that,

The whole objective of this company is to build Palestine as a free country. This will also give us a better position in negotiations, a better position in claiming our rights, and a better understanding from the international community that these people are actually human beings that deserve to have their own country. Omar/PS

No consensus exists on whether outsourcing is the best way to build an independent Palestinian economy. Disagreement surfaced during many interviews. Views also differ on whether Palestinians should have an independent state or be recognized as ordinary citizens in Israel. Yet, all interviewed Palestinians desire to stop the ongoing occupation. They, thus, see IT cooperation as a potential way toward freedom. Hakeem, for example, emphasized the interrelatedness of Israeli occupation of Palestine, economic growth, and achieving freedom:

Stop the occupation! I am not against cooperation on security, but please stop the occupation and the control of our land. We need to design a parallel economy that is not as dependent on Israel and on international aid, we need to create a sustainable economy in which we can use our own talent and in which people can make a living where the money keeps inside our own society. Hakeem/PS

In summary, our data suggests crucial – albeit different – forces that enable cooperation between Israeli and Palestinian IT professionals. However, we also found critical barriers that inhibit cooperation.

Conflicting state logics inhibit cooperation through negative reciprocal perceptions.

According to our informants, in much of Israeli society, Palestinians are usually associated with danger and terrorism. Because of terror attacks in Israel, and because part of the Palestinian population supports violence, the concern is that: “*I don’t know whether I can trust them yes or no, maybe his brother is one of those [terrorists]*”¹.

These concerns are also physical, as we observed during our field work. For instance, frequent one-by-two-meter road signs state text such as, “This Road Leads to Area ‘A’ Under the Palestinian Authority. The Entrance for Israeli Citizens is Forbidden, Dangerous to Your Lives and is Against the Israeli Law” (Figure 2). Additionally, entering area “A” requires passing through heavily guarded security checkpoints (Figure 3). Although cooperation does not necessarily require physically traveling to Palestine for Israelis, the greatest obstacle for Israeli IT professionals is to overcome their perception of Palestinians as (potential) security treats.

In Palestine, in contrast, Israelis are generally perceived as occupiers. Palestinians, in turn, are often seen by other Palestinians as traitors when collaborating with the occupiers. Even though our informants consider IT cooperation to be no such treason, they experience a common narrative in which

¹ For additional confidentiality we refrain from adding an identifier to this quote.

Figure 2. Israeli road sign before entering Palestine (picture taken by an informant and used with permission)



Figure 3. The physical border at checkpoint Qalandia with one of the informants on the left (own picture)



Israel is the occupier. If you work, or buy from them, you are supporting the occupation. A lot of people consider this treason. You shouldn't collaborate, or do anything that could strengthen them. That's the scenario that goes through their heads – and mine, too. The occupation should end. Karim/PS

The perception among Palestinians that Israelis are “occupiers”, and among Israelis that Palestinians are “security threats”, seemed to be default narratives. In Palestine, this is visible in (social) media, but also on the personal level as negative reactions are experienced, for instance, from relatives who would lament “*that I ruined the honor of the family by collaborating with the occupier*” (Amir/PS). As anti-Israel statements pervade in the West Bank, for instance through graffiti (Figure 4) or street banners (own observations), people are easily reminded of the hostile attitude toward collaborators.

In sum, the “political forces” experienced by our informants, provide goals to achieve through cooperation (safety and freedom), while simultaneously shaping negative perceptions about the other (security threats and occupiers). We interpret these political forces as Israeli and Palestinian state logics, respectively, as they outline behavior in dealing with cross-border interactions in relation to the state. The state logics on both sides are thus simultaneously enabling and inhibiting cooperation. Strikingly, amid these inhibiting forces, Palestinians and Israelis still maintain cooperation.

Coping Differently with Cooperation under Conflict: Linking vs. Separating Logics

Coping by linking state and market logics: How Israeli IT professionals maintain cooperation. Israeli IT professionals often link business and politics to maintain cooperation with Palestinians. We found that they do so in three ways: politicizing cooperation, taking pride in positive impact on peace, and disclosing their own involvement in cooperation. First, Israeli IT professionals politicize their work with Palestinians. It seems that they experience their economic goals at work (to find quality workers outside Israel at an affordable price) and their

Figure 4. Palestinian graffiti against Israel (own picture)



political goals (to make Israel a safer place to live in) not only as being aligned but rather as the former actively contributing to the latter. The belief that cooperation with Palestinians would help achieve their political goals is widely shared among our informants. It is also expressed when Israeli IT professionals are asked about their engagement with the “other side”. For instance, we recorded many reactions along the following lines:

We were born to Holocaust survivors. It's in my roots to have a country in which I won't have to go to the gas. I want to be the majority. I want peace, but I don't want to live with them. (...) Israeli politicians also start to understand that if they are happy, then they are calm. Group interview²/IL

Within such politicized narratives about IT cooperation, references were often made to Israelis being “value driven” to make shared projects work, or to growing the “next generations” such that it would change the political situation in the region. We most often

² For additional confidentiality we refrain from adding an identifier to this quote.

recorded “peace” or “peaceful coexistence” as important values. This shapes the idea that if future generations are growing up with these values, the political situation will change. Since that situation has changed over the past generations as often stressed by our informants (e.g., the Separation Barrier was only completed in 2001), they hope that upcoming generations will replace current political leaders and make Israel a better place. In short, IT cooperation can infuse values of peaceful coexistence in new generations that are believed to change the general political landscape of Israel.

Second, we observe that Israeli IT professionals take pride in making a positive impact on peace through cooperation. This way of coping is different from politicizing cooperation in that IT professionals claim to make immediate improvements in peaceful coexistence, rather than changing the political landscape over time. For example, the (almost) tangible impact of cooperation was stressed in many interviews, also by Shira:

We were doing it, but economic peace is a process towards peace, because you let go of the prejudices, you get to know someone, you work with them on the team and it ripples, you know, it ripples to their families and to their friends, and you could see it happening. You could see it! Shira/IL

Important aspects related to such explanations were the “changed beliefs” among Israelis after meeting Palestinians on a business level, and the idea of “social impact” being a more peaceful coexistence between Israelis and Palestinians. After meeting Palestinians at work, Israelis experienced the other side as much more “human” than previously. Additionally, they experience these changed beliefs as profound social impact resembling an example for peaceful coexistence between Israelis and Palestinians. As Israelis often receive only dehumanizing stories about Palestinians (e.g., being terrorists), the experience of meeting with Palestinians as colleagues cooperating on IT is regarded a positive surprise. In turn, they find their human interaction in IT as proof of peaceful coexistence, which they consider the social impact of their work.

Third, Israeli IT professionals disclose their own involvement in cooperation. This coping mechanism is not about political ideals and values, nor about pride and immediate impact, but about personal attachment to cooperation projects. Israelis disclose how they are personally involved in IT cooperation, for instance by specifying with whom they are forming the team, what their roles are, and what they are working on. Regularly, Israeli IT professionals give presentations at local and regional technology conferences where they would share personal experiences. For example, Ezra highlights this:

I have no problem with going on stage in various panels and forums and tell the world I have been working with Palestinians shoulder to shoulder over the last nine years and I see that as a success. I don't see anyone from my Palestinian side doing anything close to that, they are definitely more concerned about going public without controlling who gets to see the message. Ezra/IL

As part of such disclosure, Israeli IT professionals often take pride in being the “initiators of a project”. Generally, Israelis highlight that within the company, or within the team, they started working on an idea that they were able to convert to a project. These projects can be inspired on technological (e.g., to create a new software solution) or political grounds (e.g., to contribute to a reduction in polarization between Israelis and Palestinians).

Additionally, Israeli IT professionals often mention that they became friends with their Palestinian colleagues and how they communicate or sometimes meet (for instance to celebrate a project cycle with a dinner) outside of work. They also stress to know the families of their colleagues and talk colloquially about food or sports. Yet, the abovementioned quote from Ezra reveals that these perceptions differed significantly on the Palestinian side.

Coping by separating state and market logics: How Palestinian IT professionals maintain cooperation. Contrary to Israelis, Palestinians separate business from politics in order to maintain cooperation. They do so in three ways: depoliticizing cooperation, taking pride in economic survival under occupation, and disguising own involvement in cooperation. First, Palestinian IT professionals depoliticize cooperation with Israelis. They generally point

to the business case and steer conversations about potential political implications (as often stressed by Israelis) back to the economic reason for cooperation. Political vocabulary is avoided when responding to general and sometimes intentionally vague questions during interviews, or on company websites. Only after we asked specifically about criticism of cooperation, they would refer to politics and explain how their work takes place on another level, the business level. Illustrative is the following quote from Abdullah, who is not part of a shared project with Israelis and answered after he was asked about the reason:

If the opportunity to work with Israel is there we would take it, like any other client, we don't mix politics with our technical work. Unless they want us to work in stuff related to military, this we can't accept. Abdullah/PS

Depoliticizing cooperation, arguing that “*we don't mix politics with our technical work*”, was typical for Palestinian informants. Two aspects are especially important to better understand how they depoliticize their work. Palestinian IT professionals use a business narrative to stress that “professionals’ technical capability” makes cooperation work. Informants avoid talking about their own skills and qualifications, but explain how “the team”, of both their Israeli and fellow Palestinian colleagues, is working on a “cutting-edge technology” or “something quite advanced”. In turn, their team members’ capability to advance the project and to find solutions is what makes cooperation successful. Furthermore, Palestinians generally express a feeling of “being tired of politics” which makes them “focus on work” instead. There is a large collective frustration about how political leaders have managed Israeli-Palestinian relations over the last decades and how Palestinian leaders have governed Palestinian society. Since our informants feel unable to hold political leaders accountable, they rather “*hide from this painful truth*” (Jamal/PS) and focus on improving their work. Together, this illustrates how and why Palestinian IT professionals depoliticize cooperation with Israelis.

Second, Palestinian IT professionals take pride in economic survival under occupation. While they steer conversations about their work with Israelis to the business narrative (depoliticizing cooperation), once specifically asked about the political situation they stress to be living under occupation and to be proud of working on IT despite these difficulties. Such difficulties include limited international clientele (although more multinationals have started business with Palestinians over the years) and no control over borders. Additionally, whenever there is an incident, the West Bank gets locked down, meaning that travel between cities in the West Bank is restricted and arrests increase. Yet, as many point out, as long as the internet keeps working (which has been the case even during outbreaks of violence), IT work continues. In turn, Palestinian IT professionals are proud of their continued work under the difficulties of occupation. One informant, for instance, explained to be proud of the continued engagement with an Israeli-based multinational despite the outbreak of war:

We had engagement with this multinational during the Gaza war, twice, and without any interruption. It's not that if there is a war that everything needs to be frozen, because people want to live. Hassan/PS

To better understand how practices associated with occupation affect our informants, we see that they feel to be “trapped in a difficult situation” which makes them “work hard to survive”. While commuting to work, which often involves traveling within the West Bank, they have to go through checkpoints, or, when traveling to Israel they have to cross the border. Potentially waiting for an unknown duration or going through the metal gates is an experience of inequality and can even feel dehumanizing (own observation). Additionally, the ongoing house evictions and land confiscations (e.g., around Jerusalem) are strongly embedded in our informants’ minds. These practices make them feel trapped and powerless. This is often expressed as an important reason to work hard, as working less would only increase hardship. Therefore, when they can make careers and grow IT in Palestine, our Palestinian informants take pride in economic survival under occupation.

Third, Palestinian IT professionals disguise their own involvement in cooperation. They do not deny working with colleagues from Israel but consider their colleagues' nationalities irrelevant. Whether they work with Israelis, Indians, or Americans, they are simply clients or colleagues. Compared to Israeli IT professionals, who would disclose their personal involvement, Palestinian IT professionals would talk about their relation as a professional engagement between their "company" and a "multinational" and thus disguise involved nationalities.

Specifically, we found two ways in which Palestinian IT professionals disguise involvement in cooperation: pointing to the Palestinian IT sector as a collective being engaged in cooperation and arguing that the IT sector is healthy and good for Palestine. Both ways are used to shift attention away from being perceived as "traitors". Instead, they emphasize the coordinated actions that improve Palestinian society through IT work, which sometimes happens to be with Israelis. For example, Hassan points toward the Palestinian IT sector as a whole:

It has been a [Palestinian Business Organization] objective to expand the number of companies that are involved and willing to provide outsourcing services. (...) Currently, we have around 185 different companies which comprise the tech-sector in Palestine. (...). But again, this is going to be based purely on business and not on any CSR. And I think that the fact that so many multinational companies exist in such a short distance, opens the door for us as a company and other companies to actually be engaged and provide outsourcing services. Hassan/PS

Additionally, disguising own involvement consists of comparing IT to other sectors in the Palestinian economy and to argue that IT is healthy and contributes important value to Palestinian society. For instance, Malik illustrates this:

Many people have hardship. It's expensive to live in Ramallah, it's more expensive than living in the states, and to make a living is difficult. The high-tech is a healthy sector, but if you look at graduates in other disciplines, they don't find jobs. High-tech is one of the healthiest sectors. Malik/PS

In sum, our findings reveal that the market logic enables cooperation by providing the business case, while different state logics simultaneously enable an inhibit cooperation by

providing political goals and negative reciprocal perceptions. Navigating these compatible and contradictory logic prescriptions, Israeli and Palestinian IT professionals cope differently to maintain cooperation.

DISCUSSION

We have focused on cooperation (Castañer & Oliveira, 2020) in a context of sociopolitical conflict and institutional complexity (Greenwood et al., 2011). This is important because individuals in conflict societies potentially face different and/or more extreme demands compared to peaceful settings (Neuberger, Kroezen, & Tracey, 2021). Identifying how Israeli and Palestinian IT professionals experience and cope with market and state logics reveals a nuanced picture of conflicting and compatible logic prescriptions used to create and maintain cooperation despite sociopolitical conflict.

Based on our findings we make two theoretical contributions to the literature on institutional logics and complexity (Besharov & Smith, 2014; Greenwood et al., 2011). First, we present a case of the underexplored lived reality of conflicting logics under inter-system complexity, which we situate vis-à-vis more prominent types of institutional complexity. Our case shows that complexity across interinstitutional systems could face additional tensions from logics that individuals bring with them to work. Additionally, we note that resulting tensions are potentially harder to reconcile in settings of sociopolitical conflict (Sadeh & Zilber, 2019; Smets & Jarzabkowski, 2013) as individuals are more concerned with how their work relates to their society. Thereby, we also respond to calls for including global grand challenges characterized by sociopolitical conflict into institutional theory (Lounsbury & Wang, 2020) and contribute to work that has begun to do so (Sadeh & Zilber, 2019; Seremani et al., 2022). Second, we explain how individuals cope with logic prescriptions inhibiting cooperation through various ways. More broadly, our study points at the possibility of mobilizing logics

across domains to realize specific logic prescriptions and at “positional differences [which] enable or limit the use of logics” (McPherson & Sauder, 2013, p.184) – in our case for Israelis and Palestinians – that may explain differences in coping. Hereby, we further advance knowledge on the strategic use of logics (Malhotra et al., 2020; McPherson & Sauder, 2013).

Different Forms of Institutional Complexity: Within and Across Interinstitutional Systems

Interpreting Israel and Palestine as distinct interinstitutional systems (Friedland & Alford, 1991) and analyzing logics inductively (Reay & Jones, 2016), we found that Israeli-Palestinian IT cooperation is guided by market and state logics. While the market logic prescribed cooperation based on demand and supply, thereby creating the business case for cooperation, the state logics prescribed both non-cooperation on the basis of negative reciprocal perceptions (Palestinians projected as security threats, Israelis as occupiers) and cooperation on the basis of political goals (safety in Israel, freedom in Palestine). Interestingly, while the market logic was similarly experienced on both sides, the state logics were experienced differently and conflicting. This constellation of logics (Goodrick & Reay, 2011) has implications for conceptualizing institutional complexity because it highlights a specific type of complexity – *inter-system* complexity – which is important in studying global cross-border grand challenges, and settings of sociopolitical conflict in particular.

Most work on conflicting logics has dealt with *intra-system* complexity, which typically analyzes institutional complexity between different institutional logic domains within one interinstitutional system (Cappellaro et al., 2020; McPherson & Sauder, 2013; Preminger & Drori, 2016; Reay & Hinings, 2009; Smith & Besharov, 2019). For instance, when individuals in health care are grappling with a professional logic to provide quality care, and a corporate logic to sustain the cost (Reay & Hinings, 2009), inter-logic (professional vs. corporate) intra-system complexity (health care organizations within one interinstitutional system) occurs.

Additionally, few studies demonstrated tensions between logic conceptualizations within a logic domain within one interinstitutional system (Malhotra et al., 2020; Ocasio et al., 2016). This occurs when logics evolve or when a new logic emerges within an interinstitutional system. For example, the corporate logic in the US has gradually evolved due to various collective interpretations of events (Ocasio et al., 2016) and an environmental or climate change logic has been observed as originating in the Western liberal interinstitutional system (Ansari et al., 2013; Gümüşay, Claus, & Amis, 2020). Being rich in levels of analysis, including the individual (McPherson & Sauder, 2013), organizational (Cappellaro et al., 2020), field (Reay & Hinings, 2009), national (Malhotra et al., 2020, Ocasio et al., 2016), and trans-national level (Ansari et al., 2013, Gümüşay et al., 2020a), the study of institutional complexity has thus far neglected situations of conflicting interinstitutional systems, and even more so in settings of sociopolitical conflict.

Our case represents a sociopolitical conflict version of *inter-system* complexity. This form of institutional complexity describes contradictory logic conceptualizations within logic domains (in our case the state domain), where such conceptualizations originate from different interinstitutional systems (Meyer & Höllerer, 2016; Smets & Jarzabkowski, 2013). Yet, due to sociopolitical conflict and the strive for better Israel-Palestine relations (interpreted differently on both sides), the experience of institutional complexity differed from studies in which other interinstitutional systems are implicitly theorized (Meyer & Höllerer, 2016; Gümüşay et al., 2020b).

As research has demonstrated, cooperation takes places at the intersection of local rules, national laws, and international expectations which could complicate interactions between individuals from different backgrounds (Smets & Jarzabkowski, 2013). Our case, however, does not reveal contradictions between sides that perform tasks differently in a shared practice (Meyer & Höllerer, 2016; Smets, Jarzabkowski, Burke, & Spee, 2015). It rather shows that

individuals who perform tasks similarly in a shared practice are dealing with contradictions regarding their meaning of work in relation to their national state, as the shared practice relates differently to state logics, which, in turn leads to different coping mechanisms vis-à-vis institutional complexity.

In some cases, contradictory logics from different interinstitutional systems can be made complementary through a gradual process during a time of organizational conflict (Smets & Jarzabkowski, 2013). In other cases, contradictions stemming from opposing interinstitutional systems can be set aside when individuals follow the prescribed harmonious constellation of logics, which however seems to be only a temporal truce as the constellation can easily break (Sadeh & Zilber, 2019). Taking this further, we suggest that the logics individuals bring to a shared practice, as being part of different interinstitutional systems, create tensions that may not be reconciled in settings of sociopolitical conflict (e.g., Israeli vs. Palestinian state logic) but can be mitigated through a similarly experienced logic that enables cooperation (the market logic in our case). Thus, our study suggests that making contradictory logics complementary (e.g., UK case law and German codified law), might be harder in settings of sociopolitical conflict because individuals may be more concerned with how their work contributes to their society.

Further, and with a caveat regarding methodological differences, we observe less interruptions in cooperation compared to Sadeh and Zilber (2019). This could mean that a similarly experienced logic such as the market logic may enable individuals to cooperate despite sociopolitical conflict. Our study thus showcases inter-system complexity in a context of sociopolitical conflict, in which contradictory logics are likely harder to be reconciled compared to less conflict-affected contexts, but where cooperation is maintained.

While Besharov and Smith (2014, p.366) noted that “actors confront and draw on multiple logics within, not just across, social domains”, and Friedland and Alford (1991) argued that

sociopolitical conflict can be caused by institutional contradictions, surprisingly few studies have delved into the possibility of having contradictory logics within social domains that are part of conflicting interinstitutional systems. Drawing on these perspectives, our findings resonate with the call for integrating global problems such as sociopolitical conflict into institutional theory (Lounsbury & Wang, 2020) and speak to the nascent research addressing different institutional demands in conflict societies (Neuberger et al., 2021; Sadeh & Zilber, 2019).

How Individuals Cope with Complexity to Maintain Cooperation Under Conflict

Considering how individuals manage inhibiting logics to maintain cooperation under conflict, our findings offer different ways of coping. We observed that Israelis link the market with the state logic through *politicizing cooperation, taking pride in positive impact on peace, and disclosing own involvement in cooperation*. Palestinians, in contrast, separate the market from the state logic through *depoliticizing cooperation, taking pride in economic survival under occupation, and disguising own involvement in cooperation*. We see these ways of coping as strategies to maintain the working relationships despite the inhibiting logic prescriptions from opposing state logics (projecting Palestinians as security threats and Israelis as occupiers). Building on earlier work on how individuals strategically draw on logics (McPherson & Sauder, 2013; Venkataraman, Vermeulen, Raaijmakers, & Mair, 2016), our findings have several implications.

They highlight how individuals draw on logics such that one logic is “supported” in realizing its prescribed goal by logics from another domain. For example, by linking state and market logics, Israeli IT professionals aimed at realizing the political goal of safety. By explicitly separating state and market logics, Palestinian IT professionals aimed at promoting freedom via cooperation. This resembles the use of logics by individuals to engage complexity, but not as being tools that can be picked up and used as desired (McPherson & Sauder, 2013).

Rather, we suggest that individuals can mobilize specific logic prescriptions as separate elements (Malhotra et al., 2020) to make combinations that make sense to them, even when this contradicts dominant societal prescriptions (Venkataraman et al., 2016). In our case, by bringing the prescriptions of political goals from the state logic into the market domain, albeit in different ways, both sides were able to maintain cooperation and further support realizing their envisioned state (Venkataraman et al., 2016).

Our case also hints at “positional differences” (McPherson & Sauder, 2013), which likely constrain the freedom of choosing logic prescriptions to be mobilized across domains. We observed positional constraints in two ways. First, within the industry, Israelis could choose to work with companies in other locations next to Palestine, whereas Palestinians faced limited international clientele and wanted to grow the sector whenever possible. Zooming in on the expressed financial incentives for instance, shows that financial incentives in Israel are framed in comparison to other locations, whereas in Palestine financial incentives are framed in comparison to working for the Palestinian market only. Since Israelis are financially rather less dependent on the cooperation than are Palestinians, they enjoyed more freedom in drawing explicitly on their state logic.

Second, within sociopolitical conflict, Israelis had to overcome the projection of Palestinians as security threats, whereas Palestinians had to overcome the projection of Israelis as occupiers. Hence, the content of inhibiting logic prescriptions was different. Similar to how McPherson and Sauder (2013, p.184) note that the ‘characteristics of the logics themselves’ can constrain the use of logics, we interpret the negative reciprocal perceptions prescribed by the state logics made it harder for Palestinians to draw explicitly on the state logic because it seemed much harder to be convinced about their colleagues not being occupiers than for Israelis to be convinced about their colleagues not being terrorists. Perceiving their situation as occupation makes it impossible for them to be “neutral”. Hence, to overcome this inhibiting

force they separate the market from the state logic and consider their work as only shaped by the market logic, aiming to realize the goal of the state logic. Adding to extant work that reveals different positions in using logics (McPherson & Sauder, 2013; Venkataraman et al., 2016) we highlight that the content of specific logic prescriptions, rather than the entire logic, constrains – or enables – individuals in mobilizing prescriptions across domains.

This adds to research about social position in cooperation (Nicholls & Huybrechts, 2016; Sadeh & Zilber, 2019). It demonstrates that social position can enable and inhibit cooperation at the same time, further nuancing the interactions between what are called dominant and subordinate positions (Nicholls & Huybrechts, 2016). Furthermore, it shows that individuals are constrained not only through considerable differences in emotion work between such positions (Sadeh & Zilber, 2019) but also through the “content” of the inhibiting prescriptions that individuals must respond to (McPherson & Sauder, 2013). As we have shown, the market logic solely enabled cooperation whereas the state logics simultaneously enabled cooperation through political goals, and inhibited cooperation through negative reciprocal projections. This, in turn, affected Palestinians more as they had to respond to being seen as traitors for cooperating with the other side. We, thus, provide explanations for why and how individuals can maintain cooperation despite positional differences.

Limitations & Future Research

We note three limitations, each of which offers opportunities for future research. First, while our study shows events unfolding in real-time, it is limited in revealing longitudinal insights. Future research should examine temporal trajectories of institutional complexity, especially because logic constellations can evolve over time (Goodrick & Reay, 2011; Ocasio et al., 2016).

Second, the role of technology in fostering cooperation despite conflict should be explored further. We observed that digital technology enabled continued working relationships notwithstanding sociopolitical conflict. Digital communication facilitated interaction between individuals who faced challenging physical restrictions. Such work resonates with research that examines the interplay of technology and institutions (Gegenhuber, Logue, Hinings, & Barrett, 2022; Hinings, Gegenhuber, & Greenwood, 2018). As the state logics spatialize (Preminger & Drori, 2016), cooperation may move further into the digital sphere. Yet, it remains to be explored how the conflict setting itself, including interpersonal cooperation, is influenced by digital interaction.

Third, the historical and contemporary tensions in Israel and Palestine position our case in a context of deep sociopolitical conflict. This allowed to tease out how individuals embedded in such a setting experience and engage with contradictory logics. Yet, as sociopolitical conflict manifests differently worldwide (Council on Foreign Relations, 2022), further research needs to disentangle its diverse implications.

To conclude, this study is part of nascent work that examines tensions at the intersection of institutions and sociopolitical conflict (Sadeh & Zilber, 2019; Seremani et al., 2022) – a research stream that has been left underexplored and, with rising sociopolitical conflict, unfortunately, gains in relevance.

**Chapter 3 – Intergroup business cooperation under ethnonational conflict: A
longitudinal study of the Israeli-Palestinian IT industry**

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ABSTRACT

Contexts of ethnonational conflict have received increased attention in management research over the past years. What remains unclear, however, is how and why conflict groups sustain business cooperation over time. Drawing on a longitudinal inductive case study of the Israeli-Palestinian IT industry, including field visits, interviews, and documentary data, the findings reveal how an industry around business cooperation has emerged and continues to grow. Yet, along the three stages of emergence, growing complexity, and new models for cooperation, different challenges occur which eventually shape the attractiveness of continued business cooperation. Additionally, the findings show that the perception of the other could become more positive due to business cooperation, but that it could also revert back, and that the general perceptions of cooperation and conflict remain relatively unaffected. The findings also reveal why individuals keep engaged in cooperation, which is conceptualized as resource appropriation within the conflict-system and statebuilding aimed at transforming the conflict-system. The developed model has implications for research on the role of firms in contexts of ethnonational conflict because it highlights that cooperation between groups is not given but rather an ongoing effort, and it has implications for research on contact interventions because it highlights that although business is a potentially promising form of intergroup contact, general perceptions of conflict and cooperation seem to be unaffected.

INTRODUCTION

Violent and oftentimes warlike conflicts such as in Sudan, Armenia-Azerbaijan, Myanmar, Yemen, and Ukraine – termed as *ethnonational conflict* (Connor, 1973, 1993) – have started gaining increasing attention in management research (Neuberger, Kroezen, & Tracey, 2023; Sadeh & Zilber, 2019). More awareness of global value chains being located in conflict settings has resulted in important adaptations to extant management theory. For instance, political authoritarianism limits the space of expression for new social ventures to gain legitimacy (Neuberger et al., 2023), the presence of armed groups controlling distribution networks blurs distinctions between accepted and non-accepted stakeholders (Belhoste & Nivet, 2021), and intractable conflict outside business organizations changes otherwise harmless disputes within these organization to experiences of threatened collective identities (Weber, Shantz, Kistruck, & Lount Jr, 2023).

In light of business firms operating in such settings, ‘intergroup cooperation’ is a critical yet largely understudied aspect of ethnonational conflict. Often, cooperating with the so-called ‘other’, or ‘enemy’, during ethnonational conflict (Seremani, Farias, & Clegg, 2022) is not limited to political or non-governmental organizations. Cooperation also occurs in business interactions, for instance between customers and clients, or between coworkers within firms (Pickering, 2006). Thus, even though conflict heavily disrupts economic and social life, opposing groups often still interact at work which poses important questions to management theory.

One major puzzle, for instance, is how and why business cooperation between opposing groups can be sustained over time during ethnonational conflict. While management theory has outlined potential ways of solving organizational conflict (Cronin & Bezrukova, 2019; Fiol, Pratt, & O’Connor, 2009; Wall & Callister, 1995), ethnonational conflict unfolds in society more broadly and gets mirrored within firms (Miklian, 2019; Sadeh & Zilber, 2019), which

makes it much harder and perhaps impossible to resolve (Connor, 1993). Insights in interorganizational collaboration (Castañer & Oliveira, 2020; Hardy & Phillips, 1998) and in groups working together with different interests (O'Mahony & Bechky, 2008; Truelove & Kellogg, 2016) are helpful but limited since conflicting groups in these studies refer to different firms or professions finding ways around work-related disputes such as organizational identity, strategy, or performance goals. Groups in ethnonational conflict, however, typically perceive their very survival to be threatened and thus strive for recognition and security as basic needs (Rouhana & Bar-Tal, 1998). While groups strive for such vital resources, new generations are brought up with societal beliefs regarding the other(s) as dehumanized enemy (Gray, Coleman, & Putnam, 2007) making cooperation even harder. Yet, as some data indicates, ethnonational groups do successfully cooperate (Fearon & Laitin, 1996). What is still puzzling is how cooperation between groups can be created and how it can be sustained over time in contexts of ethnonational conflict.

While ethnonational conflict has been informative to, for instance, ideas on the legitimization of new ventures (Neuberger et al., 2023), stakeholder theory (Belhoste & Nivet, 2021), organizational conflict intervention (Weber et al., 2023), institutional logics (Sadeh & Zilber, 2019), institutional settlements (Seremani et al., 2022), and the institutional context in the psychology of war (De Rond & Lok, 2016), the puzzle of intergroup cooperation itself has typically remained in the background. Addressing the questions of how and why intergroup cooperation can be sustained over time is important for advancing debates on reducing ongoing conflict through inclusive stakeholder networks (Ganson, He, & Henisz, 2022) and on reducing prejudice through positive intergroup contact (Wright, Tropp, & Mazziotta, 2017). In both these debates sustained intergroup cooperation is crucial yet remains assumed rather than explained. Additionally, managers and policymakers concerned with business cooperation or private sector development in conflict societies may find insights into intergroup business cooperation

relevant to their work. Since livelihoods, and perhaps future possibilities of actually resolving conflict, depend to a certain extent on cooperation between conflict groups, a deeper understanding of how business cooperation can be sustained over time in ethnonational conflict is valuable.

Drawing on a longitudinal inductive case study of the Israeli-Palestinian information technology (IT) industry, this study explores how an industry based on extensive intergroup cooperation has been able to grow in the context of ongoing ethnonational conflict. The findings are based on a combination of interviews (87 with 63 informants) and memos (93 pages) from two field visits between 2019 and 2022, supported by media articles and NGO reports (947 documents). In brief, the findings detail three stages of intergroup business cooperation, starting with ‘emergence’, followed by ‘growing complexity’, and ‘new models’. The findings also demonstrate the antecedents of such cooperation, namely seeing the business case and being open to business cooperation, and the outcomes envisioned by our informants which include resource appropriation within the conflict-system and statebuilding aiming to transform the conflict-system. Furthermore, we demonstrate how contextual events, the ones deemed most important by our informants, including Covid, terror incidents, and civil war, solidify rather than truly disrupt cooperation. Lastly, we show how the perception of the ‘other’ is most likely to change during the emergence phase (from enemies to colleagues) but does not necessarily alter societal beliefs and could even revert back to negative views of the other in later stages of cooperation.

These findings form the basis of three contributions to existing work on business cooperation under conflict. First, we expand recent theory on the role of firms in conflict-societies which assumes conflict groups to simply accept cooperation in stakeholder networks (Ganson, et al., 2022), by demonstrating that conflict groups may maintain or revert back to negative perceptions of the other despite successful business cooperation. This is important

because it suggests that the impact of inclusive stakeholder networks is perhaps different than currently theorized, for instance because such inclusive networks can also further aggravate conflict through increased negative perceptions of the other despite reducing societal inequality. Second, we expand current work on intergroup contact in settings of ethnonational conflict (Wright et al., 2017) by illustrating that even though the perception of the other could change from enemies to colleagues, attitudes toward conflict and toward cooperation during conflict remain relatively untouched. We suspect societal sentiments regarding ethnonational conflict to overpower successful business cooperation when it comes to general attitudes to conflict and cooperation. Third, we offer potential explanations for why cooperation gets sustained over time. On the one hand the data shows resource appropriation within the context of conflict, while on the other, the data shows statebuilding aiming to transform the context of conflict, which broadens our understanding of the lived experience of cooperation during ethnonational conflict. In contrast to most extant studies on cooperation during conflict (Belhoste & Nivet, 2021; Sadeh & Zilber, 2019; Weber et al., 2023; Wright et al., 2017) which generally adopt short-term perspectives, we provide a more long-term process view of how cooperation can be created and be sustained. We detail how cooperation can be seen along three stages which together reveal that cooperation is fluid and gets experienced differently in each stage. Contextual events (including violence) further test cooperation, and as our case shows, business cooperation gets rarely disrupted. With these insights we hope to catalyze a bigger debate in management research on business cooperation in contexts of ethnonational conflict.

THEORETICAL BACKGROUND

Intergroup Cooperation in Management Theory

While some studies in management research have begun to address contexts of ethnonational conflict, the fundamental questions of how and why opposing groups engage in

and sustain cooperation over time are left unexplored. Extant work has advanced theory by contrasting well-known ideas to findings from non-conventional contexts which happened to be also contexts of ethnonational conflict, such as the legitimation of new ventures in Egypt (Neuberger et al., 2023), managing institutional complexity in Israel (Sadeh & Zilber, 2019), and evaluating stakeholder ties in Syria (Belhoste & Nivet, 2021). However, much remains unclear about how and why opposing groups in these settings sustain cooperation despite the challenges of being embedded in ethnonational conflict. More insight into the lived experience (De Rond & Lok, 2016; Pickering 2006; Stefansson, 2010) of ethnonational conflict within firms, and how groups perceive cooperation and conflict, is therefore necessary.

Within management research, two streams of literature form the background of our endeavor, namely recent advances in institutional theory, and the work on collaboration between stakeholders with distinct interests. Subsequently, to better understand the lived experience of ethnonational conflict, we mobilize work on the contact hypothesis from social psychology, which explains attitudes and behavior during interactions between opposing groups.

Some recent advances in institutional theory form a starting point in describing settings of cooperation during ethnonational conflict. For instance, after Apartheid in South-Africa officially ended, members of the incoming government had to work together with the contested armed forces during meetings of the public truth and reconciliation committee which created situations of ‘reluctant accommodation’ (Seremani et al., 2022) rather than the type of cooperation typically described (Castañer & Oliveira, 2020). These meetings, however, were temporary and could be explained by the need for armed forces as a necessary function of the state. More voluntary and potentially long-term cooperation can be seen in the study by Sadeh and Zilber (2019) on a peacebuilding NGO in Israel. They demonstrate that cooperation is enabled by emotion work, especially among the disadvantaged, to keep universalism as a logic

within the organization instead of ethnonationalism. However, cooperation ceased with national holidays and memorials due to their symbolic significance to ethnonationalism. Other studies have highlighted entrepreneurship as a way of sheltering from oppression when fleeing from war (Kodeih, Schildt, & Lawrence, 2023), and examined the role of cultural, professional, and organizational context in the lived experience of war (De Rond & Lok, 2016). Yet, none of these studies reveal how conflict and business cooperation between groups evolve over time.

The disregard for evolving intergroup relations within business organizations is surprising given current discussions about the role of firms in societal conflict (Ganson et al., 2022; see also Leigh & Melwani, 2019). While mentioned studies typically outline organizational strategies for operating in complex contexts, such insights are limited as long as there is a lack of understanding about why and how groups cooperate (or sabotage cooperation). Conceptualized strategies may, for instance, not always be realistic for interactions within firms (e.g., Seremani et al., 2022), may place heavy burdens on employees (e.g., Sadeh & Zilber, 2019), or may face strong opposition from host communities (e.g., Kodeih et al., 2023). They could thus potentially further exacerbate already existing intergroup conflict and make operations in the context even more challenging.

A second literature, the work on collaboration between stakeholders with distinct interest, provides additional insights. For instance, in interorganizational domains, organizations may choose to collaborate when they believe it advances their interests while other forms of engagement such as compliance, contention, and contestation may still occur beneath the surface (Hardy & Phillips 1998). In this line of work, organizational interests are usually securing positions to control the direction of domain change. Additionally, it is well demonstrated that if conflicting groups share convening interests, they can start collaborating in boundary organizations after organizing practices such as governance, membership, ownership, and control over production are agreed upon (O'Mahony & Bechky, 2008). Next

to boundary organizations, conflicting groups may also start collaborating when facing a radical flank threat (Truelove & Kellogg, 2016). Dominant groups such as defenders of organizational practices may perceive radical challengers as potentially disturbing their dominant positions and accept to collaborate with moderate challengers leading to incremental change (Truelove & Kellogg, 2016).

While the contexts of conflict are completely different in these studies compared to those of ethnonational conflict, outlined mechanisms may still hold but they may also be vastly different since conflict over organizational practices or between different professions may not translate to conflict over vital resources and immediate survival (Miklian, 2019; Weber et al., 2023). Further, although used data does show behavior and perceptions of different groups, theorizing mostly occurs at the organizational or network level (e.g., see also Castañer & Oliveira, 2020). This may gloss over the motivations and perceptions groups hold during cooperation. Thus, also considering this stream of research on stakeholder collaboration, the question how cooperation is experienced and evolves over time during ethnonational conflict remains unresolved. Since many critical resources in global production processes come from or have to pass through places of ethnonational conflict – e.g., minerals and software necessary for the chip industry – it is worth exploring further how groups experience ethnonational conflict and cooperation within firms.

Experiences of Cooperation during Conflict: The Contact Hypothesis

Outside of management, a multidisciplinary debate revolves around the contact hypothesis. Originally set out by Allport (1954) studying desegregation in the US, the hypothesis sums up necessary conditions for intergroup contact to reduce prejudice – defined as negative outgroup views and behavior – including equal status, common goals, cooperation, and the support of institutions. Over the past decades, work has converged to a general mechanism where getting to know someone from a conflicting group generally decreases prejudice (Paluck, Green, &

Green, 2019; Pettigrew, Tropp, Wagner, & Christ, 2011). However, scholars have also warned for the effect of negative contact, which tends to be stronger (yet less often experienced) in increasing prejudice than positive contact decreases prejudice (Barlow, Paolini, Pedersen, Hornsey, Radke, Harwood, Rubin, & Sibley, 2012; Paolini, Harwood, & Rubin, 2010).

More recently, studies have been conducted specifically in settings of ethnonational conflict (Wright et al., 2017). For instance, in post-conflict Bosnia and Herzegovina, historical narratives containing examples of helping the other resulted in increased reconciliation beliefs due to enhanced forgiveness (Čehajić-Clancy & Bilewicz, 2017). Additionally, work from Northern Ireland and South Africa suggests that positive intergroup contact has a greater effect on trust and reconciliation the more people were subject to conflict experiences, but that a social environment of conflict may simultaneously dampen positive effects of intergroup contact (Tropp, Hawi, O'Brien, Gheorghiu, Zetes, & Butz, 2017). Thus, next to decreasing prejudice, intergroup contact also affects forgiveness, trust, and attitudes toward reconciliation in settings where negative contact is prevalent.

However, what remains puzzling is how intergroup contact – for instance in the form of business cooperation – evolves over time and how it impacts conflict (Kang, Delzell, Snyder, Mwemere, & Mbonyingabo, 2020). Firms, being venues for sustained cooperation, form important settings of studying intergroup contact because the need to sustain livelihoods is strongly present in contexts of ethnonational conflict and may thus already be a force of boundary spanning (e.g., Haider, 2009; Pickering, 2006). Yet very little is known about the lived experience of sustained cooperation between conflict groups in contexts of ethnonational conflict. Hence we explore Israeli-Palestinian IT cooperation over several years to develop a process model in relation to this puzzle while we ask: *How and why is intergroup business cooperation sustained in contexts of ethnonational conflict?*

METHODS

Research Setting

An inductive case study approach is used to explore how and why intergroup business cooperation in the Israeli-Palestinian IT industry gets sustained over time. While the history of ethnonational conflict in Israel-Palestine is unique, on a more abstract level it shares important dynamics with other settings of ethnonational conflict around the globe. For instance, the perception of entitlement to the land based on who has lived there for how long is pressing in Myanmar; settlements and their state-level support was (and continues to be) striking in Northern Ireland; the perceptions of Apartheid as opposed to necessary ‘law and order’ was crucial in South-Africa; societal narratives of dehumanizing the other which subsequently justified violence was prominent in Rwanda; and the strong group pressure to fight the enemy is clearly visible in Ukraine. In sum, all these high-level issues circulate to a certain degree in contexts of ethnonational conflict which makes them comparable despite being unique.

Additionally, conflict interferes with existing or re-initiated intergroup economic organizing. Marketplaces for example, but more importantly, places of value creation such as firms, bring conflict groups together before, during, and often after large-scale violence. Since IT outsourcing in Israel-Palestine is an example of such economic organizing spanning conflict groups, we deem this context relevant in studying how and why intergroup business cooperation is sustained in the context of ethnonational conflict. Further, since IT outsourcing is common in the global economy, we believe our findings may also be generalizable to other places where such business cooperation occurs despite ongoing ethnonational conflict.

In brief, Israel-Palestine refers to the geographical area between the Mediterranean Sea and the Jordan River and has been part of several empires before the British established a

protectorate. After the Second World War and the Holocaust, the British retreated and allowed Jewish Zionists to create a sovereign state. The violence that occurred during the creation of the state of Israel, with a secured 80 percent Zionist Jewish population, shaped intense feelings of injustice among the Palestinian inhabitants of the former protectorate. At the same time, for Jewish migrants it was horrifying to see Palestinians, and armies of surrounding states, committing violence (or circulating plans to do so in the future) while they just suffered the Holocaust. Additionally, they saw the retreat of the British as a legitimate permission to create their state within the borders of the former protectorate. For Palestinians the creation of an Israeli state simply meant a change in colonizer. For them, the violence and deportation for being Palestinian (considered 'Arab' by Zionists) was horrifying.

Over several episodes of war, the Israeli state occupied additional territories compared to the UN agreement in which surrounding governments and other allies established border lines between Gaza, the West Bank, Jerusalem, and the state of Israel. De facto, however, the Israeli military controlled all these areas either directly by having troops present or indirectly by having installed blockades and checkpoints. After Israel retreated from Gaza in 2005 (where many Palestinian refugees fled to during the creation of the modern state of Israel), the Muslim fundamentalist group Hamas gained political control and seeks to destroy the Israeli state. In the West Bank, cities are surrounded with checkpoints and settlements while the party Fatah claims to seek a negotiated solution to independence from Israel. Jerusalem is divided under international law and mostly controlled by the state of Israel while some policy from Jordan also shapes the status quo in the city. Over the past years, frustration and violence has increased between Israelis and Palestinians, but also towards their own political leaders (either for being too soft in relation to the other side or for violating fundamental human rights).

The often-mentioned issues underlying ongoing frustration include terrorism, the right of return (currently Jews around the globe can live in Israel and the West Bank, Palestinian refugees are forbidden), the blockade on Gaza, the position of Palestinians in Israel, Israeli military operations and amount of civilian casualties, the status of Jerusalem, land confiscations (many Palestinians are farmers while the Israeli military points to the necessity of protecting Israel from external threats), house evictions (legal documents from the Jordanian or Ottoman governments are not valid in Israeli courts), and failed peace talks. With near to limitless political and economic support for Israel by consecutive US administrations and European allies, and no Palestinian ally with a significant political or economic relation to Israel, the ongoing occupation and conflicts seem to show few signs of potential resolution. With more violent-leaning approaches by the Israeli state for managing intergroup relations and growing support among Palestinians for armed groups, ethnonational conflict in Israel-Palestine likely escalates more often in the future and, or, becomes even more entrenched than it already is.

Data Collection

The data include interviews, memos, and media articles (see Table 5), and was collected between 2019 and 2022. Purposeful sampling (Corbin & Strauss, 2014) was used to gain insights from across the Israeli-Palestinian IT outsourcing industry. The aim was to come to a better understanding of how IT professionals experience to work in this industry within their sociopolitical context.

Table 5. Overview of data collection

	March-May 2019	July-Oct 2020	May-July 2021	May-June 2022	Total
Formal interviews	31 (with 38 informants); 38 hours	13 (with 13 informants); 17 hours	18 (with 16 informants); 20 hours	25 (with 28 informants); 27 hours	<i>87 interviews (with 63 informants); 102 hours</i>
Memos	15 pages (32 days in context)	5 pages (remote data collection)	30 pages (remote data collection)	41 pages (33 days in context)	<i>93 pages</i>
Secondary data: Media articles & NGO reports	231	305	383	28	<i>947 documents</i>
Analytical focus	How did IT cooperation start and how is it experienced in the context of conflict?	Is IT cooperation actually a contested practice? How is cooperation evolving?	How does violence impact business cooperation?	What has changed and remained the same since 2019? How do informants see their work impacting the context?	<i>Emerging themes and resulting model on intergroup business cooperation in contexts of ethnonational conflict</i>

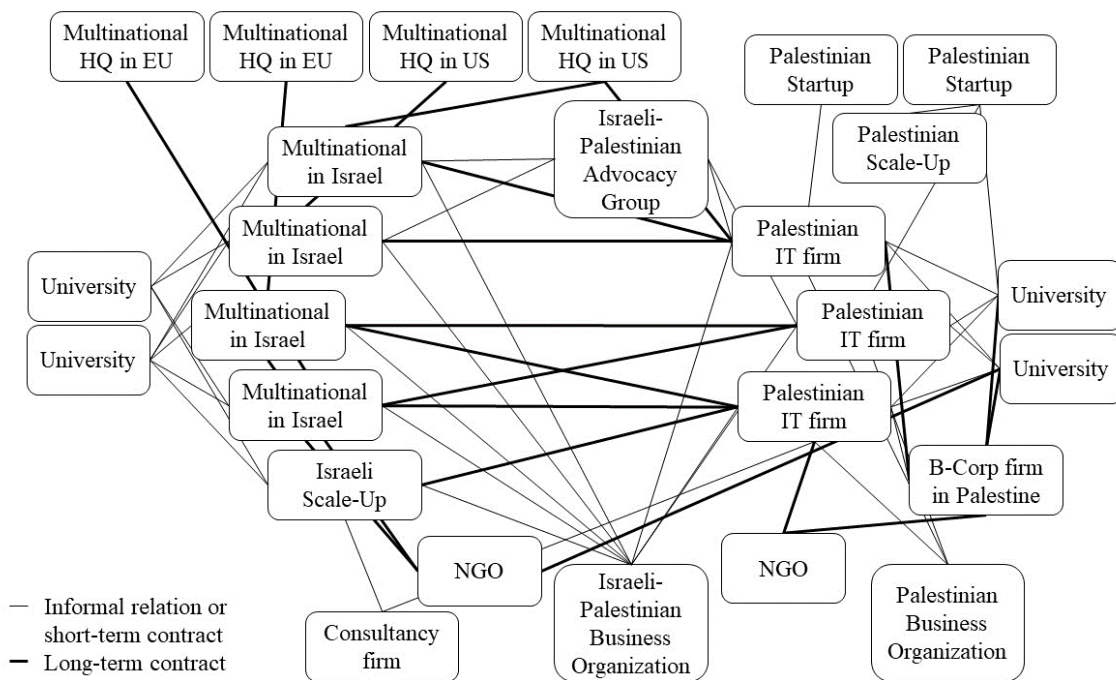
The Israeli-Palestinian IT industry is composed of a network of organizations including Israeli-located multinationals and Israeli scale-ups looking for outsourcing, Palestinian IT firms engaging in outsourcing, several business associations facilitating visits to bring Israeli and Palestinian firms together, and several NGOs and consultancy firms providing trainings and consultancy on building outsourcing relations. A simplified schematic overview of the Israeli-Palestinian IT industry is provided in Figure 5.

Our data is primarily based on in-depth interviews with individuals from across these organizations and memos reflecting on the interviews in relation to the wider context. The first author spent a total of 65 days in Israel and Palestine over two field visits, one in 2019 and one in 2022. The media articles are used to offer additional support to illustrate societal

developments and sentiments. Hence, we have experiences and perceptions of individuals describing the growth of the industry rather than firm-level practices.

The data were collected from six Israeli-located multinationals and one Israeli scale-up engaged in outsourcing, the five (out of six) largest Palestinian IT firms engaged in outsourcing, six Palestinian IT firms that are not engaged with Israeli-located firms (but would be willing), two training programs for Palestinians starting their careers in IT, two consultancy firms, three NGOs, and three business associations, all relevant to the Israeli-Palestinian outsourcing industry. The experiences of our informants working in these organizations give a unique and rich insight into the work performed and the daily reality of living in this context. Finally, to better understand the dynamics that are specific to the industry, we also included some individuals from outside the industry who were opposing IT outsourcing or any business cooperation. According to our informants, we included the main players in the field.

Figure 5. Schematic overview of the Israeli-Palestinian IT industry



Interviews. The first author conducted a total of 87 interviews (102 hours) with 63 informants, which are recorded and transcribed where possible (during some interviews notes were taken). Several interviews were group interviews. Due to the sensitivity of the topic we took several steps to make this study safe. First, we tested our interview questions and travel plans with multiple experts in the field of human rights who were professionally working in the research setting and thus familiar with sensitivity and potential restrictions. Second, before starting the interviews our aims were made clear and we assured that no information would be connected to informants, thus guarding anonymity. Third, we followed advice regarding safety, and avoided demonstrations and night travels. Interviews were in person in 2019 and 2022, and via videocalls in 2020 and 2021. While the interviews allowed much room for informants to express whatever they deemed important (as we were interested in their perspectives and vocabularies), and while the interviewer probed further on the themes they brought up, the structure of the interviews was typically as follows: A) personal background, B) start and involvement of shared IT work, C) working relationships, D) social pressures and perceptions of shared work, E) economic and political impacts of shared work, E) coping with societal conflict and violence, F) biggest challenges and achievements at work, and G) plans for the future.

Since Israel-Palestine is a conflict setting where our informants are at times truly suffering, the ethical concern arose of even continuing with this research (as it felt like building a career over the backs of those unable to escape such suffering). To somewhat counterbalance this concern (while knowing it would not go away) the interviewer made sure to be cautious in asking for *whether* and *when* an interview would be possible. A few contacts declined while some others replied along the lines of “now is not a good time, let’s try later” which was treated with gratitude nevertheless. Additionally, the interviewer asked several informants to verify emerging themes in the analysis aiming for nuanced descriptions and explanations of what is

observed. Finally, the interviewer stressed being an outsider to both the geographical, political, and cultural context of Israel-Palestine (no family ties and never visited before), and to the IT industry (no knowledge beforehand). Due to this role as complete outsider, the interviewer felt enthusiasm among informants about taking the time and effort to come and learn about their reality. A note of thankfulness is proper here since the interviewer felt that in all interviews informants would take the courage to honestly reflect on their positions within the context. We thus believe the interviews are a relatively accurate reflection of ongoing experiences by our informants.

Memos. A total of 23 memos, covering 73 pages of single-spaced text including thoughts and reflections by the interviewer, were made during the weeks of data collection. Spoken messages were transcribed and used in the data analysis. These memos described shared activities with informants such as lunches and commutes, daily activities such as seeing different cities and using public transport, small talk when asking directions, grocery shopping and visiting restaurants, and lastly personal reflections on the data collection. In total, the interviewer spent 65 days in the research setting (32 in 2019 and 33 in 2022) and followed contextual developments while conducting interviews remotely (2020 and 2021).

The memos were made with the following structure in mind: A) what has happened since the last memo, B) what was surprising or what made a personal impact, and C) how do these experiences relate to others. Yet, some were more descriptive (covering only A and B) while others were more reflective (covering mostly C). In general, the memos helped in gaining a deeper understanding of the interviews in relation to the context. For instance, Israelis experiencing the so-called privileged lifestyle but with a non-stop fear of terrorist attacks in Tel-Aviv (e.g., searching your bag when entering shops and reading daily news on terror threats), and Palestinians experiencing a sense of calm, sometimes fearful and often resentful powerlessness at checkpoints in the West Bank (e.g., when soldiers start shouting or laughing)

contributed to better understanding when informants speak of separate worlds between Israelis and Palestinians even though they share work in IT. Taking the time to reflect on data collection also helped in analyzing the emergent themes. For instance, it was helpful in making sense of what happens during events of violence (since it can be hard to make sense of violence in the moment of occurrence) and in thinking of why people join or keep committed to business cooperation (the why question needed a deeper layer of understanding compared to the how question). All in all, the memos provided a valuable additional source of data and were analyzed in the same way as the interviews.

Documents. A total of 947 media articles were screened during the periods of data collection. The articles were primarily used to get familiar with the ways in which intergroup relations were described and looked at in society. As a daily routine, checking the news from agencies such as The Times of Israel, Haaretz, The Jerusalem Post, Wafa, AlJazeera, and The Middle East Eye helped in understanding the sensitivity of language in this context (and thus in conducting respectful interviews) and the subtle yet normal differentiation made by informants between expressing work openly (e.g., on forums such as the WEF and local variants) or under the radar (e.g., between colleagues and avoiding the press). The societal sentiments where the informants, and thus business cooperation is embedded in, are useful but do not form the focus of this study, hence the documents play a supportive role in our data analysis. Still, they were very helpful in understanding the research context and experiences of our informants.

Analysis

Throughout the data collection the author team discussed what the interviewer learned from informants and what the interviewer experienced as daily reality while being in the research context. These discussions revolved around the questions of what was ‘new’ compared to our shared knowledge on the topic beforehand (at this time basically everything was new because

we all had a very limited understanding of the research setting) and what was counterintuitive or ‘surprising’ given prior theories we considered potentially relevant.

Some theoretical ideas we explored in these early stages were that of contested practices (e.g., Raynard, Kodeih, & Greenwood, 2019), struggle (Fleming & Spicer, 2007), resource dependency and institutional complexity (Oliver, 1991), and the ontology of paradoxes (Child, 2020). With these well-known management theories we drafted a rough extended abstract showing some preliminary findings (demonstrating how our data could confirm but also contradict existing work) and presented them at a paper development workshop or small conference. Presenting as a way to order our ideas brought us two realizations. One was that we treated cooperation merely as a context whereas audiences encouraged us to put it center stage. A second realization was that there was always a certain shift in interpretation from our informants’ point of view to a so-called objective truth. Critically examining the data and our interpretations made us wonder for *whom* certain practices felt contested, for *whom* certain power structures were problematic and part of their group struggle, and for *whom* the work was seen as contradictory as opposed to a normal part of life. Answers to these questions differed quite a lot between us as outsiders (thinking of what *should be* counterintuitive) compared to the experiences of our informants (what was normal to them). We decided to continue with an interpretivist approach which thus required us to develop explanations of how intergroup business cooperation is sustained *within* the social reality of our informants (Burrell & Morgan, 1979; Gioia & Pitre, 1990).

After the last round of data collection in 2022, we proceeded with three main phases of data analysis. In the first phase, lists of events were created and discussed in the author team, aiming to create a timeline. Here, developments specific to the industry, such as new contracts between firms, expansions of already existing teams, the entrance of new firms into the industry were listed, but also events in the political landscape such as terrorist attacks, army violence,

demonstrations, and international agreements. It was hard however to see the connections between the industry events and the contextual ones, so we used the interview transcriptions to find explanations of important “milestone” moments in the growth of the industry according to our informants. The resulting timeline is presented in Figure 6. Strikingly, due to this exercise we saw little value in marking different time periods, since firms would establish outsourcing relations continuously during our data collection. Instead, we recognized a pattern of stages in which cross-group business cooperation was developing. We refer to these stages as 1) “emergence” covering the ways of starting business cooperation, 2) “growing complexity” covering the increasingly complex tasks but also the increasing complex feelings of cooperation, and 3) “new models” covering the ways in which new models for business cooperation are developed and propel the attractiveness of the industry. Each stage thus shows different dynamics of how the industry gets sustained over time.

In the second phase, we delved further into how Israelis and Palestinians perceive conflict, and how views about the other and about cooperation relate to these perceptions. At this time, we engaged more with work on the contact hypothesis (Paluck et al., 2019; Pettigrew et al., 2011) which predicts that if conflict groups engage in contact characterized by shared goals, equal status, cooperation, and support from institutions (Allport, 1954) their perception of the other will become more forgiving and less negative. Seen over time, our data reflects some aspects of changed perceptions, especially during the emergence of cooperation (compared to no experience of business cooperation), but further demonstrates that perceptions of the other keep being rooted in societal sentiments and prior beliefs, and they can even revert back to negative stereotypes despite what is considered successful contact. We conceptualize the perception of the other therefore as facilitating cooperation but also as a side-effect since perceptions keep being enacted.

Figure 6. Timeline of ‘milestones’ in the Israeli-Palestinian IT industry

1993-1995: Oslo Accords

For many Israelis and Palestinians abroad this was the reason to return, bringing their experience of high-tech careers from the US. The accords also generated a positive economic outlook and economic growth.

1999-2000: Stalled peace process

The Oslo Accords remained largely unimplemented and the Camp David Summit failed to restart negotiations.

2000-2005: Second Intifada

During this major Palestinian uprising against Israeli occupation the junior IT professionals among our informants were in their late teens or early twenties shaping their views of the other.

2008-2011: West Bank economic reforms

In cooperation with the US and Israel, the Palestinian West Bank applied several reforms to attract international trade.

2009: First multinational starts investing in the West Bank

Israeli-located R&D divisions started outsourcing to Palestinian IT firms, the multinational also engaged in capacity building and invested in VC funds.

2010: More multinationals start outsourcing to Palestine

Israeli-located R&D divisions started outsourcing to Palestinian IT firms both in West Bank and Gaza, typically hiring 1-4 professionals for augmented teams.

2013: International media coverage of IT cooperation disrupts trust

Several articles projecting IT work as a model for peace while mentioning names of firms and individuals created tension, projects continued but trust was damaged. Teams have grown to 5-10 Palestinians by now.

2015: Industry growth

Projects are becoming increasingly complex, teams keep expanding, and more multinationals join the industry.

2019: First occurrence of direct hiring

One multinational decided to make the Palestinian IT professionals full employees who can work remotely.

2020: Increasing demand, increasing challenges, and first occurrence of a B-Corp IT organization

Lifted covid restrictions globally created a big increase in demand for IT services. Finding the right professionals for new projects became harder. A B-Corp organization is founded to train Palestinian graduates and plans to engage in outsourcing.

2021: Civil War

A chain of violence escalated from forced home evictions in Sheikh Jarrah and the storming of the Al-Aqsa, to rocket attacks from Gaza, and lynching attacks by Jewish and Palestinian mobs in Israel. Palestinians took a national day of strike.

2022: Plans for new technologies

Multinationals plan to develop new projects and expand their teams.

2023: Hamas-Israel War

Surprise attacks at an Israeli festival triggered a complete bombardment on Gaza followed by ground invasions across the Palestinian territories. Projects continue as long as people can work, business development halted, Gaza teams went offline...

Additionally, the question of why groups engage (or keep engaging) in business cooperation despite ethnonational conflict intrigued us. Studies where groups cooperate despite being so-called enemies reveal for instance reluctance (Seremani et al., 2022; Maoz, 2000), symbolic events halting cooperation (Sadeh & Zilber, 2019), and how work-related disputes become politicized as part of the broader ethnonational conflict (Weber et al., 2023). Yet, there are also clear patterns of intergroup cooperation with explanations of how potential disrupting transgressions are dealt with to maintain cooperative relations (Fearon & Laitin, 1996).

Therefore, the question of *why* groups cooperate in the first place, especially in a context of deeply rooted societal conflict needs further attention. Considering the work on intergroup interventions, which rarely examines outcomes over time (Kang et al., 2020; Paluck et al., 2019; Wright et al., 2017), it is important to gain a better understanding of why groups join cooperative projects. Consistent with our decision to analyze the data with an interpretivist approach, we conceptualized the reasons for cooperation as “envisioned outcomes”, meaning envisioned by our informants. The envisioned outcomes include resource appropriation within the current context of conflict, such as building careers and companies, and contributing to statebuilding aiming to transform the context of conflict such as expanding the “innovation given to the world” accompanied by political support for the state, developing a “stronger economy” accompanied with less violence and, or with more leverage in political negotiations, and creating a “better international reputation” to gain more support for political interests.

Next to the envisioned outcomes, we also found two antecedents of business cooperation, including seeing the “business case” and being “open to business cooperation”, which we conceptualized as necessary to be present before the stage of emergence could occur. On the one hand, IT professionals needed to see a business case in cooperation (seeing value for the firm) while on the other they needed to be personally willing to explore cooperation (not being firmly against any civil cooperation or help).

Further, the data shows how violent events are part of the daily lives of our informants. Either via the news, directly from family members’ experience, or as actual interruptions of work, our informants cannot disconnect from the ongoing violence. Still, cooperation is almost never halted. We only found one day of strike among Palestinians across Israel and Palestine in which the IT industry participated. We thus conceptualized events as rather “testing cooperation” which in most of the cases allowed cooperation to continue without much interruption. This observation is interesting in light of extant work on non-business cooperation

(e.g., Sadeh & Zilber, 2019; Maoz, 2000) where cooperation seems to be more vulnerable to disruption.

The third phase involved developing a model and writing up our findings. This involved going back to the data to check whether our emerging themes were really representative for the entire data collection. Where needed, our interpretations were corrected. For instance, one of the outcomes was changed to “transforming conflict” instead of “complete separation” because not everyone envisioned political separation, some actually desire one democratic state in which both nationalities are protected by law. In line with changing social relations between conflict groups being key in conflict transformation (Mitchell, 2002) we think transformation fits the data better. In Table 6 we demonstrate our coding by listing the emerging themes and illustrative data. In Figure 7 we present our model which shows the relationships between the emerging themes and was developed over a series of discussions between the authors. Various schematic drawings have led to its current shape which can be seen as a recursive process model (Cloutier & Langley, 2020) explaining relative stability (sustaining cooperation) and evolution (emergence, growing complexity, and new models).

Regarding the write up, we deliberately choose to position this paper as an explorative study to develop theory for the understudied phenomenon of intergroup business cooperation in ethnonational conflict. To allow a new conversation to emerge, we outlined where relevant extant work reaches its limits and where our study begins. Especially because contexts of conflict differ considerably between studies from relative peaceful western societies (Hardy & Phillips, 1998; O’Mahony & Bechky, 2008; Truelove & Kellogg, 2016) and those from conflict-societies (Seremani et al., 2022; Stefansson, 2010; Weber et al., 2023) we think developing new theory that captures such ethnonational conflict experiences and dynamics is necessary. In the following, all names of individuals and organizations are replaced by pseudonyms.

Table 6. Data coding structure

<i>Illustrative data</i>	<i>Themes</i>	<i>Position in the model</i>
<ul style="list-style-type: none"> • “Clearly there's a demand in Israel as there is around the world and our proposition is that there is a supply of talent in Palestine.” James, 2021 • Every year more than 3,000 young Palestinians complete their studies in engineering and technology at institutes of higher education in the West Bank and Gaza. Some of them are hired by Palestinian, Israeli or multinational companies, a few try their luck in the Gulf and others go further afield. But three quarters of them remain unemployed. ... The Israel Innovation Authority claims the country is short 10,000 trained professionals in high-tech. That shortage has led to ever-higher salaries to the extent that the Israeli industry is losing some of its competitive advantage. Article Haaretz 18 March 2019 	Business case	Antecedents
<ul style="list-style-type: none"> • “I think it's a waste not to do business with them.” Mila, 2021 • “There was this opportunity, I think out of curiosity, we're like we can go there if it's safe, let's give it a try.” David, 2021 	Open to business cooperation	
<ul style="list-style-type: none"> • “Now that the CSR money no longer exists, the companies that worked with Multinational1 were able to convert to a business relationship. The others all started on a business basis.” Hassan, 2019 • “The vision was that there would be a Multinational2 R&D center in Palestine, and we started executing on it. But Multinational2 would not allow that. I did not get an approval from corporate to have an R&D team in Palestine. So I moved from building an R&D center to an outsourcing model.” Eitan, 2021 	Emergence	
-TASK COMPLEXITY-		
<ul style="list-style-type: none"> • “In the first years, we did projects that were classic for outsourcing vendors. We did not let them write product code but gave them monitoring and test tools. But as they became more familiar with Multinational2 technology, and as we became more familiar with their capabilities, we slowly gave them more product-level pieces of our projects. Today, all 12 engineers from Palestinian TechFirm1 are engaged in real products, so they write code alongside Multinational2 employees.” Ezra, 2019 • “Everything is here, especially also the data, which is most important from the customer. They trust us. They give us everything, the access to the servers, the code, the databases, everything. They rely on us too much maybe.” Rayan, 2020 	Growing complexity	
-RELATIONSHIP COMPLEXITY –		
<ul style="list-style-type: none"> • “I think Palestinians who have political problems will stop working with Israelis. They don't need to work with an Israeli-based company. They don't need to work with the Israelis because they can choose who to work for, as long as they can choose. We might not be the number one option.” Yaron, 2020 • “You see that they are shooting at your land and children, and you have to work, it's not easy. I'm not working with them directly. But really, if I am the engineer who is working with them, I think I can't continue to be honest. I have a core value that we are not going to take any money from anybody who has stolen our land, so it's not that easy.” Najah, 2022 		
-EXPECTATIONS COMPLEXITY-		

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- “I can see that it didn't develop as I had hoped, you know, looking back now more than 10 years since we started, Palestine is not there yet.” Shira, 2022 [quit the shared industry due to frustration about the lack of progress]
 - “After like 8 months you have the biggest deal. It was good to show that even in this limited market, it's called an emerging market, you can do good business. But I left because of disappointed. I was disappointed in our management, that they didn't look at Palestine as a market, they didn't want to invest. The last two years, I couldn't support this market as I wished, so I decided to leave to another company and another business. Fadi, 2021
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Stages of
business
cooperation

-B-CORP-

- “We were very much interested in building sustainable ventures that are capable of filling these needs [decreasing unemployment in Palestine and providing tech services to the world]. So instead of continuing to fund things through aid, which is not financially sustainable in the long term, we are able to come in and help to build something with a partner and we have introduced the first income sharing agreements in Palestine.” Jana, 2021
- “We said, if we want to lead the way, we need to do very progressive shit. So we became the biggest hiring partner of Gazans. We hired a trainer and we started this in-house training program so we can fix the talent issue that is in Palestine right now, because everyone is pushing each other for talent. So we built an internal training school and it went well, especially the energy, the willingness to work and the willingness to learn was insane. To be feeding the whole IT ecosystem, just helping Palestinian companies who suck at absorbing young talent, to not only absorb the ten percent best, but actually absorb the 20 or 30 percent best. We enable the connection, we enable the education and then we just take a fee of the interaction. We don't take a salary and then maximize our profit by minimizing the revenue or the income of our employees and thereby their learning and their self-determination. And I think that could be a bit disruptive to the Palestinian ecosystem because I think everyone else in Palestine is doing the opposite, to just trying to minimize the cost of the developer at the cost of the developer's health. You know most of the CEOs are old. They built their companies 30 years ago and they are super successful now and they think they know everything. But now, we young people want to bring in a bit of fairness to the whole equation and do it a bit differently. We want to help Palestinians by showing to the world that you can be Palestinian and run a company that is 50% women and has present values by helping an ecosystem and by solving a problem of youth unemployment and by getting international investment, and through our work, just putting a vehicle for prosperity.” Idris, 2021

New models

-DIRECT EMPLOYMENT-

- “When I did the contract the salary was higher but maybe 300 dollar plus, so I thought this is like a bonus but what is important is the full package that we got. Every year, based on your evaluation you get new stocks. And the good thing is, the fees compared to Israel are very low here. Actually, if you compare the salaries and the stocks, and the fees, we are sometimes even better off than them [Israeli colleagues]. ... I am proud to be building a product from scratch. Most of the time, the products I worked on already existed for years and we were adding new features, or we did maintenance, QA, verification. But this time, it's a new technology and a new product.” Mustafa, 2022
 - “I totally regret leaving that project, definitely. Even though I got amazing other projects I lost the opportunity to be part of that. As someone working the high-tech scene in the in the West Bank, I am very proud first of all of what they have
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achieved. It has been like ten years since they started working with Palestinian Tech-Firm1 and a lot of challenges in order to grow up the team and enter a new field inside the company, understand their technology, keep following up on the cutting-edge technology that they are working on and it's wonderful to see that we have people from here working in such a big company. And I guess the second thing I feel is that this will open a great opportunity for other people, for other multinational companies to start working on their branches here in West Bank. It will be easier for them if they see a success story. Instead of having this layer of subcontractor they will hire people directly, they will start contributing and maximize the outcome of employing people from here with lower cost because there will be no middleman. So it's something big. We can compare with first-class engineers if we got the opportunity. We can do the same exact job that any engineer is doing in a first country in the world like the US, like Europe, like anywhere. We can do it." Amir, 2020

- "We're helping to secure a living and at the same time we're telling don't get rid of your right to exist as a Palestinian. These are two things, and one does not nullify the other. These are two separate things." Malik, 2019
 - "Without a political solution it's going to be very difficult to bring a stable long-term arrangement to the region. I mean I wish that multinationals could come in and essentially do the work that governments can't but they can only do so much. Still, it is worth it. The fact that it has some effect on job creation, some effect on advancing the technology level of the ecosystem, some effect of exposing pockets of the Palestinian population to pockets of the Israeli population, or Western population, in a collaborative mindset that overall advances the economy, even by a little. And it advances not only the economy, it advances individuals, and whenever you have individuals on two sides just talking to each other that's a good thing, so all of these are good. And the more companies participate in that, the bigger the effect. It creates an expanding wave. So, all of these are good things, and they're not going to solve the conflicts by themselves, but they are definitely going to, even by a little, nudge us into the right direction." Yosef, 2019
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Resource
appropriation
within the
conflict-
system

- "If they succeed, we succeed. People that have a place to work, can feed their children. They are busy, then they don't hate. I want to see an actual state that is prosperous, because I think it's going to benefit me and Israel. I think we need to separate ourselves. I don't need think we need to be connected in our lives." Mila, 2021
 - "We as Israelis, Jewish Israelis, need to continue to be the lab of innovation to the world, in order for the world to like us enough to keep us here. Because if the world would not care about us, like in the past people didn't care about Rwanda for example, or even today in Congo, what is their contribution to the world? Unfortunately, not enough." Moshe, 2019
 - "I mean, starting a true research and development based high-tech industry is really something. We have now over 170 employees here, they're definitely benefiting. You're creating an impetus, you know for something good for them on the personal level and probably for the country overall. Unfortunately there is complete dependence on the Israeli economy, but this is forced on the Palestinians as a result of the political situation. We're a nation under occupation and there isn't any product that the Palestinians can import that does not go through an Israeli border. And this might by itself force a certain relationship whereby you are in a way just like the slaves in the field, we're not free to import whatever we want. I mean, we have a protocol that limits the amount of, for example, coffee beans that the Palestinians can import directly from abroad and not have to buy from Israel. So the rest of the need has to come from Israeli vendors. So this is all forced on the Palestinians by unjust agreements. But what we're doing with high-tech is in a way providing a small reversal in the
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Statebuilding
and
potentially
transforming
the conflict-
system

Envisioned
outcomes

relationship to the benefit of the Palestinians, because rather than just buying goods and services from Israel, now we are providing services to the Israeli market. So this, mind you, is very small, but at least on the principal level it's like a reversal to this imbalance. It's part of my mission and the mission of others in Palestine to make sure that high-tech does not get dragged down the slope of cheap labor. We need to create a parallel structure to the high-tech in Israel. I'd like to see Palestinians working either for Palestinian firms or for international firms in Palestine.” Jamal, 2019

- “The world today, because of the technology revolution, is divided between fast and slow. The slow countries are poor and the fast are rich. The Israeli occupation wants us, in addition to confiscating our land and natural resources, promoting settlement and obstructing access to global markets, to be a slow people with walls and barriers and separation between the West Bank and Gaza, and not even access to Jerusalem, as well as the geographical fragmentation and the chance of establishing a state. But, we will persevere with technology, will, and determination,” said Shtayyeh addressing the graduates. Article Wafa, 12 April 2021

-COVID PANDEMIC-

- “The nice thing about COVID is that it helped [increase the demand for software]. Palestinians, some of them, like some of the Israelis had some technical hiccups in the beginning but that was sorted out quickly, people got whatever they needed and from that point it was like a machine. Just like Israelis or Indians, they also express the desire to meet again face to face. Another thing that we are seeing is that Palestinians, like Israelis, during this time, are taking career opportunities and leaving to different careers, to a startup or something, which is really different.” Yaron, 2020
- “For us all it was easy to have the full team remotely because they are working with our clients remotely, so it did not affect our operational work. It affected some of the business because small startups worldwide are shutting down because all the industries are affected by COVID. But we're surprised about our engineers, how their productivity was very high when they worked from home. We got very positive feedback about it from our clients.” Nour, 2020

Events

-TERROR INCIDENTS-

- “It was a big blow. She was wounded badly and it was really, really scary. She got holes in her stomach and intestines and it's not functioning yet. She'll eventually be, hopefully she will be OK, but it's going to take time. She's not full of hate and she still believes in justice and peace and you know it's not like she hates all Palestinians or all Arabs like people preach here for. ...[explains what happened]... I don't remember ever being so afraid in my life.” Shira, 2022
- “So, when Hamas is talking about the elimination of the state of Israel they mean to eliminate every aspect that has an impact on them. Hamas is problematic because it's sectarian party, they mix religion with politics, and the outcome is racist, destructive, and stupid. But that's a Palestinian concern. Hamas gained legitimacy because of 40 years of oppression. Saying that Hamas is the problem, suggests that in 1988 things were perfect. Like everything was going great, then Hamas came in and blew the party, because Hamas was not established in 1948, 1940, 1920, Hamas came into existence in 1988. So, when I say that Hamas is the problem, I have to deny the fact that Palestinians have been oppressed 40 years prior to Hamas coming into the picture. Now, ending Israeli oppression makes Hamas irrelevant, because Hamas was irrelevant before, even for 40 years into Israeli oppression.” Adam, 2019

Testing
cooperation

-CIVIL WAR-

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- “About half of them are Arabs [in our teams]. And obviously the latest conflict created lots of issues between them, and these are people that worked very well together until that happened. But many issues surfaced that did not surface before. So yesterday we had the first meeting, and it was heartbreaking to hear people from both sides. We had a Jewish lady from Lod, which is a city near Tel Aviv, and she was crying because of what she went through with the Arabs. Next to her house they were screaming to kill all the Jews and she thought she was sure she's going to die. It was very emotional for her to speak in front of the Arabs. Another lady lives in a village next to Gaza, and although she's OK, she spent most of the last two weeks in in the shelter with the kids trying to explain to her kids what's going on, and all the bombs that did not hit her but were heard very well in that area. I mean Tel Aviv probably suffered three to four hundred rockets. The people next to Gaza suffered thousands of rockets. And then you hear the Arab side. People live in Haifa. I was born in Haifa, it's a mixed city in Israel. So to hear some of my people that are living in Haifa, Arabs that again faced the same; people next to the house yelling, kill the Arabs, and they were just frightened for their lives. There is nothing that you and I can even start to imagine what you go through when that happens. ... This is a completely new step in the in the conflict. I think what happened in 2000 and 2014 was on a much lower scale. In most cases it was a protest, sometimes violent, in Arab cities and villages. This time it happened in in the mixed cities. I mean if there is a demonstration in an Arab village, the Jewish side doesn't feel threatened. But if the demonstration and the killing and death to all the Jews calls are happening in a mixed city, then the Jewish people are feeling that. Synagogues were burned down. That did not never happen before. This is a whole new level of violence. So, it's an issue for everyone, and everyone is struggling on how to go back to work. But again work has not stopped for a second.” Eitan, 2021
 - “You need to deal with the barriers and the blocks. What has changed in the last year, I think the blockers have become heavier because of the riots of the Israeli Arabs within Israel. Most Israelis don't care what's going on in Ramallah, because they're not there. They live in Tel-Aviv. And when you see in Jaffa, people putting their houses on fire and then riots in the streets... They don't care if it's an Israeli Arab, if it's a West Bank Arab. What they will say is, you can't trust the Arabs here, you see even our citizens that they're getting everything, they are citizen like I am, they can vote, even them, when there is a chance they will come and kill us. Not like us that we're so sure, we're so persistent, we're so sure that people are people. But the average Israeli who just wants to be safe, and have this job, will say, why should I take an Arab? They will kill me. Now the riots in Israel made these blocks bigger.” Group conversation, 2022
 - “More pressure over the Palestinians, more rules even with the failure to do our internal election here and the failure in Israeli election process during the past two years. And also the ongoing process of new settlements here in West Bank and the expansion of those projects. Also the ongoing efforts to reallocate people. So the Israeli Government had the chance to contain the situation and calm things down and to absorb this anger from the streets by maybe releasing some of those who have been jailed, maybe by opening some checkpoints, try to make some more permits for Gaza, or to be able to visit Jerusalem, stuff like this. They are usually doing it in order to relieve the streets but they haven't, and I really wonder why not this time which is leading quickly to more things that you are seeing right now on TV, all rockets coming from Hamas, all the bombing that is going on in Gaza, all the streets riots that is going on inside the cities in Israel and all of the protest that is going on here in the West Bank. Also the situation with the borders in Lebanon and Jordan. Every day you are
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surprised by how many new things that haven't happened before. This is, by the way, the first time that the military intervened within internal issue inside Israel and not in the West Bank. So I'm not sure if we can turn back into the situation like two months ago. It will never be the same.

Interviewer: Do you feel angry at the people that are rioting at the moment or that are shooting rockets exactly because you say that maybe the consequences are that you have further restrictions? Sir [change in voice], to be honest, we are here only because 30, 40 years ago, there was people like this. Believe me, if it weren't for them, we maybe wouldn't be existing anymore. I'm not sure if it's just emotional. I'm always, and have been always against violence. From both sides. But if you're in 2018, Gaza had a lot of protesting and a lot of people going to protest for weeks and weeks without any militant or even one bullet that was shot from Gaza. And after almost 45 days of those protesting from Gaza the result was zero Israeli civilian killed, zero Israeli soldiers killed, and 300 Palestinian killed and almost 1500 Palestinians were injured. Most of them will be disabled for the rest of their lives. So will protest give us anything? The history says no, literally it says no. Is violence the answer? Definitely no. The violence will generate more violence. But come on, how would you draw the attention to our case? Let's be honest, you would be talking to me if it weren't for all the killing that is going on? No, nobody will get attention. Uhm, I don't know. This definitely should stop, right now [the otherwise always cheerful and one of the most positive-minded persons I have come to know seems destroyed and trying to keep it together inside to speak with me].” Amir, 2021

- “I had a few supportive notes from a couple of them, like what's happening? Saying that they are hoping for better days to come, these kinds of messages. Since we are working also remotely and you know, there are ups and downs all the time. I don't expect anything to affect our relationship. We know each other for years now. A couple of years ago, we were really having a hard time sending people back and forth but Covid forced them to work online and we managed to do it without any side effects. So it's business as usual for now. ... The delivery is number one. It's really what's happening because we're working remotely, we feel double responsibility on our shoulders. We don't want our clients to feel that the output was reduced because we are working online or any of the situations that we've been through. We don't allow anything personal or social to affect the work we deliver. We appreciate that we have this job and run this business and we want to maintain it and make it better. So, I have zero events that affect work.” Rashid, 2021

-PERCEPTION OF THE OTHER DURING BUSINESS COOPERATION-

- “It was surprise, for sure. People didn't think that it's a place to outsource to. I definitely spoke to people that I don't get to speak to at all, but it didn't change our political views. It didn't change my general centrist views. It didn't make me say ohh, we have to do this or that. There's a real conflict here. They talked about the challenges that they face in terms of getting permits to come into Israel, and that's a real day-to-day challenge for them. Now, in the back of my mind, I know exactly why those permits are there, why they make it hard, because one out of 100 comes in and straps a bomb on his back and blows up a bus or a café. So clearly I'm for big fences and big walls and make sure to be really careful who is allowed to come in. So I'm allowed to have that opinion and now I get to see what the 99% of the people that don't strap bombs on their back feel when they have to stand in line or miss their meeting or not be able to go to the hospital or all

Perception of
the other

those things. So I think it's a good reminder of the 99%. And I was actually very open with them about my opinions.” David, 2021

- “You go to Nablus and you see the military, ten machine guns pointed to every Palestinian because there is a settler walking across on the street. It's a sad situation. At the same time, we cannot break out of the cycle of outsourcing to Israeli companies until we are strong enough to have our own companies. So the end justifies the means. It's extremely difficult. But at the same time, as long as you find Israeli sympathizers who can help us incubate talents, who can help the economy, maybe in five years, if the situation doesn't change, then we don't have to support Israeli companies. ... I had a manager in the states, he was Israeli born and raised. He hired me without interviewing and then he had a team of like 28 people. After a year or two, he joined a startup and out of the whole team he took me with him. So him and I, for almost three years, we travelled the world making millions, and we are from two fighting nations. So I'm willing to work with them and they're willing to work with us with good intentions. I'll work with them only economically. Do we have a vision to have our own state one day? Hell yeah. But we can't get there without their help.” Nabil, 2022

-ATTITUDES TOWARD CONFLICT-

- “They keep making things up that Palestinians are angry at you because you are Jewish, but not that they are angry at you because you are an oppressor. You know, we don't care if our oppressor was German, English, Jewish, Muslim. Palestinians killed the king of Jordan in Jerusalem, King Abdullah the First. He was not killed for being Jewish, he was killed for signing a truce with the criminals that removed the Palestinians from their lands.” Adam, 2019
 - “What other people mean when they say Israelis are racists, is that Israel will not allow that Palestinians to come into Israel, or anybody else if they are not Jewish, this is what they mean. And we would say that, that's an absolute necessity to protect the Jewish land. So, we can become 100 percent non-racist let's say, and our borders are open to anyone who wants to come, but that would be the end of our Jewish state. We know that for a fact, that's non-debatable, that's certain. Or, we can set the bar here, this is a closed land unless you are Jewish, but if you are born and raised here, what you call and Israeli-Arab, then you have 100 percent of the rights. And this is where we decided to put the line. One would classify it as racism, we classify it as survival. We need to be realistic. To safe your community, sometimes you need to block it from others. But if you take it down to the day-to-day business, everything is cool.” Daniel, 2019
 - “From their side there's another whole truth. Which is fine, I'm fine with your truth. I'm fine with my truth. But let's walk the roads. I'll walk the roads so we can meet. I mean, why killing people? ... I don't care if you if you are living in Tel Aviv or you have the Israeli citizenship and you came from another country and took my place in a village back in the 48 lands. I don't care. I care about you being a human and you being nice to me. I like to believe that, you know, everybody is a human being. But sometimes it's actually really hard to keep believing that.” Fatima, 2022
 - “When you sit with Palestinians, they feel they need to present the victim side because we are the stronger, we are killing more of them, we are the occupiers, they don't have all the rights. So often, I feel that I'm the punching bag. Sometimes I want to say, hey, stop, I did not go and send people to bomb themselves in busses in the middle of Tel Aviv or go with an axe and smash people's heads. Who is more of a victim, that's one thing. The other thing is that we learned with the years working with Palestinians, they cannot understand how we Israelis are afraid. We have the strongest army in the Middle
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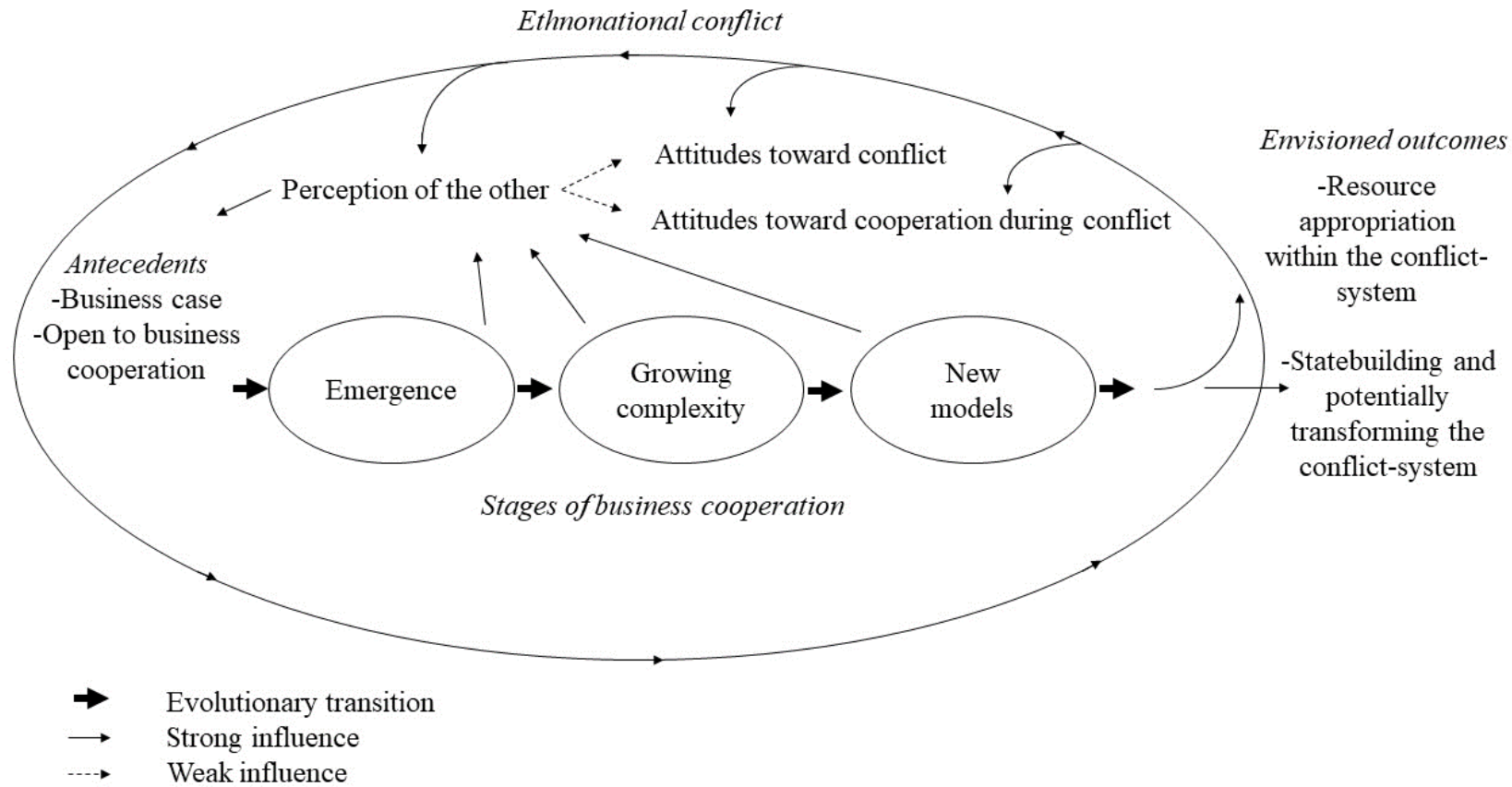
Parallel
process
partly
affected by
cooperation

East, we are the strong ones. They don't understand. They said, why are you afraid to come to Ramallah? What are you afraid of? I said why am I afraid? Because you're killing us whenever you can. But they don't grasp it. The rooted victimization of the Jews from the Holocaust that 'never again' is so in our DNA but they can't grasp that. ... All of a sudden we understood that he speaks Hebrew, he understands. So I said, how come? He said, I was sitting in your prison, of course, in your prison, in Israeli prison you learn Hebrew. So I did not start asking, did you murder anyone, were you there just because you threw stones or maybe your uncle threw stones and they put you in. We didn't get there, and we didn't let it affect our relation. ... When we meet Palestinians that never saw Israelis, we know already, we see their faces and we know that the third time they meet with us we will see softer expressions on their face. ... I am in the Zionist part that wants Israel to be Jewish and democratic. It's problematic to say Jewish and Democratic. I mean it is Jewish. It can't be that the president of this country will be a Muslim and a prime minister that will tell me to wear burka tomorrow. No way. So I don't want to give the two and a half million Palestinians citizenship. Not because I don't think they have the right. They have the right. But I'm not going to lose my country. It's my country and I'm not going to lose it to Muslims, OK? I'm talking very bluntly. Therefore I said the only solution is separation, two states. What I can't stand is me being an occupier. All my kids went to the army and went to fighting units. You know I'm not saying I'm a pacifist. I'm not an idiot. I know that if we are not very strong in Israel we will be vanished. But not everyone talks like us. The majority in Israel does not talk like that, they would say we need to defend, and there's no Palestinian people, they're just inventing it these Bedouins, they should go to Jordan, you know, the usual narrative of denial." Group conversation, 2022

-ATTITUDES TOWARD COOPERATION DURING CONFLICT-

- "It's terrible, it's devastating, from both sides. The war with Gaza, it's not going to change the reality long-term. Leaving aside the personal devastation, when you read about innocent people getting killed on both sides, and all kinds of media manipulations, this makes me even more solid in doing my day-to-day job, knowing that the only way to get those terrorists, people who kill themselves have no hope, but if they see that, hey, there is an industry that could give us more money, that could give our kids a better future, and we can actually live in peace because I feel every human wants that right? It just encourages me to do more because I know that short-term, the more people we pull after us into this vision, the more customers we can get to collaborate, the quicker the change will happen." Tamar, 2022
 - "It's like take it or leave it. If you are not comfortable working with these people, you are in the wrong place at the wrong time. Let's face it, we are not starving to death here. We have other options to work, with other companies. There are companies working with American companies, there are even companies from Netherlands and Germany. You can keep it professional, but, eventually, at some point you will lose some benefits, you will lose some credit. Some guy in that position he's like, I'm not doing this anymore and he literally left the company and his words, as I quote, I will not work with them anymore. So, it's basically a mindset. I guess you have to agree to at least dealing with them on a human level, not on as an occupier. Not like I'm surrendering, I'm betraying my country. No, it's something like take it or leave it. It's your choice. Nobody is forcing you to do this." Amir, 2020
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Figure 7. Model of business cooperation in contexts of ethnonational conflict



FINDINGS

The findings explain how and why Israeli-Palestinian IT cooperation gets sustained over time (see our model in Figure 7). The findings will be presented following the main themes that crystalized in the data analysis, including: the antecedents of business cooperation, the emergence of outsourcing as business cooperation, growing complexity, new models of business cooperation, the envisioned outcomes by those involved in relation to the context of ethnonational conflict, the role of events in disrupting and solidifying cooperation, and the perception of the other during business cooperation.

Antecedents of Business Cooperation in the Israeli-Palestinian IT industry

For business cooperation to emerge in the context of conflict, we found two necessary antecedents: IT professionals seeing a *business case*, and IT professionals being *open to business cooperation*. For instance, one of the news articles on Israeli-Palestinian IT work representatively states that Israeli tech companies are “Desperate for skilled workers” while “The Palestinian labor market is desperate for appropriate technology investment”. The article further describes how workers from Gaza and the West Bank “overcome political barriers” and successfully cooperate on technology. It closes with a call for action: “In years to come, more multinationals will undoubtedly develop their own R&D centers in the West Bank and Gaza Strip. Israeli tech companies should be the first.” (Article Haaretz, 1 August 2017). This article represents a common observation among our informants, namely that there is a business case for outsourcing from Israeli-located multinationals to Palestine.

In combination with seeing the business case, IT professionals would need to be open to business cooperation with the ‘other’. Yet, not everyone is open to business cooperation. For instance, Israeli informants mentioned that they have come across colleagues who would say things such as “why would you want to hire a Palestinian, why not hire an Arab (Palestinian) in Israel?” or “we should not give anything to them”. Israeli managers expressed that next to

suspicion regarding the capabilities and trustworthiness of Palestinians, the general idea among colleagues and also politicians is to feel like Israelis are missing out on the jobs created through outsourcing. Simultaneously, Palestinian managers explained that about ten percent of applicants refuses to work with Israelis. When IT professionals are told that their position will be in a mixed team, or a separate team but working for an Israeli-located multinational and thus reporting to an Israeli manager, some indeed dropped their application. In sum, professionals from both sides need to see the business case and be willing to cooperate through business for and industry to emerge and to keep growing.

Emergence of Outsourcing as Business Cooperation

The emergence of outsourcing as business cooperation is often experienced as a pleasant surprise by those involved. The surprising element among Israelis is to see modern IT companies in Palestine and professionals who are showing a sincere hospitality regardless of the societal sentiments featured in the media. Among Palestinians, the surprise lies in Israeli business leaders considering Palestinian companies as outsourcing destinations, next to other well-known destinations around the world, despite the otherwise hostile experiences with Israelis as settlers or soldiers in their daily lives. While IT professionals referred to societal sentiments regarding Israeli-Palestinian relations more generally in almost all interviews, their motivation to find business value in cooperation is clearly visible and driving the emergence of outsourcing relations. We found two ways of how outsourcing as business cooperation emerged, one through business trips initiated by a non-governmental organization and one through investments by a multinational.

Business Trips to the West Bank. Due to the efforts of an Israeli-Palestinian Advocacy Group – a non-governmental organization created to bring together business leaders to lobby for a two-state solution (this aim was included in the founding articles) –business trips from Israel to the Palestinian West Bank were made possible. During these trips, Israeli managers are

hosted by Palestinian CEOs and get to see offices, presentations, and share meals, all in order to see whether business needs match and outsourcing relations can be formed. The following experience, from an Israeli founder and CEO of a scale-up, nicely captures the dynamics during the emergence phase:

a couple of my employees came to me and said there is a trip to Ramallah to go meet outsourcing firms. And just to get you into the mindset, Israelis cannot travel to Ramallah. Despite the fact that it's like an hour from where I'm sitting right now, it's like a different world. And we arrived at the offices of what easily could have been an Israeli company. Nice offices, they treat us really well. They showed us all the engineers and the projects they were working on. So that's how it started. I think it was politically motivated by those two people from my company. And Jamal, the CEO, who had spent many years in California is familiar with the tech world, I felt that he's the person I can talk to, who gets my world. They already worked with a bunch of big companies, so they knew the work. And we started kind of a very normal business relationship. I'm very happy with it. David, 2021

Thus, while the political context seemed to be relevant in shaping expectations on the logistical feasibility of business trips due to (perceived) safety and on the available knowledge of the “tech world” in the occupied territories, the business opportunity eventually dominated and allowed outsourcing to emerge.

Investments in the Palestinian Tech Industry. A second way in which outsourcing emerged was via investments specifically aimed at kickstarting the Palestinian tech industry more generally (not limited to IT outsourcing but also aimed at creating possibilities for startups via capital funds). In coordination with the CEO of a multinational and the president of the West Bank, a commitment was made which then needed to be implemented. Yosef, part of the implementing team, explained that investing in a “new emerging market” is “always a hassle” (interview 2019) because there is no knowledge within the firm about the state of the industry. The general strategy for investing in emerging markets was to create a venture capital fund, and over time, while exchanging knowledge and learning about the nuances of the industry, acquire portfolio startups and, or, start an R&D center. However, they considered it too early for this strategy to be successful since there were not as many startups in Palestine at the time. Hence,

they started looking into outsourcing, “to build the necessary experience”. Palestinian outsourcing firms were selected over some weeks of trial projects where more firms participated in. Three firms were matched with three divisions of the multinational and were paid from a CSR budget during the first year, after which the R&D managers of each division could decide whether or not to continue the outsourcing. The firms continued outsourcing although some in different ways such as working with the HQ instead of the Israeli team, and the firms not selected later started working with other multinationals.

When asking further about potential resistance to outsourcing, informants typically mentioned three things. First, from the Israeli side, managers explained that most resistance would come from top management. The VPs in the US or Europe who would need to accept new outsourcing relations were not directly “subscribing their time and budget” to a project in a “war zone”. They had to be convinced with the business value and the local knowledge of the business environment. Second, some Palestinian managers would highlight that it is rather expensive to penetrate the American or European market and since most multinationals had offices in Israel it made complete business sense to work with them. These managers would say that “it took maybe five minutes to discuss, should we consider it or not?”. However, they would stress that “there are limitations, business with settlements and anything related to security is not acceptable”. Third, other Palestinian managers would refer to starting outsourcing relations as a “tricky question”, but as long as they could use projects to progress they would see no problems. Rayan, senior manager of a Palestinian startup summarized for instance:

Not all of the people will accept it, but personally I have no objection to working with them. Because they have a big amount of the startups and technologies. So if I can get a lot of benefits from this project, experience, a connection, that's fine. We can put the politics, the religions, everything aside, here we are talking about the work. We were working with them actually when the war started. Rayan, 2020

Thus, next to getting invited to a business trip to the West Bank, some multinationals already had their plans to invest in the Palestinian tech industry and contrary to common beliefs, the

Israeli and Palestinian informants were actually quite happy with the emergence of an outsourcing industry while convincing the multinationals' top managers was a bit more challenging (but succeeded anyway).

Growing Complexity

In the years following the emergence of Israeli-Palestinian outsourcing, the relations started to become more complex. Such growing complexity was triumphed on both sides but also brought along problems. Israeli managers typically started outsourcing relatively simple projects but over the years, the tasks started to become more challenging. The complexity of work created a great sense of achievement and pride among the Palestinian software engineers which is best illustrated by one of the memos describing the following lunch-conversation:

I had a talk with Habiba from the Multinational7 project in Palestinian Tech-Firm1. There were 60 engineers working on this project [compared to 3 at the start]. Cool thing I noticed, the badge she was having, the card to enter the building, had the logo of the multinational and she explained that they had five teams "in" Multinational7, and that the work is really "from A to Z". Amir confirmed this and said, "do you remember when we talked in 2019 and we were involved with Multinational3, we were involved in only parts of a bigger system, so we were only doing some tasks but we didn't see the whole picture, at least we were not involved in all the stages of the process". He said that now, "with Multinational7, we are entirely creating the product from scratch". And Habiba mentioned the teams that were all doing different parts of the system and reporting directly to Multinational7. It was nice to notice that they were both very proud of the fact that Palestinian Tech-Firm1 was now involved from "A to Z" and that Multinational7 also cannot miss them anymore. Memo 15 June 2022

To be continuously exposed to new task-related challenges such as building a product "from scratch" boosts the morale of those involved, or, as Malik would put it in our 2019 interview, "we just kicked off a project in a very new area, the first of a kind in Palestine, and that is giving me great satisfaction". Not only do projects and teams expand, but the gained experience also allows the outsourcing firms to develop different relations. For instance, we noticed that one Palestinian tech firm now oversees a project in India on behalf of the multinational they worked with and that they also have a team working directly for the multinational's headquarters in the

US, while another Palestinian IT firm has been asked to provide trainings to teams in Southeast Asia, again adding to the sense of achievement.

Yet, there are also logistical and emotional challenges which proved more problematic.

Logistical Challenges. First, due to the positive references and growing task complexity, the Israeli-Palestinian outsourcing industry started to grow. Such growth created many new positions and made recruiting difficult to keep up. As Nour, an HR director, explained in 2020, “we were not ready for this growth, if you're not having enough seniors, you will face a problem to start up a new project with a new client because if you are not able to find the senior, then we will not be able to bring the juniors.” While Nour helped building a recruitment team that coordinated more than 1.000 interviews and closed over 120 positions in a year, the challenge still remained. Next to the dynamic of growing faster than the junior software engineers mature, several informants also highlighted that by gaining valuable experience they got approached by other multinationals (not necessarily located in Israel). Thus, at least some of those with relevant experience may at some point choose to freelance which would make the logistics of finding or preparing senior software engineers even more pressing.

Emotional Challenges. Second, a pattern became visible where outsourcing relations started becoming more socially profound and sometimes emotionally complex. Informants across positions mentioned that they got to know their colleagues on a more personal basis, discussing topics such as family and sports besides work. Some would also “play playstation”, “go on hikes”, and “visit restaurants” together (mostly top managers) and would keep in touch when moved to other positions. Importantly, only the Israeli informants would talk about their deepened personal relations with the interviewer. Palestinian informants typically did not want to share much on this matter. While some Palestinian IT professionals said they would not have problems with talking about personal stuff with their colleagues, as long as the work gets done, others expressed a more delicate position.

For instance, Najah, the founder and CEO of a tech startup who used to work for the biggest Palestinian IT outsourcing firm, explained that: “I have a core value that we are not going to take any money from anybody that has stolen our land, so it’s not easy”. Yet, since she worked in a position that did not require direct contact with Israelis, she was able to take it, but as she explained, “if I am the engineer that is working with them, I think I can’t continue to be honest”. Additionally, Nour literally speaks of “confusion” when talking about her professional values and her personal values when she highlights that she is part of a cultural center and active as a folklore dancer to preserve the Palestinian culture in her free time, and that she has strong political views but when at work she needs to be “professional” and thus chooses to look at the value that the company provides for the Palestinian graduates and society more broadly. After having worked as HR manager for years, she is now satisfied with both, the work she has done and her new position as recruiter for a multinational outside the Israeli-Palestinian industry.

Finally, some Israeli IT professionals expressed that at some point, the deepened relations became a form of frustration. Most informants would stress for instance that their colleagues became like friends, but when their Palestinian friends would turn down invitations to join press interviews or to speak at public tech events, the Israeli informants would feel disappointed. Generally, this sense of disappointment was not obstructing work. However, in some cases such disappointment became mixed with other types of disappointment, for instance regarding the lack of progress relative to the expected growth of the industry. A senior Israeli manager explained to believe in a flourishing Palestinian tech industry after the initial investments of the multinational described earlier, but that after more than ten years and many initiatives (of which several she was personally leading), she did not see the growth she had hoped for. In our 2022 interview she illustrates:

Looking back now, after more than 10 years since we started, it didn't develop as I had hoped. Palestine is not there yet and I wonder, why? Because it's not all politics and I wonder if it's part of the culture, to stay behind, to demand compensation for

what was done to them, and I don't know. I was very excited about working with them together and I came with a fresh start. Today I'm a little bit more cynical. Towards the end of the work in Palestine, the last time I was in Ramallah, he [Palestinian Advisor to the PA] asked me not to come anymore, he said that it's getting dangerous and that they're getting accused of collaborating. It was around 2012 or 2013 and I felt like, what do you mean not to come, will they kill you after all we've done together and what I've done? And don't you see me? Don't you see who I am? It was really disappointing. Shira, 2022

Eventually, she decided to leave the shared business and started focusing on projects in other geographical regions. The experiences of confusion and disappointment thus highlight how people can potentially opt out as a result of relations becoming more complex.

Taken together, the phase of growing complexity shows how tasks become more complex on the one hand, providing a great sense of achievement for those involved but also providing challenges regarding recruitment, and how personal relations become more complex on the other hand, leading sometimes to confusion and potentially the withdrawal from cooperation.

New Models of Business Cooperation

As part of the growing and ongoing cooperation, new models of business cooperation were created. In these models, the work of software development remained relatively similar but the value appropriation changed considerably.

Direct Hiring by Multinationals. The clearest example of a new model of cooperation can be seen in the outsourcing relation where software engineers became full employees as part of an acquisition. During the data collection, an Israeli multinational was acquired by a multinational from the US which decided to make the Palestinian software engineers (who used to work for a Palestinian IT outsourcing firm) full employees of the new multinational, just like the Israeli employees. Thus, the Palestinians went from outsourcing professionals to being complete employees working remotely. Mustafa, a senior software engineer in this team, expressed with great joy: “with the stocks, you can ignore the salary” and “the vacation is also

longer”. Additionally, he explained to be “happy” with the work, because “it’s a new technology and a new product [big smile]” (Mustafa, 2022).

An important process behind the move of making the Palestinian teams officially part of the multinational is the subtle but growing frustration about paying “too much” to the top-management of Palestinian IT firms. Yaron, a senior manager in another multinational and responsible for contracting Palestinian outsourcing firms, explained for instance:

the biggest challenge now is that this model of outsourcing is not the best one. You could see that when Multinational3 was acquired, they transformed all the employees to be part of it. And that was a big shockwave for the Palestinian engineers themselves because everybody wants to work directly for Multinational2 or Multinational6 [or any multinational] and not for a local Palestinian company. They don't want to be second quality, second-level citizens in a corporate, they want to be citizens of the corporate. I get that all the time from people we hire and I get that from my colleagues in other companies. And that's very challenging because obviously, opening a legal entity in the PA is not simple. And we will not do that. We want to augment our teams with Palestinian engineers and all of us face that challenge of not being the direct employers. There is a middleman and there's not much transparency. The feeling is that we are paying too much to the middleman. Yaron, 2020

Next to Yaron, more senior Israeli managers expressed their desire to reward Palestinian engineers as they would do with Israelis. However, as long as they have to work with an outsourcing model they cannot control the salaries and careers of the Palestinian software engineers.

The reason why Israeli-located multinationals apart from the one of the acquisition cannot hire Palestinians directly remains unclear. The mentioning of “not simple” and “we will not do that” in the quote above is representative for our informants. Others also expressed frustration with “the government of Israel” and “all kinds of governing bodies” because they wanted to hire many more Palestinian engineers than the fixed outsourcing budget from their multinationals allows them, but “that’s not a possibility because legally I cannot employ them according to the laws of the state of Israel” (Ezra, 2019). How those involved in the acquisition navigated the law is unknown to us. We only discovered that said multinational was already

granting stocks to the Palestinian engineers under the outsourcing model which is remarkable because its legal department had to develop a new entity for Palestine. Perhaps the cost-benefit was thus far positive only for this multinational since they worked with hundreds of Palestinian engineers whereas other multinationals would have much fewer Palestinian outsourcing professionals employed (typically up to 50).

Social Ventures. In addition to the direct hiring model of business cooperation, other models were created to support the growth of the business cooperation. For instance, a B-Corp was established with the aim to bring “a bit more fairness” to the industry (Idris, 2021). This firm provides training to graduates and hopes to engage in outsourcing in the future. If outsourcing were to happen in this B-Corp, software engineers would no longer work under the so-called “middleman”, which could indeed be “a bit disruptive” for the current ways of value appropriation in the industry. Further, an NGO that for years provided internships for Palestinians in Israeli-located multinationals, recently started with a mentorship program for their alumni. This program targets the personal development of Palestinian software engineers at a more senior level. Since the Palestinian tech industry is still relatively young, current trainings, keynote speeches, and workshops on the newest technologies are often done by Israelis but with more senior Palestinian IT professionals these can be done by Palestinians which would further increase the positive self-perception in the industry. Taken together, the new models of business cooperation are important because they eventually shape the attractiveness of Israeli-Palestinian IT cooperation and thus the growth of the industry.

In summary, the three phases of emergence, growing complexity, and new models of business cooperation describe the dynamics of how business cooperation emerged and how it continues to grow while being embedded in the context of ethnonational conflict. The phases reveal that the Israeli-Palestinian IT industry is continuously evolving as long as there is a business case and professionals are open to business cooperation, that there is a lot of potential

for growing task complexity but that growth is hindered by the difficulties of recruitment and direct employment, that professionals may opt out because of career opportunities but also because of disappointment or confusion regarding deepened cooperative relations, and that new models of cooperation potentially change value appropriation and the self-perception of those involved. What we have not shown yet is *why* people keep cooperating in light of ongoing conflict, and what the impact is of sustained business cooperation on their perception of the other. To better understand this question, we next present our findings on the envisioned outcomes by those involved, on the contextual events that test cooperative relations, and on the perception of the other during business cooperation.

Envisioned Outcomes in Relation to the Context of Ethnonational Conflict

Apart from the often-mentioned direct positive impact of providing new solutions for clients, the broader impacts on society *over time* can be seen on a continuum where one end would be resource appropriation within the conflict-system and the other would be statebuilding to transform the conflict-system. In the former, IT professionals see outcomes of business cooperation such as building careers and building firms. In the latter, IT professionals see outcomes such as continuing exporting innovation in exchange for political support or rebalancing economic dependence. These outcomes envisioned by our informants provide important motivations for them to keep engaging in business cooperation.

With ‘conflict-system’ we mean the fluid and socially constructed network of actors (e.g., governments, political parties, armed groups, NGOs, communities, electorates, and so forth) with their interests, actions, and narratives that prolong or are otherwise involved in ongoing conflict (see Ganson, 2019; Gray et al., 2007; Mitchell, 2002). Illustrative is for example the “battle for Jerusalem”, which is sometimes violent as shown in the equally named VICE documentary, and sometimes non-violent but nevertheless always ongoing as can be seen in archaeological discoveries which are always tied to political narratives as shown in the Emek

Shaveh report entitled “The Temple Mount/Haram al-Sharif – Archaeology in a Political Context”. Also the interviewer’s observation of place names (especially when they were changed throughout history) and the political banners or graffiti, combined with the experience of crossing checkpoints in the West Bank and security checks when entering shops in Israel contributed to the idea that ethnonational conflict is not just limited to specific areas or time periods of actual violence but is rather systemic and visible in daily life.

Resource Appropriation Within the Conflict-System and Optimizing Your Sphere of Control. Given that all our informants expressed to feel impacted by ongoing conflict, we were curious as to how they see the outcomes of sustained business cooperation in relation to the conflict-system. One pattern that became visible is that many informants envision the outcomes in technical and socio-economic ways, such as building careers, growing firms, building startups, providing jobs, and contributing to the health of their economy. In these views, the conflict-system does not get impacted. To illustrate, Fadi, a senior manager at a multinational, explained that he was able to fulfil some dreams of his colleagues from the West Bank, such as visiting the beach in Tel Aviv or praying at the Al-Aqsa mosque in Jerusalem, as long as he combined it with business meetings. Since Fadi is a Palestinian Citizen of Israel, he lives and works in Israel and said to feel happy when enabling visits as part of business trips for people that are otherwise prohibited. Yet, as he pointed out, he does not see any sign of change regarding the rules on access to Israel and Jerusalem more generally. Hence, “the only way” of doing such favors is through business trips.

This idea of optimizing your sphere of control while believing that the broader context will not change was strongly present among many informants. Jamal, CEO of a Palestinian IT firm, captures this best when he explained that “the Palestinian cause is one of fundamental political rights and human aspirations, and if these are not met, then definitely there will not be a long-term political solution to the crisis” (2019). He also mentioned how the negative political

outlook made him focus more on providing employment opportunities in the tech industry. Helping to build a Palestinian tech industry therefore is seen as unfolding *next to* the political process, which is best illustrated by the following passage from our interview:

it doesn't mean that our aspirations are gone. We still aspire for a state. We still aspire for self-determination, whether as part of a of a two-state solution or part of a five-state solution or even a one-state solution. So the aspiration is always for self-determination, for independence and for creating a viable state for the Palestinians. But for the time being, you feel that at least you're doing something, a contribution to your people. I mean, starting a true research and development based high-tech industry is really something. Jamal, 2019

Especially his mentioning of “for the time being” stresses that the envisioned outcomes here are the appropriation of resources, such as the better-than-local salaries, gaining experience and knowledge, and maybe traveling to otherwise restricted places, *within* the conflict-system.

Building a (Stronger) Sovereign State and Potentially Transforming the Conflict-System.

A second pattern can be seen in the views of our informants who envision the outcomes of sustained business cooperation in more symbolic or socio-political ways. Here the reasoning is that sustained business cooperation in the tech industry contributes to building a (stronger) sovereign state. Informants on both sides expressed their beliefs about how the Israeli-Palestinian IT industry is impacting their society beyond what can be seen in tangible progress. For instance, Yasin, cofounder of a Palestinian IT firm explained how he used to be active politically in the West Bank but realized how dependency on aid “literally dictates every move you make”. Therefore, he started focusing more on “how to improve the economical situation, and I found the solution in two places, startups and outsourcing”. With these two he said to feel like he is “adding value” ... “to benefit the political situation” because “this is how to reach and independent Palestinian state” (Yasin, 2019). According to Itai, R&D director of a multinational, an improved economic situation in Palestine would also decrease violence because with “better lives” there is “less motivation for conflict” since it would risk the good life. Yet, he highlighted that improving lives in Palestine would only be one necessary aspect in

getting to a “solution where there is two different countries”, the other aspect he mentioned was the presence of settlements, which “will create complexity into such a solution” (Itai, 2019).

On a deeper level, informants expressed their hope for recognition of their successful business cooperation. Omar, founder and CEO of a Palestinian IT firm, for instance pointed out that “it will empower us” and show to the “international community, look, they are normal people, they can build their own economy, they have high-tech, so why don’t they have a country?” (Omar, 2019). In this line of reasoning, he followed, “even though it is not human to have [anyone under] occupation, the more we show our compatibility with the international world in terms of economy, culture, art and other things, I think our justified cause to have a state becomes more and more reasonable”. Additionally, David, founder and CEO of an Israeli scale-up, explained that “even as a centrist [Likud supporter], I think building economic ties is the best” because it forms a “bridge that is beneficial to both parties in an environment where [current] bridges are manned by other people with other interests” (David, 2021). In sum, IT professionals envision two types of outcomes of sustained business cooperation where one type is resource appropriation *within* the conflict-system and the other is statebuilding to *transform* the conflict-system.

Contextual Events Potentially Disrupting and Solidifying Business Cooperation

Throughout the years of business cooperation, relations between Israeli and Palestinian IT professionals have become rather strong. In the eyes of several senior managers, the strong relations can be explained by the nature of the work. Projects are driven by the need to innovate faster than competitors while team members are highly interdependent. Therefore it was common to hear that “every week we hit a wall and we have to break it”, which creates tension but also a big sense of achievement when solutions are found. Additionally, managers would alter team compositions to optimize output. Compared to these normal work dynamics, where there is probably ample time for distraction, we were curious as to whether contextual events

(e.g., Sadeh & Zilber, 2019) would disrupt cooperation (Maoz, 2000) and if so how. Based on the impressions and accounts of our informants three types of contextual events were important, including the covid pandemic, terror incidents, and the episode of civil war.

Covid. First, during the covid pandemic, cooperation was maintained but some practices changed. As globally experienced, offices closed, so for an extended period of time the IT professionals were working from home. Apart from the challenges of feeling socially isolated, for instance we heard “all of my friends went back to their hometown, which was tough”, the productivity of software development was maintained. Also the outsourcing relations between firms were maintained which can be seen as success because headquarters were in “survival mode” and reassessed ongoing projects globally. Simultaneously, due to this survival mode, no new projects were initiated during the covid pandemic. While discussions in the media centered around whether or not Israel should make vaccinations available to Palestinians – Israel was one of the first states to start vaccinating its population in December 2020 while Palestinians received vaccinations from the UN around March 2021 – our informants highlighted the limitations and benefits of working from home, and some indeed expressed the “desire to meet again face to face”. Also the Palestinian engineers expressed to look forward to traveling again to the Israeli-located multinationals as they did on a monthly basis pre-covid, because of the learning experiences.

Additionally, when global production processes intensified again after covid restrictions were lifted, the world experienced general shortages in technology and the Israeli-Palestinian IT industry faced rapidly increasing demand. However, with the experience of working from home, potential clients (headquarters in need of outsourcing) may possibly be more open to outsourcing compared to in-house development than before, as explained by James, CEO of an NGO that facilitates IT meetings:

one of the benefits of the whole coronavirus thing is that it's forced people to recognize the capacity and the opportunity of remote access, which is great because that's also part of the value proposition in terms of outsourcing. James, 2021

Thus, the covid pandemic tested ongoing business cooperation (reassessing projects in survival mode) and showed potential new clients that outsourcing could be a solution for the increased demand in technology globally.

Terror Incidents. Second, during terror incidents cooperation is maintained but emotions and political views are intensified. While terror attacks occurred generally every month, they were referred to as “incidents” by our informants because they were still experienced as random. In Israel, Jerusalem, and the West Bank fatal stabbings and shootings were committed by those identifying as Palestinians, servants of Islamic State, and as Jewish Zionists (settlers). Informants would generally oppose any form of violence, while some would see room for exceptional circumstances, and terror incidents only strengthened their beliefs. For instance, Shira (Tel Aviv) almost lost her daughter in the Dizengoff 2022 shooting, and yet expressed how her daughter keeps believing strongly in “justice and peace”. Shira too seemed to be rather forgiving and feeling sorry for the situation of the perpetrator, which is in line with conversations we had in the years prior to the incident. Yet, emotionally it was and still remains a demanding experience, as she recalled, “I don’t remember ever being so afraid in my life”. In an unrelated case, Adam (Beit Sahour) vividly explained his view on Hamas, which he described as “problematic because it’s a sectarian party, they mix religion with politics and the outcome is racist, destructive, and stupid”, yet “when I say that Hamas is the problem, I have to deny the fact that Palestinians have been oppressed 40 years prior to Hamas coming into the picture”. Thus, even though Adam would firmly disagree with the ideology advocated by Hamas, he would point to what he was seeing as the reason for such ideology to be present in the first place when being asked about terror attacks. In short, regardless of the actual views on

terror, it seems that informants would go through a highly intense emotional period where the incident is interpreted in line with the beliefs they already had.

However, there are two possible side-effects of terror incidents that could disrupt the industry. One would be when the managers that see the business case and who are open to business cooperation start questioning their decision to live in Israel. After what happened to Shira for instance, she is now doubting whether she will stay with her family or relocate to the US where they had spent years before coming to Israel. A second side-effect would be when the already strong stigma about Palestine further grows to the point where no multinational is willing to start outsourcing anymore. When there is no support from headquarters, outsourcing between Israeli-located multinationals and Palestinian tech firms could even be halted. Since these side-effects are not yet disrupting business cooperation we see terror incidents thus far as intensifying emotions and beliefs, or as Sara summarized:

Every time there's a challenge with permits I get frustrated. You know when there's a big political upheaval about anything, I get nervous. When there was a terror attack by a Palestinian who was using the high-tech permit that I use, I got very nervous. When there are annexation talks on the Israeli side, I get nervous. But no, I haven't reached that moment yet where I'm like, I don't think we can continue.
Sara, 2020

Civil War. Third, when violence erupted to a degree of civil war in May 2021, Israel and the Palestinian territories reached a state of emergency, and while business relations between firms were maintained, trust was somewhat disrupted and cooperation halted for one day. To illustrate, the following passage from a memo highlights the experienced chaos:

Since last weekend there were many violence eruptions in different parts of Israel and Palestine. There was the storming of the Al'Aqsa mosque by the Israeli military, many demonstrations, the Sheikh Jarrah situation, shooting rockets from Gaza, Israeli army retaliating. Even in towns in different places in Israel, there are mobs now, of Arab Palestinian people and also of Jewish people, just killing civilian citizens. I think over 1500 rockets from Gaza to Israel were fired, and at the moment around 80 Palestinian people are dead, and seven or eight Israeli people. Some children. When I was there last time, there were also rockets but it was different. It was rockets from Gaza to the surrounding villages without much damage. I mean, there were some people killed, but not so many as now. Also in

the media, everybody is talking about the worst violence since 2014. That was the Gaza war. Memo 14 May 2021

Also our informants struggled with understanding what was happening. The interviewer was told for instance that “this is like really tribal, pointing out people based on their ethnicity and going at it, it’s a new strain of crazy violence that I don’t think I fully comprehend it” (Yonatan, 2021) and “what happened in the streets scared me ten times more than the missiles, for moments I was like, is that the real situation? Was that inspired by the Prime Minister and all his actions in the last few years, or was it, you know, something that was always underneath?” (Mila, 2021). Within this chaos, informants would mostly try to continue working as normal while dealing with strong emotions and news updates every minute.

As a form of protest, Palestinians across the territories and in Israel went to strike, and it was the first time for IT professionals to participate. Amir, a senior software engineer explained:

Today is the 18th of May, which will be a general strike for all the Palestinians here. And surprisingly, this is the first time that also all the outsourcing technology companies in the West Bank are striking. And even the people in the streets are like this is something that you should have done like a long time ago but at least you have done it this time. So I believe we are in a stage that, I am not saying that we are not afraid anymore to say, but at least we start saying something. We will definitely not affect our professional commitments to any clients or the people that we are working with, but if you don't know what we are going through here and you are only dealing with us as a business deal... would you go watch TV please Sir? I believe this is what today's strike is about. It's about delivering a message. So, I have explained to them [colleagues and manager] what is going on. I took the liberty also to say what I feel and they all understand that. As everyone's saying here, you don't have to be with us, you don't have to be against us, but at least acknowledge us. That acknowledgement is the only thing that we have been, for the past years, looking for. So for any Israeli ignorant citizen that will be driving along Israel from north to south and doesn't even cross those checkpoints or even asks who are the people behind these walls, we are here, we exist, we are human like you. Amir, 2021

Perhaps the scale and intensity of violence, and, or the growth of the industry made the Palestinian tech firms join the strike. In any case, this quote highlights that the Palestinian workers “took the liberty” to express how they felt, which they would normally refrain from.

In contrast to the strengthened beliefs during terror incidents, this episode of civil war caused some informants to change their beliefs. Amir, who in his free time participates in online forums about dialogue and peace, continued to explain for instance:

It's really scary. You don't want to go out unless you have to go out... I believe that this whole situation triggered a lot of unspoken things that has been going on for years. ... (mentions the increasing societal problems and then the violence)... I'm not sure if we can turn back.

Interviewer: Are you also angry at the people that are rioting at the moment, or that are shooting rockets exactly because you say that maybe the consequences are that you have further restrictions?

Sir [change in voice], to be honest, we are here only because there are people like this. Believe me, if it weren't for them, we maybe wouldn't be existing anymore. I have been always against violence. From both sides. But if the question is whether peaceful protest will give us anything, history says no, literally it says no. Violence is the answer? Definitely no. The violence will generate more violence. But come on, how would you draw the attention to our case? Let's be honest, you wouldn't be talking to me if it weren't for all the killing that is going on. I don't know but this definitely should stop, right now [the otherwise always cheerful and one of the most positive-minded persons I have come to know seems destroyed and is trying to keep it together to speak with me]. Amir, 2021

Regardless of the general strike, the escalating violence “created lots of issues” between “people that worked very well together until that happened” (Eitan, 2021). As people felt threatened for their lives, and spoke about it at work, the challenge was getting back to work with the same trust as before.

Also the general environment became more skeptical about cooperation, which was visible in the expressions of our informants. The “barriers” of cooperation were stressed more in the interviews in the aftermath of the 2021 violence. In a group conversation a year later, it was stressed that, when employing Palestinians, “you need to deal with the barriers and the blockers” which “have become heaven”. As we talked about the riots in Israel, informants explained that generally, “most Israelis don’t care what’s going on in Ramallah, but when they see in Jaffa [right next to Tel-Aviv] houses on fire” the idea that “you can’t trust Arabs and when there is a chance they will kill us” only becomes more prevalent. In turn, they started reflecting on their own beliefs and felt to be “so persistent” in believing in cooperation between human beings,

which indicates the difference with the same informants in 2019 when the barriers were interpreted simply as funny stereotypical cultural differences.

Yet, even in these challenging times, the work continued. Colleagues also showed support for each other, for instance by sending “supportive notes, like what’s happening, saying that they are hoping for better days to come, these kinds of messages” (Rashid, 2021). Additionally, informants from both sides stressed that the delivery of work is top priority. And especially for the Palestinian IT professionals, it was illustrative to hear that, already because of covid, “We don't want our clients to feel that output is reduced because we are working online, we don't allow anything personal to affect the work we deliver, we appreciate that we run this business and we want to maintain it and make it better so I have zero events that affect our work.” (Rashid, 2021).

While every event tests cooperation in its own way, the work has thus far continued with exception for just one day during the general strike. All our informants do feel to be impacted, but they point toward the value of having business cooperation, and without much restorative practices they seem to go back to work after the outlined events. Perhaps especially during potentially disturbing events they feel drawn to the work which they experience as positive and meaningful. In a context where anything can become an issue of conflict – for instance flags that get displayed in Tel Aviv as a statement of compassion and coexistence are typically removed due to outrage – at work the IT professionals would prefer focusing on the tasks at hand. And when looking back on the accumulated years of cooperation, they would express satisfaction about maintaining productive cooperation despite challenging times.

Changing Perception of the Other due to Business Cooperation?

The societal sentiments around conflict were well-illustrated by a news article entitled “Israel-Palestine: A glossary of problematic media language” (Middle East Eye, 10 May 2021) where perceptions of the other from both societies become clearly visible. For instance, in the

Sheikh Jarrah situation (which also became highly popular on Twitter/X under various hashtags), an Israeli perception would be that of ‘Arabs’ in a ‘contested neighborhood’ who have to be ‘evicted’, whereas a Palestinian perception would be that of ‘Palestinians’ in ‘their homes’ being ‘ethnically cleansed’ by the army that favors Jewish ‘settlers’. This is just one example but outlines the societal sentiments generally experienced. Regardless of the specific views of our informants, we noticed that they would express themselves in terms consistent with the vocabulary explained in this article. Within this context, we wondered whether our informants changed their perception of the other *because of* business cooperation.

One observation that stands out is that virtually all our informants explained to be positively surprised during the phase of emergence. Typically, Israelis would perceive Palestinians either as terrorists or as low-skilled day laborers in Israel before starting business relations. Palestinians would see Israelis only as soldiers at checkpoints or as settlers with whom tensions are always high. However, during business meetings exploring options for outsourcing, they would see the other for the first time as capable IT professionals. Both sides seem to mentally add a new view of the other. Sometimes, a positive view of the other does not fit with the strong existing views which results in expressions such as “you are a good one”, referring to an exception to the norm. In other cases we heard something along the lines of “this is a good reminder of the majority who wants to have a good job and live in calmness”. Yet, generally, IT professionals would see each other as colleagues and trustworthy individuals. Only when being asked about the ‘other’ they would refer to collectives and highlight how Palestinians are very smart and highly motivated (Israeli perception), or how Israelis are very experienced and willing to share their knowledge (Palestinian perception).

Next, in the phase of growing complexity our informants would see each other more like colleagues instead of Israeli or Palestinian. Yet, at times they revert back to negative stereotypes during emerging issues. For instance, when Israeli managers asked whether their Palestinian

counterparts would be willing to join tech forums and talk about their successful cooperation, the Palestinian managers declined because they would not want to share their experiences publicly. This happened in different firms and in turn caused some frustration among Israeli managers. Additionally, it was heard among Palestinians that when they work at the offices in Israel (once a month or every other week), the work is very productive and enjoyable but during breaks there is “not so much to talk about”. In contrast, during breaks at the Palestinian offices, informants would feel more “at home” and experience their colleagues more as “family” rather than professional contacts. Also part of the growing complexity phase is the frustration about the lack of progress in the Palestinian tech ecosystem more broadly. Some informants mentioned their frustration in relation to their expectations and pointed towards “something in the Palestinian culture” that would halt progress. In all these situations, people shift back to portray people as Israeli or Palestinian again, and in a negative way. While growing concerns in a few cases lead informants to look for other positions outside the shared IT industry, there were still enough graduates every year to keep the industry growing.

Finally, in the phase of new cooperation models informants across Israel and Palestine shared some sort of relief, with exception from the CEOs of Palestinian tech firms. On the one hand, those involved in the direct employment model and those in the B-Corp expressed to be happy to finally “move aside the middleman” and be “equal members” of the organization rather than working in the traditional outsourcing model. Next to the material benefits of direct employment, such as the salary, stocks, and working on new tech challenges, the symbolic value was particularly important for Palestinians. Those involved, but actually all our informants, felt proud to see full employees in a globally known multinational. In case of the B-Corp, those involved felt proud to show the world that a progressive organization competing globally on talent is possible in Palestine. Palestinian CEOs however would feel concerned about the

potential impacts on the growth of their firms due to these new models, and also about the overall attractiveness of Palestine as outsource destination compared to other places.

The view of the other is thus potentially changing during business cooperation but remains fluid. Contrary to some of our informants who expressed great joy that those involved in business cooperation move from seeing each other as enemies to seeing each other as colleagues or friends, the perceptions of the other are (or at least can be) subject to more changes over time and possibly revert back to negative stereotypes. Additionally, those who did not change their perception about the other seem to push negative views to the background but express relief once they move to other positions outside of the Israeli-Palestinian IT industry. Especially when experiencing events that test cooperation, the meaning of the event is mostly interpreted in line with already existing perceptions of the other. Only the civil war episode revealed signs of potentially causing a change in perception of conflict more generally. Still, as our findings show, thus far the industry has survived and grown over the years.

Toward a Model of Intergroup Business Cooperation in Contexts of Ethnonational Conflict

The findings and additional illustrative data in Table 6 detail how intergroup business cooperation has emerged and has been sustained for over more than a decade in the Israeli-Palestinian IT industry. These findings give new insight into the puzzle of how opposing groups in ethnonational conflict can engage in long-term business cooperation. Systemic violent conflict generally shapes societal narratives in which the other is dehumanized which makes cooperation extremely difficult (Gray et al., 2007). Within such narratives, the group of oneself becomes the victim and attempts of reconciliation become zero-sum games (Rouhana & Bar-Tal, 1998). While people generally avoid interactions with the other and try to segregate or leave their homelands, economic organizing in marketplaces and firms could bring groups together out of necessity (Haider, 2009; Pickering, 2006). However, what remained unknown was *how*

intergroup business cooperation could be sustained in such environments. In response, the theoretical model we offer in Figure 7 explains how intergroup business cooperation can be created and sustained over time.

Business cooperation can be created as long as individuals see a business case and are willing to explore forms of cooperation. The ways in which creation can unfold include business trips aimed at outsourcing, and direct investments in growing markets. While this provides fertile ground for intergroup cooperation, projects are likely to grow in multiple ways, such as in technical complexity providing potential challenges in staffing but also in emotional involvement of people becoming closer to each other. For a portion of those involved, growing complexity may be a reason to stop cooperation and leave the project. Then, another portion may find new models of cooperation that alter the conditions of value appropriation, such as in our case happened with direct hiring and a social venture. The experience of intergroup business cooperation in any model is being evaluated in light of the ethnonational conflict-system. Motivations to continue cooperation range from resource appropriation, such as building careers and firms, which occur within (and therefore perpetuate) the conflict-system to statebuilding, by continuing exporting innovation or rebalancing economic dependence, which are deliberately aimed at transforming the conflict-system in the long-term.

Due to intergroup business cooperation, people form new experiences out of which the perception of the other is based, next to other social experiences or societal sentiments. For those who only saw the other as enemy prior to business cooperation, shared work could alter the perception of the other to a more positive perception. Over time, however, the perception of the other remains fragile and possibly reverts back to negative again, for instance due to failed work. Even when the perception of the other remains stable, individuals may experience growing discomfort with becoming emotionally closer to the other and as a result may stop cooperation and move to other positions or industries. Importantly, perceptions of conflict more

generally (why it gets perpetuated, who is responsible, and what needs to happen to solve conflict drivers) and about cooperation during conflict (what is appropriate and what not) are likely much more change-resistant than perceptions of the other. Daily life outside of work and societal sentiments are probably too strong to be affected by a changing perception of the other due to business cooperation. Therefore, intergroup business cooperation can be created, and be sustained for over extended periods of time, but the societal sentiments about conflict which reproduce the conflict-system keep relatively unaffected. Nevertheless, the industry can grow over time despite being embedded in ethnonational conflict because those involved have the possibility to appropriate resources that are otherwise much harder to access, and because they feel to contribute to statebuilding which could at some point alter the conflict-system in their favor. Further implications are discussed next.

DISCUSSION

Contexts of ethnonational conflict have started to appear in management research providing important adaptations to extant theory (Belhoste & Nivet, 2021; Ganson et al., 2022; Miklian, 2019; Neuberger et al., 2023; Sadeh & Zilber, 2019; Seremani et al., 2022; Weber et al., 2023). This emerging stream of work is important because global value chains often pass through such contexts while management theory mostly relies on findings from more peaceful contexts. Yet, despite being the elephant in the room, little attention has been paid to cooperation during conflict. What has been particularly puzzling is how and why cooperation gets sustained over time. While ethnonational conflict typically destroys or prevents intergroup cooperation due to societal beliefs of the other being the enemy (Gray et al., 2007; Rouhana & Bar-Tal, 1998), our case shows that ethnonational groups can sustain cooperation nevertheless (see also Fearon & Laitin, 1996). In fact, the Israeli-Palestinian IT industry has been growing for over a decade.

The findings and theoretical model explain how and why this has been possible. Doing so, this study makes three contributions to extant work on business in contexts of ethnonational conflict.

Theoretical Contributions

First, we expand work on the role of firms in in conflict-societies (Ganson et al., 2022; Joseph, Katsos, & Daher, 2021). Building on intergroup relations and societal inequality, recent theory has outlined how firms, through their stakeholder networks, canacerbate or help reduce conflict (Ganson et al., 2022), where tension is seen as the result of perpetuated inequality (Joseph et al., 2021). These studies are of great value. They demonstrate for instance the importance of analyzing ethnonational conflict through a lens of intergroup dynamics rather than economic or moral perspectives, they clearly outline how firm-level actions such as stakeholder networks lead to societal level-outcomes such as inequality, and they also offer clear practical guidance. However, a major shortcoming is that this work assumes groups to accept cooperation in the proposed inclusive stakeholder networks. As our data, and also others (e.g., Weber et al., 2023) demonstrate, this assumed acceptance is not always realistic in conflict-societies. We highlight for instance that the perception of the other remains fluid and people can potentially even opt out because of growing frustration (e.g., because of unmet expectations or because they become uncomfortable with deepened emotional relations with the other). In some cases, work-issues can make people even revert back to negative stereotypes.

This has implications for theory on the role of business cooperation in conflict-societies because it adds another layer to the inclusive stakeholder networks in extant theory. Even in such inclusive networks, conflict can be aggravated if cooperation fails or becomes too demanding and results in frustration.

Second, we expand work on the contact hypothesis in contexts of ethnonational conflict. While there is classical work on intergroup contact from so-called Western societies (Allport, 1954; Dixon, Tropp, Durrheim, & Tredoux, 2010; Paluck et al., 2019; Pettigrew et al., 2011),

recent work has started to examine contact interventions in contexts of ethnonational conflict (Wright et al., 2017; Feuchte et al., 2020). Yet another stream of work has ethnographically explored intergroup relations in villages affected by war (Haider, 2009; Pickering, 2006). However, thus far, theorizing on the lived reality of intergroup contact in business cooperation is lacking while firms are actually important places for groups to systemically meet. Especially longitudinal work is often called for (Paluck et al., 2019; see for an exception Kang et al., 2020). Our study adds to the study of intergroup contact in ethnonational conflict by demonstrating how the perception of the other potentially changes in different phases of cooperation and remains fluid as individuals can also revert back to negative stereotypes. Additionally, we show how changing perceptions of the other, due to years of successful business cooperation, do not necessarily translate to changing perceptions of conflict and cooperation more generally. Societal sentiments in contexts of ethnonational conflict are likely overpowering changes in the perception of the other as the result of business cooperation.

In many studies intergroup contact is conceptualized as friendship ties (Paluck et al., 2019; Pettigrew et al., 2011), or as voluntary participation in various forms of dialogue (Maoz, 2000; Feuchte et al., 2020). Business cooperation in fact suits several important conditions for contact to reduce prejudice, including shared goals, interdependency, equal status, and systemic interactions. For those involved in business cooperation, intergroup contact is even necessary in sustaining livelihoods. Yet intergroup contact in business settings remain understudied. We add to the existing body of work by highlighting that intergroup contact is an ongoing effort and should be seen as having an impact on individuals next to societal pressures. In other words, conflict transformation likely only happens when intergroup relations start changing in the immediate sphere, for instance through business, and when societal sentiments more generally are changing too.

Third, extant work on business in conflict-societies has generally adopted short-term perspectives (Austin & Wennmann, 2017; Belhoste & Nivet, 2021; Miklian, 2019; Sadeh & Zilber, 2019) which we complement with a more long-term process view of how cooperation can be sustained. We demonstrate that as long as people keep seeing a business case, and are open to explore business cooperations, business relations can emerge. Further, as long as groups feel to contribute to statebuilding through business cooperation, or if they are able to appropriate resources within the conflict-system, cooperation can be sustained over decades. Even contextual events such as pandemics, terrorist violence, and civil war do not break business cooperation. In our case, work was only disrupted during the one-day national strike of Palestinians but resumed again the day after. Thus, we show how business cooperation could become resilient enough to withstand national unrest in contexts of ethnonational conflict.

With these insights, we aim to redirect research on the role of business in conflict contexts toward more longitudinal work and capturing the lived reality of those involved. While several notable studies have indeed captured real life experiences of ethnonational conflict (Katsos & AlKafaji, 2019; Miklian & Medina-Bickel, 2020) a larger debate in management research is needed to better understand how business cooperation possibly evolves over time. Thus, more longitudinal work conducted in conflict-societies (e.g., see Kang et al., 2020) is encouraged. Extant research on contexts of conflict is extremely valuable (e.g., De Rond & Lok, 2016; Neuberger et al., 2023; Sadeh & Zilber, 2019), but it only scarcely touches upon cooperation between conflict groups (Seremani et al., 2022). Bringing intergroup business cooperation into the fore, we hope to generate a larger debate in management research on the role of business in contexts of ethnonational conflict.

Practical Implications

Though our aim was to develop theory on how and why business cooperation gets sustained over time, several practical implications can be derived from this study. For managers globally,

the Israeli-Palestinian case shows for instance that despite the commonly known headlines about violence, thriving business ecosystems can be found or created. As our informants have demonstrated, they are highly motivated to make business cooperation succeed. Additionally, while most managers in Europe or the US believe that discussing Israeli-Palestinian relations is taboo, people living the local reality are actually quite willing to share their perspectives, allowing outsiders of the context to quickly learn. Finally, the interdependency combined with the possibility of (partly) remote work and the time pressure characteristic for software development, make the IT industry relatively well-suited for cooperation between conflict groups. Yet, to manage potential growing complexity, close attention should be paid to mutual expectations, emotions, and to possible scenarios of contextual events such as pandemics, terror attacks, or civil war.

In parallel, policymakers concerned with private sector development as a tool for international aid or conflict prevention can draw important lessons. Compared to aid, business cooperation seems much more self-sustaining and gives workers a great sense of autonomy and pride. Creating an ecosystem that is able to grow over time, and which potentially, at some point, could make development aid less necessary, is very much welcomed by those receiving aid. Our findings show that this is possible. Up until the point where infrastructure for IT work gets destroyed, people can continue working on IT with a combination of remote and in-person tasks. However, our findings also show that the conflict cannot be resolved by business cooperation. Policymakers have an important role in finding solutions for conflicts such as in Israel-Palestine and prioritizing economic cooperation over addressing root causes can in fact become a new source of conflict. Thus, if there is a true desire to create brighter futures for all, solutions have to be drawn up at various political levels. Business cooperation, despite potentially being resilient and successful, can only assist in such processes.

Limitations & Future Research

Several limitations and opportunities for future research are important to note. Our data included in-depth interviews, memos on the observations and reflections of the field visits, and daily news articles. While these data allowed for rich insights, we were unable to see the dynamics between the Jewish professionals when talking about their colleagues from Palestine or between the Palestinian professionals talking about their colleagues from Israel. Nor were we able to fully capture team dynamics because observations were not allowed during the actual work of our informants. Findings are thus based on the accounts of informants and observations of the daily life in the research context. Therefore, the provided model shows the ‘perception’ of conflict, ‘envisioned’ outcomes, and the phases of ‘emergence’, ‘growing complexity’, and ‘new models’ as seen through the eyes of the informants instead of organizational efforts (Sadeh & Zilber, 2019) or individual rituals at work (De Rond & Lok, 2016). More work with access to organizational and team level data is needed to expand the dynamics outlined by our model. Simultaneously, more insight into leisure and political lobby activities can be valuable in understanding how intergroup business cooperation and the perception of the other evolve over time.

Further, the type of work in the IT industry, where most of our informants are engaged in software development, may limit the generalizability of our findings. This work is generally seen as high-status and those involved have either accumulated valuable technological expertise (seniors) or show excellent knowledge and skills when graduating from university (juniors). While IT can be trained, obviously not everyone can become a software engineer and start working for a leading multinational. Hence, while the underlying idea of starting an IT industry may be generalizable to other emerging economies, the findings are less likely to be generalizable to other types of work such as farming or mining where status is typically different and work is much more attached to the land. More comparative work would be useful to further

unpack how business cooperation between conflict groups across industries can emerge and be sustained.

To conclude, this study shows the processual nature of intergroup business cooperation in contexts of ethnonational conflict. In the case of Israeli-Palestinian IT outsourcing, an industry around intergroup business cooperation gets sustained by the outlined stages of emergence of cooperation, growing complexity in tasks but also in adaptation to the accumulated experiences, and by new models of cooperation which fill the needs of the industry. The data indicated two important reasons for why people embedded in ethnonational conflict keep engaged in business cooperation. The first is to appropriate resources such as a stable income and expertise within the system of conflict, focusing on what is seen as their immediate area of control. The second reason is to deliberately contribute to statebuilding (working toward a desirable future state) in the hope to transform the context of conflict over time. With ongoing violent events, cooperation gets tested but typically not disrupted which is an important observation compared to non-business cooperation initiatives discussed in the literature thus far. Finally, while the perception of the other could indeed change due to cooperation, our data only hints to potential changes in stereotypes (perception of the other) while general ideas about the context of conflict remain mostly unaffected throughout years of cooperation. Taken together, this study provides a first step in getting toward a theory of intergroup business cooperation in contexts of ethnonational conflict, providing an explanation for how and why such cooperation emerges and can be sustained over time.

Chapter 4 – Business in conflict areas: A conceptual model of when firm’s intergroup contact strategies contribute to conflict transformation

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ABSTRACT

While the role of business in conflict areas has long been debated, the underlying mechanisms of how and when firms contribute to transforming conflict remain unclear. In response, we develop a process model of firms’ intergroup contact strategies and their likely impact on existing intergroup conflict. Leveraging insights from management, social psychology, and peacebuilding research, we distill three contact strategies, including ‘separating’, ‘blending’, and ‘hosting’, which shape the interplay between ingroup identity and a collective firm identity and result in different contact experiences. Subsequently, we outline the processes through which intergroup contact within firms diffuses to societal intergroup relations, including trustbuilding, developing intergroup views, and realizing intergroup interdependency. The resulting model demonstrates how intergroup contact in daily operations impacts intergroup conflict over time. Our theorizing contributes to theory on business in conflict areas by bringing processual intergroup dynamics to the fore.

INTRODUCTION

Scholars across the social sciences have long been interested in dynamics between business, conflict, and peace (Brown, 1966; Collier & Hoeffler, 1998; Hook & Ganguly, 2000; Oetzel & Getz, 2012; Rettberg, 2016). Whilst the age-old hypothesis suggesting that ‘states engaged in trade do not fight’ has been disputed, research in business and management has in recent years examined “specific principles by which certain kinds of economic activity can foster peace” (Oetzel, Westermann-Behaylo, Koerber, Fort, & Rivera, 2010, p.351). This growing stream of ‘Business For Peace’ research (Ford, 2015; Forrer & Katsos, 2015; Haufler, 2015; Miklian & Schouten, 2019, Oetzel et al., 2010) has since suggested various ways of how business organizations operating in conflict areas – defined as “places marked by, or vulnerable to, serious and systemic violent conflict” (Ford, 2015, p.451) – could contribute to peace. Such ways include for instance, forming inclusive stakeholder networks (Ganson, He, & Henisz, 2022), securing global standards such as human rights throughout supply chains (Fort & Schipani, 2004), and facilitating negotiations between conflict groups (Lieberfeld, 2002). Early work has been quite positive on the impacts of business in conflict areas (Oetzel et al., 2010) whereas more recent work is much more critical and also warns for unintended outcomes such as aggravating conflict (Ganson et al., 2022; Miklian, 2017; Miller, Ganson, Cechvala, & Miklian, 2019).

While business for peace research has contributed important insights, especially in outlining the dimensions via which business actions could be related to peace (Forrer, 2010; Miklian, 2017; Oetzel et al., 2010), the underlying mechanisms of how and under which conditions business actions within such dimension relate to peace (or aggravated conflict) remain poorly explained (Ganson, 2019a; Ford, 2015). As some have noted, extant work seems to portray “a menu of options” to choose from, but reality is far more complex (CDA, 2014, p.2).

Additionally, business operations are typically seen by conflict groups as advancing or hindering their interests regardless of intentional contributions to peacebuilding (Anderson & Zandvliet, 2001). Hence, simply the presence of firms in conflict areas may impact already existing conflict. Some notable studies have indeed started to address intergroup inequality as a root cause of conflict and have examined the impacts of firms on such inequality (Ganson et al., 2022; Joseph, Katsos, & Daher, 2021). However, there is still much unknown about how conflict groups would need to experience business interactions, for instance within the inclusive stakeholder networks demonstrated by Ganson et al. (2022), to move from conflict to more peaceful coexistence. Since *conflict transformation* requires “changed attitudes and perceptions, changed behaviors, and changes to the structural inequalities that provide uneven benefits within political systems” (Dayton & Kriesberg, 2009, p.5), a focus on changing attitudes and behavior is crucial because extant theory largely omits these aspects of conflict transformation.

Better understanding how social interactions in day-to-day business operations potentially impact already existing conflict of the types experienced in Ukraine, Sudan, and Myanmar to name a few examples, is important to further advance theory on the role of business in conflict areas. Not only for the sake of theory development it is important to better understand how business relates to conflict transformation, but also in practice, the need for a deeper understanding of how business organizations can be involved in peacebuilding is strongly voiced. For instance, several UN initiatives concern the engagement of business, including Sustainable Development Goal 16 on ‘Peace, Justice, and Strong Institutions’, the Global Compact Business For Peace Local Networks, and the Principles for Responsible Management Education Working Group on Business for Peace. Additionally, governments worldwide and managers located in conflict areas regularly express concerns of conducting business in relation to conflict transformation. Especially since peacebuilders call upon the UN for a “New Agenda

For Peace” to incorporate lessons from recent failures (Reuters, January 2023), gaining more knowledge about conducting business without aggravating conflict is timely.

Insights across research disciplines on intergroup relations form a suitable starting point in examining how *intergroup contact* – social encounters between conflict groups – during business interactions relates to conflict transformation. For instance, peace research suggests that rebuilding social relationships, which have typically been severely impeded by conflict, is crucial for political reforms to be effective and/or for peacebuilding to emerge bottom-up (Gawerc, 2006; Mitchell, 2002). Simultaneously, social psychology offers guidance on interventions of intergroup contact (Paluck, Green, & Green, 2019; Pettigrew, Tropp, Wagner, & Christ, 2011) with an emerging stream of work from conflict societies (Kang, Delzell, Snyder, Mwemere, & Mbonyingabo, 2020; Wright, Tropp, & Mazziotta, 2017). However, valuable insights from these disciplines rarely surface in business for peace theory (Ganson et al., 2022; Miklian, 2017; Milliken, Schipani, Bishara, & Prado, 2015). Extant frameworks predominantly consist of variance-based explanations about how a redistribution of resources, such as human rights and economic wealth, is associated with peace as a static variable while rebuilding social relationships, being fundamental in conflict transformation, remains relatively unexplored.

Thus, both, the experience of intergroup contact and a process view related to conflict transformation are missing. Given that disciplines such as peace research and social psychology offer insights into rebuilding social relations this omission is surprising. Firms seem to be suitable places for rebuilding social relations since the delivery of services or products relies on cooperation and thus firms could be important places of intergroup contact. Yet, simply hiring across conflict groups would ignore the growing work demonstrating that negative intergroup contact can do more harm to existing conflict (Barlow, Paolini, Pedersen, Hornsey, Radke, Harwood, Rubin, & Sibley, 2012). Still, since intergroup contact is such an important aspect in

rebuilding social relations, and hence in conflict transformation, it is worth exploring further how firms could organize intergroup contact in their daily operations. Hence, and responding to calls for stronger causal explanations in business for peace theory (Ganson, 2019a; Ford, 2015), we ask: When does intergroup contact within firms contribute to conflict transformation?³

To advance business for peace theory we blend peacebuilding research (Gawerc, 2006; Mitchell, 2002) and social psychology (Pettigrew et al., 2011; Wright et al., 2017) with an emerging intergroup view from the business and peace debate (Ganson et al., 2022; Joseph et al., 2021). We do so to construct a process model that illustrates when ongoing encounters between conflict groups within firms perpetuate, aggravate, or transform intergroup conflict. Following a growing stream in peacebuilding research, we adopt the conceptualization of peacebuilding as ‘conflict transformation’ which describes the process of conflict groups gradually changing their relations from antagonistic to acceptance and coexistence (Lederach, 1997; Mitchell, 2002). To better understand the ways in which groups can be brought together inside firms, we distill three ‘contact strategies’ from extant research on intergroup relations, which we label as ‘separating’, ‘blending’, and ‘hosting’. These strategies describe the interplay between group identities and a firm identity which, as we theorize, impact intergroup conflict. In our model, we suggest that four sub-processes are interlinked: managing intergroup contact, trustbuilding, developing intergroup views, and realizing intergroup interdependency. Depending on the contact strategy adopted, these processes will result in the outcomes of perpetuating, aggravating, or transforming intergroup conflict.

³ The aim of our theorizing is to understand when firms contribute to reducing intergroup conflict rather than aggravating conflict. The concept of conflict transformation (Dayton & Kriesberg, 2009; Mitchell, 2002) suits such aim, but in reality we think our theorizing offers insights more on how to cope with intergroup conflict and intergroup contact in conflict areas to minimize negative impacts rather than completely transforming societal conflict. As others have pointed out, conflict transformation cannot succeed with collective and coordinated efforts between political, civil society, and international actors (Gawerc, 2006). In short, we thus zoom in on the role of firms in a more general process of conflict transformation.

This theorizing offers three contributions to the debate on business for peace. First, it extends emerging work on intergroup relations in the debate (Ganson et al., 2022; Joseph et al., 2021; Miklian, 2019) by addressing the role of intergroup contact specifically as opposed to inclusion in stakeholder networks. Second, this paper outlines, based on previous work, three contact strategies which provides a better understanding of how groups deal with identities when cooperating with conflict groups inside firms. Third, this paper explains how the processes of managing intergroup contact, trustbuilding, developing intergroup views, and realizing interdependency are sequentially linked, which is relevant in understanding when positive intergroup contact generalizes to transforming social relations and when positive contact becomes irrelevant or gets canceled out. Simultaneously, seen from the ‘outside’ perspectives of peacebuilding research and social psychology, we further unpack the role of firms in conflict transformation. While firms are commonly seen as a force of good or bad, we highlight that *how* organizing takes places within firms with regards to intergroup contact is likely contributing to conflict transformation or further aggravating conflict.

The paper continues with blending an intergroup view from the business for peace debate with an intergroup relations perspective from social psychology and a conflict transformation perspective from peacebuilding research. While the studied phenomena in each perspective are different, the underlying assumptions are bridgeable and therefore the perspectives can be complementary. Subsequently, the paper presents the three contact strategies of separating, blending, and hosting which describe some ‘ideal-type’ ways of intergroup encounters and identity dynamics within firms, after which the sub-processes of managing intergroup contact, trustbuilding, developing intergroup views, and realizing intergroup interdependency are outlined. With each contact strategy the sequences produce different impacts on intergroup conflict. Finally, the discussion outlines the implications of the model.

AN INTERGROUP VIEW ON BUSINESS FOR PEACE

Business for peace gained momentum at the turn of the century (Anderson & Zandvliet, 2001; Fort & Schipani, 2002; Nelson, 2000). The emergence of the debate has been framed as a reaction to the compiling evidence of firms causing conflict (Oetzel et al., 2010), an application of business ethics to firms in conflict-affected societies (Fort, 2015), a reaction to the call of the United Nations (UN) for the private sector to help achieve the Sustainable Development Goals (Miklian, 2016), and as a particular case of development aid (Ganson, 2019a). While the debate keeps expanding across research disciplines, theory development has somewhat stagnated (Ford, 2015; Ganson, 2019a). In particular, causal mechanisms of when business actions contribute to conflict transformation and when they aggravate existing conflict remain unclear.

The ‘general framework’ of business for peace theory is composed of several pillars, including ‘fostering economic development’, ‘adopting principles of external valuation’, ‘contributing to a sense of community’, ‘engaging in track-two diplomacy’, and ‘engaging in conflict-sensitive practices’ (Oetzel et al., 2010, p.355). Later contributions have further clarified the framework (Forrer & Katsos, 2015; Miklian, 2016), adapted it to local business contexts (Joseph, Katsos, & Van Buren, 2022; Katsos & AlKafaji, 2019; Miklian & Medina Bickel, 2020), and delved further into why business would (or would not) engage in practices related to peacebuilding (Ganson, 2019b; Rettberg, 2016).

Interestingly, different assumptions and mechanisms circulate in extant theory. For instance, with ‘fostering economic development’ it is assumed that poverty, as a situation in which individuals violently have to secure their needs to survive, is the main cause of conflict. Hence, through providing jobs and direct investment conflict areas should become more peaceful (Collier & Hoeffler, 1998; Nielsen & Riddle, 2010), where peace is seen as the absence of violence. Another mechanism suggests that rather the spillovers of economic development, such

as knowledge transfer, infrastructure development, and the provision of goods and services, contribute to peace (Oetzel et al., 2010), shifting the assumption on the type of needs necessary to survive. The reasoning for when and why conflict would arise from lacking such spillovers remains implicit. With the pillar of ‘adopting principles of external validation’, structural violence in the sense of dignity transgressions leading individuals to violently demand their rights, is assumed to be the main cause of conflict. Here, providing dignified lives is the mechanism for creating more peaceful societies (Fort & Schipani, 2004; Fort, 2015), corresponding with peace as the absence of structural violence. Yet, if these mechanisms imply that simply more ‘economic development’ and more ‘ethical business’ create peaceful societies (Collier & Hoeffler, 1998; Fort, 2015; Oetzel et al., 2010), theorizing seems to be disconnected from reality (CDA, 2014; Ford, 2015). Especially, it seems to neglect those situations in which firms aggravate existing conflict (Ganson, 2019a; Miklian, 2019; Oetzel et al., 2010).

Apart from the more direct actions that firms can undertake to impact conflict such as brokering diplomatic deals (Lieberfeld, 2002) and blocking financial flows to armed groups (Winer & Roule, 2003) – where critical arguments remain nevertheless (Miklian, 2016) – the mechanisms related to economic development in the business for peace framework are relatively instable because mechanisms seem to switch between assumptions. Since economic development forms the core of the business for peace debate (Joseph et al., 2021), it is particularly important to better understand when outcomes such as a reduction in conflict behavior occur as the result of business actions and how such outcomes can be explained.

Building further on an emerging *intergroup view* on business for peace could overcome this instability. With an intergroup view we refer to work that specifically examines how business operations inherently impact intergroup relations within a conflict society. For instance, Anderson and Zandvliet (2001, p.1) argued that “*Even when a company is an outsider to pre-existing and ongoing local conflicts among groups, normal, day-to-day business operations are*

viewed by those involved in local conflicts as important to, and having an impact on, the outcomes of their struggles.” Such reasoning has been developed further by Ganson (2019a) who called upon research to examine the impact on groups within a conflict system, because contributions to peacebuilding at one point in the system can easily be offset by actions that aggravate conflict elsewhere in the system.

More recently, Joseph, Katsos, and Daher (2021) developed a model with intergroup equality (equated with peace) and intergroup inequality (equated with tension) as outcomes, where social development, capacity building, and support for the rule of law are situated within economic development instead of being separate dimensions as in Oetzel et al., (2010). They refer to the classical conditions of intergroup contact theory, but also to the so-called ‘clash of civilizations’ as underlying mechanisms. Further, Ganson, He, and Henisz (2022) explain that horizontal equality between groups is necessary for collective action in issues related to peacebuilding, and demonstrate how firms, through their stakeholder-networks, can reduce existing inequality (Stewart, 2000) by forming inclusive networks (through brokers if possible) or by engaging only with some groups and further aggravate inequality and therefore conflict.

These studies are important in shaping business for peace theory along several lines. First, they explain that firms are part of ongoing conflict. Through their operations they automatically distribute resources which is advantageous or harmful to certain group interests. For instance, by hiring and contracting, distributing products and services, managing community relations, but also by working with governments (necessary for licensing) firms directly impact groups in society. As Ganson (2019b) and Miklian and Medina-Bickel (2020) demonstrate, only in exceptional cases firms can navigate the conflict system in such a way to not be seen as siding with particular groups, for instance when firms are crucial for an economy and thus have some leverage over governments and when they have a trustworthy enough status among conflict groups. Second, abstracting from these studies, the emerging intergroup view could explain

those situations in which more resources such as economic wealth and even human rights, actually aggravate conflict (Miklian, 2019). Looking at group struggles reveals who benefits from an increase in certain resources and who gets undermined. Thus, an intergroup view suggests that firms are embedded in ongoing conflict driven by inequalities and can, through their operations, become actors that aggravate existing intergroup conflict.

This line of work has also important weaknesses. What remains unclear, for instance, is how conflict gets conceptualized. The intergroup view relies mostly on horizontal inequality (Stewart, 2000), which in turn determines ‘conflict risk’ (Ganson et al., 2022) or ‘tension’ (Joseph et al., 2021). While explanations of conflict as context often reveal a strong process ontology – for instance by describing *ongoing* group struggles, *peacebuilding*, and the need to *keep monitoring* intergroup relations – extent models show more of a weak process ontology (Anderson & Zandvliet, 2001; Ganson et al., 2022; Joseph et al., 2021). The argument is not that one ontology is more desirable than the other, but that a tighter alignment between illustrations and models will make the arguments even stronger.

Additionally, what remains unclear is how intergroup contact, being the actual interactions between conflict groups inside firms, reduces or aggravates conflict. In some studies intergroup contact is explicitly mentioned as contributing to peacebuilding, or in the words of Joseph et al., (2021, p.848) “it demonstrated its value to heal community-division”, while in others intergroup contact is assumed but not explained (Ganson et al., 2022). Hence, when positive intergroup contact occurs and how it would relate to peacebuilding are still questions waiting to be explored. In other words, how firms can manage intergroup contact and when intergroup contact reduces or aggravates conflict remains to be seen.

To gain more insight into these questions, we blend the intergroup view on business for peace with an intergroup relations perspective from social psychology and a conflict transformation perspective from peacebuilding research. As we argue below, the assumptions

from these perspectives can be bridged, while the studied phenomena differ considerably. Starting from bridgeable assumptions (Okhuysen & Bonardi, 2011), comparing these perspectives reveals phenomena currently absent in the business for peace debate. Most important insights from each research stream are summarized in Table 7.

Table 7. Key perspectives on the role of business in peacebuilding

<i>Main features</i>	Intergroup view in business for peace research	Intergroup relations in social psychology research	Conflict transformation in peace research
<i>Roots</i>	Practitioners' experience (Anderson & Zandvliet, 2001) Horizontal inequality (Stewart, 2000) Intergroup conflict theory (Tajfel & Turner, 1979)	Intergroup contact theory (Allport, 1954) Intergroup conflict theory (Tajfel & Turner, 1979)	Conflict fluidity (Galtung, 1969) Conflict transformation (Lederach, 1997) Private sector engagement (Ruggie, 2008)
<i>Reviews & key contributions</i>	Ganson et al., 2022; Joseph et al., 2021	Wright et al., 2017; Paluck et al., 2019; Pettigrew et al., 2011; Barlow et al., 2012	Gawerc, 2006; Mitchell, 2002; Barbara, 2006 Bray, 2009
<i>Assumptions about conflict</i>	Conflict remains undefined, yet is caused by inequality between groups in their access to resources	Psychological state which is caused by mere ingroup/outgroup awareness and the rejection of intergroup inequality	Historical and contemporary processes of struggle due to perceived mutually exclusive interests and structural violence in society
<i>Assumptions about business</i>	Firms need to secure their survival in a conflict system and by creating inclusive stakeholder networks firms reduce conflict risk which contributes to peacebuilding	-	The private sector is a key actor in peacebuilding as it provides a place for rebuilding social relations and secure livelihoods
<i>Phenomena under study</i>	Conflict risk; Inequality between groups; Conflict systems	Attitudes (toward outgroups, toward reconciliation), emotions (hope, threat) and intentions (to support social change, to discriminate) of conflict; Intergroup	Societal transformation; Enduring peace; Shifts in behavior of conflict actors; Inclusivity; Interdependency, shared goals, economic and social reconstruction

		harmony; Cross-group friendships/interactions	
<i>Generalization mechanism</i>	Appropriation of resources spreads through societal networks of involved stakeholder groups	Positive contact spreads automatically via friendship and kinship relations	Locally advanced interests interpreted as national level movements allows practices to spread
<i>Conceptualization of transformed social relations</i>	Reduced/reversed inequality (appropriation of resources) through inclusive stakeholder networks	Reduced negative outgroup attitudes and behavior (stereotypes, perceived threat, discrimination, exclusion) through positive intergroup contact	Changed meaning of relations from antagonistic (enemies) to acceptance and coexistence (neighbors)
<i>Ontology</i>	System ontology (conflict is a system that needs to be navigated), and weak-process ontology (inequality is further exacerbated or reduced)	Entative ontology (interventions are snapshot measurements of ongoing processes)	Process ontology (peacebuilding is a never-ending process necessary to transit out of evolving conflict)

Intergroup Relations in Social Psychology

To better understand how groups come to be in conflict we draw on intergroup conflict theory (Tajfel & Turner, 1979). A group is defined as “a collection of individuals who perceive themselves to be members of the same social category, share some emotional involvement in this common definition of themselves, and achieve some degree of social consensus about the evaluation of their group and of their membership of it” (Tajfel & Turner, 1979, p.40). Individuals have the need to belong to a group because it provides them with stable positive relationships while ‘others’ are subsequently perceived as outgroups (Baumeister & Leary, 1995).

Conflict is typically considered a psychological state that results in attitudes such as negative outgroup stereotypes, perceived discrimination, and perceived threat, and behaviors such as exclusion of outgroups and acts of violence (Paluck et al., 2019; Pettigrew & Tropp, 2006; Wright et al., 2017). Conflict originates from three sources, including mere outgroup

awareness, existing animosity, and competition over resources (Tajfel & Turner, 1979). Importantly, resources can be tangible and intangible as they include social prestige and political power next to economic wealth.

The underlying mechanism for competition over resources can be captured as follows: Individuals strive to achieve or maintain a positive self-concept; membership in groups is associated with positive or negative value connotations according to evaluations of those groups contributing to one's self-concept; these evaluations are determined by comparisons to other groups (where positive discrepancy results in higher prestige and negative discrepancy in lower prestige); when views about one's own group are unsatisfactory individuals will attempt to join more positively evaluated groups or try to make their own group more positively distinct (Tajfel & Turner, 1979). Especially because groups in conflict-societies often get mobilized along ethnonational lines (Fearon & Laitin, 2000), it is hard to 'leave' the group (and its identity) and thus a spiral occurs in which groups feel the need to secure their resources. In sum, competition is rooted in social comparisons and aims for securing social, political, and economic resources.

While competition over resources between groups is close to human nature, it does not always result in conflict. Conflict occurs when the disadvantaged group(s) start to reject the status quo (Tajfel & Turner, 1979). Disadvantaged groups can also accept the unequal distribution of resources and even perceive it as fair (Dixon, Tropp, Durrheim, & Tredoux, 2010). In such cases, social norms are strong enough for the disadvantaged to perceive their position as the result of their own wrongdoings, even when regulatory and social structures systemically favor the advantaged with equal effort. When the disadvantaged start to reject the status quo, conflict is likely to occur as the advantaged are expected to react by defending their position in society (Tajfel & Turner, 1979). This 'friction' can hence be observed in negative outgroup attitudes, perceived discrimination and tensions, and support for (violent) collective action to change the status quo (Dixon et al., 2010; Paluck et al., 2019).

A large body of work has specifically focused on how intergroup conflict can be reduced through intergroup contact (Paluck et al., 2019; Pettigrew et al., 2011). Allport (1954) used earlier ideas of de-segregation to develop the contact-hypothesis which suggests that intergroup contact reduces prejudice – negative outgroup attitudes and behavior – in situations of equal status, common goals, cooperation, and the support of institutions (which are situations that firms could create). Later work reveals that intergroup contact has effects of reducing prejudice even when these conditions are not met (Pettigrew & Tropp, 2006). Yet, some have warned that studies often lack practical details on the interventions which makes it hard to verify to what extent the conditions set out by Allport (1954) are actually met. Importantly, Barlow et al. (2012) demonstrate that negative intergroup contact increases prejudice more than positive contact reduces it.

Compared to the intergroup view on business for peace, this body of work adds important building blocks. While both perspectives start from the assumptions that groups are formed by social comparisons, that they strive for resources and that inequality precedes conflict, social psychology has delved much deeper into the group-level experiences of conflict. It shows for instance how groups develop attitudes (stereotypes), emotions (threat and hope) and behavior or intentions of behavior (exclusion, violence). It also shows that conflict is not directly caused by inequality per se but rather by a rejection of the status quo. Finally, in contrast to the assumed intergroup harmony underlying models of Ganson et al. (2022) and Joseph et al. (2021), a growing stream of work in social psychology warns for the possibility of negative intergroup contact which implies that if firms would bring conflict groups together, negative contact experiences need to be avoided to not aggravate conflict. These are relevant additions to the intergroup view on business for peace.

Although social psychology is based on experimental research, its insights are still compatible with a process ontology. Since group comparisons as described by Tajfel and Turner

(1979), and societal change as illustrated by Dixon et al. (2010) refer to processes, we interpret findings from social psychology as valuable ‘snapshots’ that reveal in more detail how groups are affected by emerging conflict and contact. Thus, we see inequality and conflict as ongoing processes, while both perspectives can inform one another because of the different emphasis in studied phenomena, where the business for peace perspective reveals more about the position of the firm in ongoing conflict, and the social psychology perspective more about the experiences of conflict.

Conflict Transformation in Peacebuilding Research

During conflict, societies undergo destruction in the economic domain (operations are halted, investments are lost, informal economy grows), political domain (emergency situations are declared, formal mechanisms of decision-making are disrupted, parties are banned) and social domain (group exclusion, violence, displacement). Rather than simply rebuilding material damage, social relations between conflict groups need to be rebuilt for peacebuilding to occur (Gawerc, 2006; Mitchell, 2002).

Conflict in peacebuilding research is typically seen as a generations-long process in which adversaries, governments, civil society, the private sector, and international supporters struggle to materialize their interests. According to Galtung (1995), conflicts “have no clear beginning or end... they wax, wane and transform themselves through patterns of dependent co-arising” (1995, p. 52). Taking this strong process ontology implies that conflicts are ever evolving, so that after new events (e.g., the bombing of a village, the army taking full political control, insurgents’ acts of violence) the conflict is no longer the same as before.

Peace, then, gets a different meaning compared to static perspectives because it does not refer to a desirable end-state but to the process of making societies gradually more peaceful. In particular, work on *conflict transformation* is concerned with the process of transforming unpeaceful, to more peaceful societies where an end-state becomes logically impossible as

conflict transformation, like conflict, is an ongoing process (Mitchell, 2002). This line of work explains how transformation occurs in three areas, including social structures of inequality, social relations between conflict groups, and individual behavior. We see the role of the firm as primarily relating to the transformation of social relations between conflict groups.

Relationships are repeated interactions that involve memories, expectations, and evaluations of those involved (Mitchell, 2002). According to Lederach (1997, p.26), relationships are “both, the basis of the conflict and of its long term solution”. Lederach advocates for a process of humanizing the enemy to move from a relationship of adversaries to one of neighbors, because “the futures of those who are fighting are ultimately linked and interdependent” (Lederach, 1997, p.26). Conflict transformation would thus occur when groups move from relations being antagonistic toward coexistence and cooperation (Fearon & Laitin, 1996; Mitchell, 2002).

A growing stream of work highlights specifically the role of business in conflict transformation (Barbara, 2006; Bray, 2009; Rettberg, 2007; Ruggie, 2008). For instance, Löhr et al. (2021) explain how the production of cocoa and the development of natural resources in general, can be an opportunity for creating social relations. Key insights in their illustrations from Côte-d'Ivoire and Colombia reveal when farmers experience benefits from participating in cooperatives they are likely to see outgroup farmers as non-threatening and the state as more trustworthy. Yet, there is still much unclear about when the involvement of business in peacebuilding actually helps reduce ongoing conflict and when it aggravates conflict (Barbara, 2006; Gawerc, 2006; Millar, 2019). Especially opening up the dynamics inside firms is potentially fruitful to bridge management research with peacebuilding literature (Haufler, 2015).

Compared to the social psychology and business for peace perspectives outlined above, peacebuilding research adds important building blocks too. It strongly voices the need for rebuilding social relationships as part of peacebuilding regardless of the top-down approaches

typically associated with policy and constitutional reforms. It also highlights a strong process ontology in which conflict does not simply start somewhere and can be resolved, but conflict rather expands and becomes more salient yet could be transformed when social relations between conflict groups are changing from antagonistic to coexistence. Due to a strong process view, this research puts the focus on ‘how’ organizing takes places within inclusive projects such as reconstruction (Danielsson, 2020; Liaga & Wielenga, 2020; Löhr et al., 2021) more than on the different outcomes of intergroup contact or the different channels of how firms’ actions may impact conflict. Finally, this perspective also moves into the direction of asking what role business has in conflict transformation. Highlighted is for instance that cooperation between conflict groups could decrease inequality in access to resources and generate trust (both towards other groups and the state), but that more research is needed on the complexity of how business actions relate to conflict transformation.

Ontologically, we see conflicts indeed as ongoing, ever evolving processes, which are experienced as explained in the social psychology perspective but are likely changed over time only with a combination of factors (or combined processes) to move groups in society from antagonism or even mutual destruction toward acceptance and coexistence. Hence, for firms to contribute to conflict transformation, an explanation is needed that unravels these complex dynamics and explains how processes inside firms eventually generalize to societal intergroup relations.

DEVELOPING A MODEL OF FIRMS’ CONTACT STRATEGIES AND THEIR IMPACT ON INTERGROUP CONFLICT

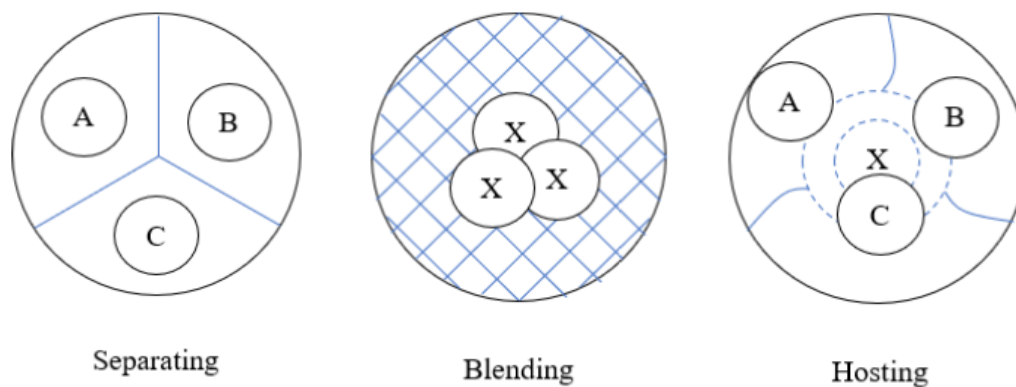
In light of extant knowledge on intergroup conflict and conflict transformation, firms can be seen as places of repetitive intergroup interactions where groups work together on shared goals and in doing so sustain their livelihoods. Hence, what happens inside firms could simply

perpetuate ongoing intergroup conflict, but it could potentially also aggravate or reduce conflict between groups. We develop our model by first outlining three contact strategies, visualized in Figure 8, which can be seen as ‘ideal types’ of organizing intergroup encounters within firms. We then explain how these contact strategies set three interlinked processes in motion, namely trustbuilding, developing intergroup views, and realizing intergroup interdependency, which together produce the three impacts on intergroup conflict including perpetuating, aggravating, and transforming. In short, our theorizing demonstrates when intergroup contact within firms is likely to transform intergroup relations from antagonistic to coexistence.

Separating

As an emerging stream in contact research suggests, negative intergroup contact tends to be stronger than positive intergroup contact (Barlow et al., 2012; Schäfer, Kauff, Prati, Kros, Lang, & Christ, 2021). Hence, reasoning from the idea that groups separate for a reason, i.e. to avoid the heavy psychological burden and sometimes physical security of intergroup contact, firms could reproduce separation between groups while hiring across conflict groups. When adopting separating as a contact strategy, group boundaries are maintained and the likelihood

Figure 8. Three strategies for intergroup contact within firms



Note: A, B, and C are group identities, X is the new collective firm identity

of negative contact experiences decreases (Paolini, Harwood, & Rubin, 2010). Interactions between groups can be limited by allocating complete separate tasks and by allocating separate spatial areas.

Some studies for instance highlight that for intergroup contact to be successful, conflict intensity needs to be somewhat reduced instead of being at its peak (Forrer & Katsos, 2015). While conflict intensity is subjectively experienced by groups, it could be a precondition for positive intergroup contact to emerge. In their study on participatory theater in Liberia, Feuchte, Neufeld, Bilali, and Mazziotta (2020) indeed mention that especially “postconflict communities” (p.272), for instance in the “aftermath of civil war” (p.276), have a good chance for creating positive intergroup interactions. These insights suggest that in some cases, separating is the safest option because interactions can become part of ongoing conflict and negative contact increases negative outgroup attitudes, disrupts trust if there is any, and decreases the chance for future positive intergroup contact (also toward outgroups not part of the interactions).

However, while separation might help temporarily in avoiding negative contact, it seems to only perpetuate existing intergroup relations without improving them. In other words, to survive episodes of high conflict intensity, or to start operating in a high-intensity period, firms likely benefit from a separation strategy but such intergroup contact does not transform social relationships and thus does not contribute to conflict transformation over time. In short, existing intergroup conflict is likely not further aggravated by contact at work because negative contact (Paolini et al., 2010; Schäfer et al., 2021) is largely avoided. Yet, social relations between conflict groups are also not changed because separation is simply perpetuated within the firm.

Blending

Since intergroup contact has a general effect of reducing outgroup prejudice (Paluck et al., 2019; Pettigrew & Tropp, 2006; Pettigrew et al., 2011) and since groups in conflict societies

typically have a history of mutual apathy and destruction, the idea of blending groups together and creating a new common identity seems desirable. For instance, rather than identifying with an ethnonational or political group, observers often express the need for conflict groups to start identifying as national citizens in a shared system (Mearsheimer & Van Evera, 1995; Saouli, 2019). For firms located in conflict areas this relates to establishing a strong firm identity. Promoting the concept of equal coworkers within the firm blurs group boundaries, primes commonalities, and provides groups with the mental schema to interpret new experiences as being part of a common group. Following this line of thought means that in daily work, group identities are pushed to the background as they are no longer relevant at work. On the one hand, this contact strategy allows groups to start seeing themselves and other groups as capable professionals. On the other hand, when managers restrict groups in their use of group identity, resistance can occur (Fiol et al., 2009).

Especially in settings of considerable inequality between groups, which is common in conflict societies, references to sharing a new identity with the others is highly sensitive. Typically, feelings of betrayal occur. As some have noted, for instance, *“You feel like you are betraying your community and your people by empathizing with someone you see as an enemy”* (cited in Verwoerd, Little, & Hamber, 2022, p.204), and even when the idea of betrayal is opposed, a strong pressure from ingroups can be experienced as a result: *“if you speak out against that, you’re supporting the enemy or you’re agreeing with the enemy. And therefore the blood of those [who died] ... your friends, your community ... are also on your hands”* (cited in Verwoerd et al., 2022, p.216). Even though groups desire to work to sustain their livelihoods amidst conflict (Pickering, 2006), actively establishing a common identity through blending potentially further increases tension and potentially generates negative views and behavior toward the firm.

Empirical studies, though not in firm settings but still relevant, highlight the possibility of increased conflict by establishing a common identity. For instance, Maoz (2000) reported, based on a series of structured workshops between Palestinians and Israelis where a new identity was created and participants were not allowed to address differences, that cooperation often halted due to competing agendas where the disadvantaged (Palestinians) actually wanted to discuss their experiences of conflict whereas the advantaged (Israelis) perceived such behavior as obstruction. Participants eventually expressed their resistance to further cooperation. Additionally, Garagozov and Gadirova (2019) analyzed the effect of a common identity narrative in the Armeno-Azerbaijani Nagorno-Karabakh context and found a strong rejection of the common identity due to ‘competitive victimhood’. The common identity resulted in decreased empathy between the involved groups.

In sum, while blending conflict groups within firms under a new common identity has the potential of transforming relationships to be more positive – by creating positive perceptions of outgroups as capable professionals – the risk of aggravating intergroup conflict by increased feelings of betrayal and decreased feelings of empathy is particularly high.

Hosting

A third contact strategy would be to bring groups together within the firm but leaving them free to flexibly identify with their group identity and the new firm identity, which we refer to as ‘hosting’. While similar principles underly models in management research on interorganizational collaboration (Hardy, Lawrence, & Grant, 2005) and cross-cultural management (Gümüşay, Smets, & Morris, 2020), we conceptualize hosting as a contact strategy that can be used by firms in conflict societies specifically and we further theorize how the use of this strategy impacts intergroup conflict over time.

With hosting, the firm creates an open space where groups can use dual identities (Fiol et al., 2009) but flexibly, that is to make the firm/ingroup identity salient at different times among

different coworkers and in different places within the firm (Gümüşay et al., 2020). Such a contact strategy would likely get less pushback due to frustration as with blending and gives more room for positive contact than with separating. The downside here, however, is to agree on a line of which managers and coworkers can remind each other of when disputes emerge. Contrary to blending and separating, where the reaction of the firm is clear (reinforcing blending or separation), the reaction becomes more ambivalent. Yet, in line with the principle of hosting, a reaction to emerging disputes would be to let the groups come up with their own solutions and to create a solid level of agreement within the firm, which may take much more time but in turn may strengthen feelings of ownership among groups.

Empirical studies reveal for instance that if groups are able to control how they identify themselves in relation to the other conflict groups, their willingness to listen to the others' narratives increases, and the sense of being recognized increases which in turn allows cooperation to continue (Maoz, 2000; Feuchte et al., 2020). In the intervention used by Feuchte et al., (2020) participants were invited to participate on stage in a play on intergroup conflict which would be about to turn violent, while participants in the study could also choose to remain seated and observe. We believe this setting where participants could actively take an identity (and go on stage) or participate in this study while keeping their group identity to themselves (and remain seated) contributed to the outcomes of trust, sense of community, and collective action. Maoz (2000, p.153) seems to highlight this aspect of leaving room for each group identity, which was not sufficiently experienced by the participants and hence resulted in cooperation to break down. While examples of work settings are harder to find, Gümüşay et al., (2020) do reveal how groups could create space both symbolically through language and logos, and literally by providing distinct and shared rooms, to acknowledge different religious within the organization. In short, hosting provides an important third contact strategy, which

potentially maximizes the likelihood of positive intergroup contact to emerge while it minimizes the risk of aggravating intergroup conflict.

Identifying three contact strategies forms the first building block of our theorizing. We now turn to the stages through which we see intergroup contact leading to perpetuating, aggravating, and transforming intergroup conflict.

How Contact Strategies Impact Intergroup Conflict: Trustbuilding, Developing Outgroup Views, and Realizing Intergroup Interdependency

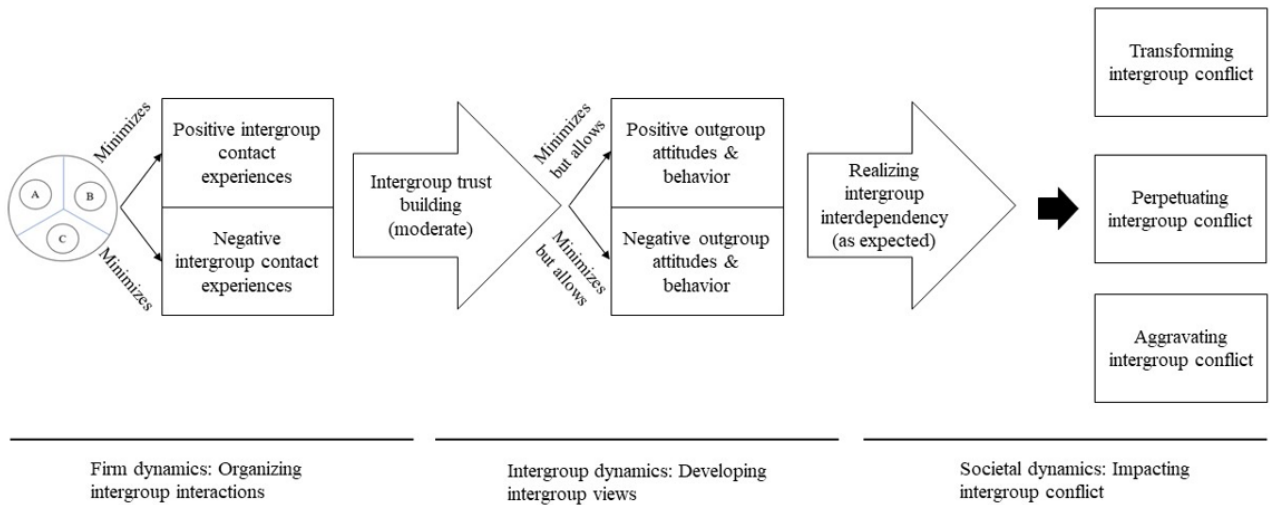
While existing work provides insight into the different ways in which conflict groups can be brought together inside firms, which we have distilled into contact strategies, the underlying process of how the contact strategies impact intergroup conflict needs a closer examination. Blending the perspectives from management, social psychology, and peacebuilding we explain this underlying process. The resulting model of when firms contribute to conflict transformation via intergroup contact is presented in Figure 9.

The model reveals how the three contact strategies of separating, blending, and hosting, each trigger slightly different processes which eventually amplify to the perpetuation, aggravation, or transformation (toward coexistence) of intergroup conflict. The processes triggered by a contact strategy are interlinked, including trustbuilding, developing intergroup views, and realizing intergroup interdependency, where one is input for the next.

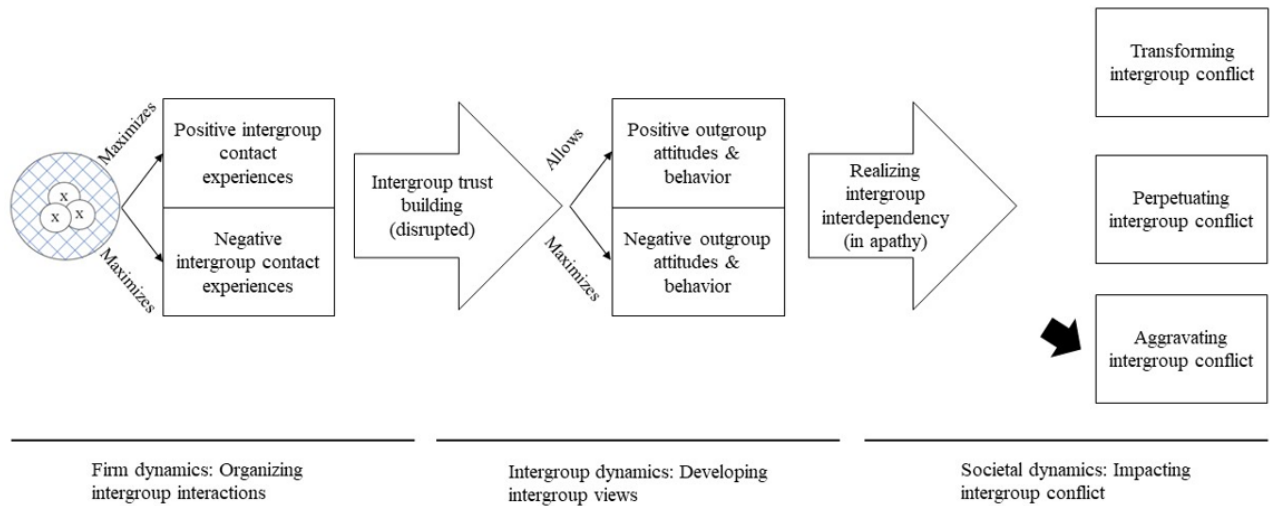
Due to fear of harm, anticipated perceptions of betrayal, and competitive victimhood, groups generally avoid interactions with the others during conflict. The psychological ambivalence that individuals experience when cooperating with others that are commonly seen as ‘the enemy’ is uncomfortable and therefore often avoided or resolved by ending existing interactions (Haider, 2009; Verwoerd et al., 2022). As highlighted by peacebuilding literature, social relations get severely destroyed in conflict societies (Mitchell, 2002; see also Rohner & Thoenig, 2021). How then can firms contribute to rebuilding destroyed social relations?

Figure 9. A model of the impact of firms' intergroup contact strategies on intergroup conflict

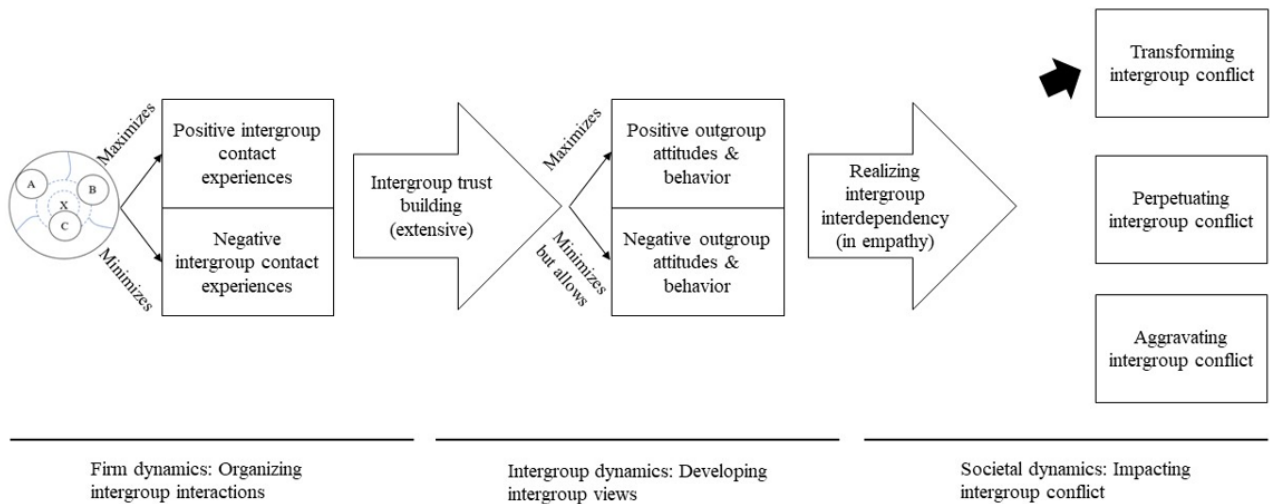
A. Separating



B. Blending



C. Hosting



Sub-process 1: Managing Intergroup Contact. The formulated contact strategies deal differently with the reason of why groups avoid interactions in the first place. With separating, encounters between groups within the firm are limited as much as possible which would shape the situation where groups could see interactions within the firm as a continuation of encounters in social life outside the firm, namely as segregated. The typical pattern of ‘we’ vs ‘them’ occurring between firms’ departments may help individuals to limit the stress of psychological ambivalence and thus to participate in the firm that also employs other groups. If positive and negative experiences of intergroup contact are to be seen as two distinct concepts (Schäfer et al., 2021), it is likely that with separating both get minimized because contact overall is as much avoided as possible.

With blending however, groups would experience a complete change compared to social encounters outside the firm and see ingroups and outgroups as the new inclusive firm identity (visualized as ‘X’ in Figure 8). This too limits stress from psychological ambivalence, but now by making group identities obsolete and promoting only the new collective firm identity. This probably maximizes positive contact experiences, but it can also generate negative ones. Typically, the advantaged groups resist a complete equal treatment under a new collective identity (Miklian, 2019; Tajfel & Turner, 1979) and the disadvantaged may feel not recognized in their suffering (Garagozov & Gadirova, 2019) which can lead to obstruction in shared tasks and halting cooperation (Maoz, 2000).

Finally, with hosting, groups are left free to interpret their group identities and the firm identity as they seem fit at each point in time, and thus in different situations. Hosting would shape the environment where both group identities *and* a firm identity are accepted while leaving it up to individuals themselves as to how they address psychological ambivalence. Negative backlash to the firm’s promotion of only the collective firm identity can be avoided and yet more positive contact experiences can emerge compared to a complete separation of

groups. Therefore, while negative contact experiences probably never completely vanish, they can be minimized, while positive ones can be maximized. These dynamics of experiencing positive and negative intergroup contact within firms subsequently form the input for building trust (Kappmeier, Guenoun, Fahey, 2021) between groups more generally.

Sub-process 2: Trustbuilding. Repeated social encounters, equality in power and status, and working toward shared goals are considered the main conditions that allow positive intergroup contact to impact intergroup conflict (Allport, 1954; Paluck et al., 2019). These conditions make firms particularly suitable places of positive intergroup contact (e.g., see Haider, 2009; Pickering, 2006; Prieto, 2012). Over time, experiencing positive encounters creates trust between groups, and trust in turn, is needed for continued cooperation within firms. While freeriding is a recognized problem in cooperation, continued monitoring and encouragement by managers can provide stable effort of coworkers over time, and thus can trust emerge. However, due to patterns of intergroup encounters – minimizing and maximizing positive and negative contact experiences – as the result of firms’ contact strategies, the process of trustbuilding takes on different forms.

With separating, when both positive and negative contact experiences are minimized, trust likely emerges, but very slowly. The awareness that despite a complete separation, the firm is employing other conflict groups which requires a certain level of coordination (although limited), groups may start seeing others as somewhat trustworthy (while they can still hold extremely negative views toward the others). Trustbuilding then is moderate at best. With blending, the process looks different. Due to maximized positive contact experiences trust likely emerges much faster. However, due to negative contact experiences, any level of trust that has been built gets destroyed soon after. When groups start noticing ongoing disrupted cooperation they may become even more reluctant to continue compared to trustbuilding under separation because they see that even though they are seriously trying, outgroups cannot be trusted. With

hosting, trustbuilding is driven by two forces, one similar to the process under separation which is the mere continued survival of the firm while employing various conflict groups, and the other is the accumulated positive contact experiences in combination with the minimized negative ones. Groups may get a feeling of success when noticing positive encounters and ongoing cooperation. Hence, trustbuilding becomes extensive. The process of trustbuilding unfolds at the intersection of firm dynamics and intergroup dynamics because it determines to what extent intergroup contact experiences (during firm encounters) generalize to intergroup views (attitudes and behavior toward the other groups in society).

Sub-process 3: Developing Intergroup Views. Positive outgroup views are crucial for impacting intergroup conflict (Bar-Tal, Oren, & Nets-Zehngut, 2014; Paluck et al., 2019; Pettigrew et al., 2011; Wright et al., 2017). When trust is low to moderate, as with separating, the few positive experiences are probably not recognized as relevant in updating intergroup views. Therefore, positive intergroup views are not much developed. Simultaneously, the few negative contact experiences fall in line with generally held expectations. Hence, existing negative intergroup views remain probably unchanged. When trust gets continuously disrupted, as likely under blending, a more complex process occurs. Accumulated positive contact experiences potentially allow positive intergroup views to be developed. In practical terms, groups initially see that the general pattern of conflict, destruction, and segregation can be avoided and that groups can start cooperation. However, this force is probably completely offset by the force of accumulated negative experiences and the disrupted trust. As a result, groups may end up even more frustrated, and may re-politicize failed cooperation which leads to strongly increased negative intergroup views.

Though, when trustbuilding is extensive, likely under hosting, there is a higher chance of negative contact experiences being perceived as exceptional behavior while the positive experiences start being recognized as relevant for updating intergroup views. Groups may feel

positively surprised when reflecting on ongoing cooperation which is in contrast to their commonly held views about outgroups. While negative experiences may still occur, they now form setbacks to a trend that is moving into the direction of developing positive intergroup views. In other words, the ‘balance’ is now tipped in favor of positive intergroup contact which makes groups gradually update their intergroup views and thus develop more positive attitudes and behavior toward the others.

Sub-process 4: Realizing Intergroup Interdependency. Developed intergroup views trigger the next process which we label ‘realizing intergroup interdependency’. Eventually, conflict transformation is about conflict groups getting (gradually) more accepting toward the others (Lederach, 1997; Mitchell, 2002). Social relations then move from antagonistic to coexistence in empathy (Halpern & Weinstein, 2004), which makes groups eager to participate in a social system where collective resources are created and shared (Bar-Tal, 2000; Miklian, 2019). Since groups in conflict are always interdependent in some way (which can also be a driver of conflict), it is about how they give meaning to and reproduce their interdependent societal relations to see whether conflict gets perpetuated, aggravated, or transformed.

In the sequence of separating, moderate intergroup trustbuilding, and intergroup views remaining similar to existing expectations, it is likely that the dominant antagonistic societal relations are maintained. In other words, the type of contact has set the processes in motion to confirm beliefs about the societal position of other groups relative to the ingroup societal position. Maybe a limited form of recognition and acceptance occurs, but one which will be probably equally favoring the ingroup identity compared to when firms would *not* employ other groups. Thus, intergroup interdependency is not truly altered, and hence intergroup conflict is perpetuated over time even though positive contact occurred and perhaps moderate forms of trust have been established.

In the sequence of blending, disrupted trustbuilding, and intergroup views becoming more negative, it is likely that groups will negatively evaluate interdependency, even more than is already the case. This can lead to further dehumanizing the others and legitimizing destructive behavior. In short, if there was the perception of the others having a legitimate place in society, then that perception is now replaced by one that does not grant them the right to exist within the same social system as the ingroup. Hence, intergroup conflict is likely further aggravated despite initial attempts of creating a new collective identity for conflict groups.

Finally, in the sequence of hosting, extensive trustbuilding, and intergroup views becoming more positive, groups start seeing that constructive cooperation can be sustained over time. Groups then may also notice that their own views start changing, and perhaps even that the others' views about them are changing too. Especially since this process started in a firm setting, where groups are dependent on the others for successfully completing tasks and reaching goals, they might be more open to slowly changing societal beliefs that mirror these relations, where groups thus could start seeing the others as valuable partners in creating and sharing resources. More recognition and acceptance between groups, in other words realizing interdependency in empathy, probably has the highest chance of transforming social relations to peaceful coexistence. In this way, groups could even start seeing the others as necessary in their own survival.

Of course, if realizing interdependency in empathy is 'new' to a conflict society, any negative contact experience can seriously distort the outlined process and push the intergroup relations back to realizing interdependency in the expected or apathy form. Yet, when extensive trustbuilding within firms, developing more positive intergroup views across conflict groups, and realizing interdependency in empathy (coexistence in society) indeed occurs, firms' actions regarding intergroup contact are then amplified from firm to society level and can reduce intergroup conflict over time.

Taken together, the model shows the build-up of when firm-level interactions can lead to transforming social relations in society more broadly, and when this could lead unintentionally to perpetuating and aggravating conflict-laden intergroup relations. Compared to older arguments about economic interdependency, we propose that the ways in which intergroup contact is managed sets important processes in motion that go beyond simply being economically interdependent (e.g., for a salary and sustaining livelihoods). Rather, the processes being set in motion are trustbuilding, developing and potentially altering intergroup views, and realizing interdependency in empathic (related to acceptance) apathic (related to destruction) or currently expected ways (limited recognition), which reveal what happens to the social relations between conflict groups while experiencing intergroup contact within firms.

Additionally, compared to arguments about harmony we add several important insights. One is that a contact strategy aimed at harmony through blending, has a high chance of backfiring. A second is that concepts such as trust, intergroup views, and acceptance are probably *interlinked processes* which would mean that the mere occurrence of, for instance positive intergroup contact, trust, or heightened awareness about interdependency, cannot explain how intergroup conflict progresses over time. Rather, how these concepts are sequentially linked and experienced by conflict groups is essential.

DISCUSSION

Our theorizing offers new light to the debate on the role of firms in conflict areas. It moves away from explanations in the business for peace debate that revolve around economic deprivation-development (Collier & Hoeffler, 1998; Nielsen & Riddle, 2010; Oetzel et al., 2010), or human rights transgression-protection (Fort & Schipani, 2004; Oetzel et al., 2010). Instead, our theorizing builds further on an emerging ‘intergroup view’ on the role of firms in conflict areas (Ganson et al., 2022; Joseph et al., 2021; Miklian, 2019). In this view, conflict is

the result of groups striving for resources, which over time typically creates imbalances, where the disadvantaged and advantaged experience friction over what in their view is a just social system (Tajfel & Turner, 1979). Challenging the status quo spirals into violence when other (arguably more stable) conditions are in favor of uprisings such as relatively weak state governance, the availability of arms, and cultural norms and traditions around the use of violence. Subsequently, histories of intergroup violence shape so-called conflict areas (Ford, 2015) where conflict gets perpetuated (Bar-Tal., 2000; Gray et al., 2007) which makes it hard to transform intergroup relations to peaceful coexistence (Gawerc, 2006; Mitchell, 2002). Examining the role of intergroup contact (Pettigrew et al., 2011) in daily business operations (Anderson & Zandvliet, 2001) to understand how firms could transform, or unintentionally perpetuate and even aggravate intergroup conflict is thus relevant for scholars and managers interested in the role of business in conflict areas.

We believe our contributions to the intergroup view on business in conflict areas are threefold. First, we extend current work in the debate by delving into intergroup contact conceptualized as the social interactions between conflict groups within firms, as opposed to inclusion in stakeholder networks. Taking the inclusive stakeholder formations outlined by Ganson, He and Henisz (2022) as a starting point, we stress that even when all conflict groups are present (and could potentially equally reap the benefits of value creation and appropriation), social interactions in ways that allow or restrict groups to express their desired situated identity could still shape negative intergroup contact experiences. Since negative contact tends to be more influential than positive contact in intergroup conflict (Barlow et al., 2012; Schäfer et al., 2021), firms could thus still perpetuate conflict by enacting negative intergroup views even though previously excluded groups are at some point included. This is not to say that our theorizing is contradictory to extant theory. Instead, we believe the blend between the psychological perspective on intergroup conflict and the conflict transformation perspective

from peacebuilding research further strengthens the important work done by others within the intergroup view (Anderson & Zandvliet, 2001; Ganson et al., 2022; Joseph et al., 2021; Miklian, 2019). In this sense, our theorizing adds intergroup contact as a daily experience within firms to improve social relations between conflict groups, which is crucial in conflict transformation (Mitchell, 2002), next to the mechanism of allowing disadvantaged groups access to resources and altering intergroup inequality (Ganson et al., 2022; Joseph et al., 2021).

Second, based on existing knowledge, we have distilled three ways of bringing conflict groups together in business interactions – firms’ contact strategies of separating, blending, and hosting. These strategies deal differently with dynamics between group identities and a collective firm identity which creates potentially different patterns of intergroup contact experiences. Anticipated feelings of betrayal, competitive victimhood, and fear of harm create emotional ambivalence among those involved in cooperation with the so-called ‘enemies’ (Garagozov & Gadirova, 2019; Verwoerd et al., 2022; Wright et al., 2017). Contact strategies create the conditions for actual interactions to occur, and for groups to interpret these social encounters with the others in distinct ways. The stress of emotional ambivalence is managed differently with each strategy. Separation would give a cover for groups to interpret their work as non-cooperation. On the contrary, blending would push the group identities to the background making them obsolete for the work to be done. Hosting would rather provide a safe space for groups to identify with the new collective firm identity and their group identities flexibly in different situations, and simultaneously by invoking both at the same time. While all have certain strengths (e.g., separating involves likely low risks to immediate violence, blending potentially allows short-term cooperation to occur), over time, hosting likely holds the potential to actually transform intergroup relations and reduce intergroup conflict whereas separating likely perpetuates existing conflict and blending likely aggravates conflict. Since extant work on intergroup conflict tends to focus on creating harmony (Dixon et al., 2010; Fiol et al., 2009),

empowering employees (Milliken, Schipani, Bishara, & Prado, 2015), and enforcing collective identities (Garagozov & Gadirova, 2019), our theorizing highlights that different forms of intergroup contact, over time, have unintended outcomes as well as the potential to change intergroup relations.

Third, our theorizing brings processual dynamics of intergroup contact within firms to the fore. It is known that certain concepts are important in understanding intergroup conflict, such as trust (Abramov, 2010; Kappmeier et al., 2021), outgroup views (Bar-Tal et al., 2014; Belhoste & Nivet, 2021; Paluck et al., 2019), societal views on interdependency (Bar-Tal, 2000; Baser & Ozerdem, 2021; Miklian, 2019), and positive and negative contact experiences (Barlow et al., 2012; Schäfer et al., 2021). However, extant work has usually treated these concepts as isolated (static) variables which obscures their processual nature and the possibility of these processes to be interlinked. We perceive these processual experiences to add up over time reaching the outcomes of perpetuating, aggravating, or transforming intergroup conflict. Reframing these familiar concepts in explicit dynamical terms allows us to see a possible sequential order where trustbuilding, for instance, depends on the experience of positive and negative contact encounters, whereas developing intergroup views depends on levels of trust, and realizing of intergroup interdependency occurs in line with existing expectations and societal beliefs, in even more apathy, or in empathy which makes groups more accepting and willing to share resources within the social system. This holds implications for understanding when firm-level intergroup contact amplifies to transforming social relations between conflict groups and when they are made irrelevant or cancelled out by negative intergroup contact. In other words, rather than seeing merely levels of positive contact, trust, and positive intergroup views (e.g., in static forms), we outline how these processes are interlinked which reveals when social relations are maintained or changed over time. For firms, the outlined dynamics thus imply that promoting positive intergroup views has limited or unintended consequences before trustbuilding is

extensive, and that signaling practical progress in daily operations as successful intergroup cooperation is likely ineffective if there are still many negative intergroup contact experiences. In sum, the sequences of managing intergroup contact, trustbuilding, developing intergroup views, and realizing interdependency are key in understanding how firms could be transforming or perpetuating and aggravating intergroup conflict.

Boundary Conditions of the Model

Several boundary conditions need to be acknowledged. To develop theory suitable to the ongoing business for peace debate, we have adopted an emergent change approach (change from within the system) as opposed to revolutionary change (organizing to overthrow the system) (e.g., see Rettberg, 2007). While there is much more to be examined regarding the role of conflict in support for, or the likelihood of (revolutionary) change, we interpreted such temporary developments as prior to creating a society characterized by intergroup acceptance and coexistence. We took the position in this paper that rebuilding social relations would be needed also when a new status quo has been formed after a revolution. Yet, more work on intergroup contact in relation to revolutionary and emergent change would be helpful in unraveling these interrelated phenomena.

Additionally, the psychological intergroup processes outlined in our model likely occur when individuals strongly identify with a group identity (hence our choice for intergroup relations as the unit of analysis). However, identities can be rather fluid and vary in salience across situations, which poses questions to whether the outlined processes indeed unfold in ways we have explained them. While we believe that it is appropriate to study groups in conflict areas through the prism of strong group identities, as groups typically get mobilized along ethnonational lines (Fearon & Laitin, 2000), additional work should further unpack the dynamics of ethnonational group identities next to created firm identities and other social identities.

Finally, we have zoomed in on intergroup contact as something generally applicable in different types of firms and across conflict areas. However, in reality the specific circumstances of firm differences (size, ownership, type of products and services, forms of teamwork, existing experience in conflict areas, extent of involvement in scandals and lawsuits, perceived chance of survival) combined with contextual factors (conflict drivers, power distributions among groups, levels of intractability, levels of violence, existence of peacebuilding or reconciliation programs, international support and agendas) certainly matter (Miklian & Schouten, 2019). Examining such variety in firm characteristics and conflict contexts is a potential avenue for follow-up studies. Simultaneously, continued comparison between research and practical insights is helpful in better understanding how intergroup contact within firms could contribute to conflict transformation.

Future Research on the Impacts of Business in Conflict Areas

In addition to challenging and examining the outlined boundary conditions we see potential in continuing the interdisciplinary debate leveraging insights from social psychology, peacebuilding, and management research. While each research stream has their strengths and weaknesses, they show compatibility in assumptions (e.g., on why conflict emerges) and in crucial concepts (e.g., trust, intergroup views, and acceptance). Especially now that systemic change has gained increased attention across these research streams, more studies on when certain actions amplify over time and impact societal intergroup relations are momentous.

One way future research may address such systemic change is with dynamical systems theory. In studying processes relevant to conflict transformation, dynamical systems theory can help in further explaining the temporary states, attractors, and changing relations within systems (e.g., see Gray & Roos, 2012). We have only taken a small step into this direction by examining what happens with intergroup relations at different levels in the system under three contact strategies, but much more research is necessary to better understand how different forces

interrelate in a conflict system and how firms impact such forces over time through their operations. The tools for understanding the dynamic nature of conflict are already out there (Coleman, 2006; Coleman, Vallacher, Bartoli, Nowak, & Bui-Wrzosinska, 2011), and the need for theorizing the impacts of firms on conflict-systems is clearly voiced (Austin & Wennmann, 2017; Ganson, 2019a), so the time seems right for new work to explore intergroup conflict through a dynamical systems lens. We believed a crucial primary step was missing, which is demonstrating that social psychology, peacebuilding, and management research can indeed be informative to each other in studying the impacts of business in conflict areas. Future research could benefit from this basis and hopefully propel the debate forward.

In conclusion, a lot remains to be discovered. Importantly, we echo the notion that conflict is unlikely to ever be truly resolved, not the least through business, and that the state remains the main actor in transforming social systems in which intergroup conflict unfolds. Still, our theorizing offers some insight into the role of firms in conflict transformation. We hope that through research we can get a better understanding of the impacts of business in conflict areas and potentially help business be a positive force in these contexts.

Chapter 5 – General discussion

HOW RESEARCH HELPS IN BETTER UNDERSTANDING BUSINESS IN CONFLICT CONTEXTS

Overview of the Dissertation

Over the past decade, management research has started to feature contexts of conflict such as Afghanistan (De Rond & Lok, 2016), Egypt (Neuberger et al., 2023), Ghana (Weber et al., 2023), Israel (Sadeh & Zilber, 2019), Myanmar (Miklian, 2019), and Syria (Belhoste & Nivet, 2021). While studies have offered valuable contributions, for instance to institutional theory, the role of business in conflict contexts, and stakeholder theory, much has remained unclear about how opposing groups manage to work together in firms during ongoing conflict. Questions such as, ‘what brings people together to work constructively toward shared goals?’, ‘how do people interpret and explain business cooperation?’, ‘how does business cooperation evolve over time, and does it somehow change those involved?’, and ‘how does business cooperation impact the context of conflict?’, have thus far remained unexplored. Since many global value chains pass through conflict contexts, and considering the repeated calls for more research to the sociopolitical contexts of firms (Alvarez & Rangan, 2019; Ganson, 2019a; Lounsbury & Wang, 2020; Miklian & Schouten, 2019), these questions continue to be relevant.

Adopting an overall instrumental stance in generating new theory (as opposed to testing theory, or advancing moral theory), this dissertation aimed at gaining a better understanding of how business gets impacted by, and simultaneously impacts its context of conflict. Within this general aim, the three chapters used the following research questions:

- Chapter 2 – Study 1: *How do individuals embedded in sociopolitical conflict create and maintain cooperation despite conflicting institutional logics?*

- Chapter 3 – Study 2: *How and why is business cooperation sustained in contexts of ethnonational conflict?*
- Chapter 4 – Study 3: *When does intergroup contact within firms contribute to conflict transformation?*

Each study used a different approach to answering its research question. Two qualitative case studies to the Israeli-Palestinian IT industry were conducted (study 1 and 2), of which data is overlapping. In the first, which was an *explorative* case study, data were collected in 2019 and include interviews (31 formal and 17 informal), observations of the context (32 consecutive days in Israel-Palestine), and publicly available documents such as media articles and organizational reports (251). In the second, which was a *longitudinal* case study, most data from the first study (the formal interviews, the observations, and the majority of the documents) were re-analyzed in addition to new data from subsequent years. This study draws on a total of 87 formal interviews, 93 pages of memos from observations during the data collection (65 days in Israel-Palestine over two field visits), and 947 documents. In the third study, which was a *conceptual* study, findings were generated through blending perspectives and process theorizing. Work across research domains including management, social psychology, and peacebuilding was combined to come to its findings. Ethical considerations and practical challenges of doing research in a conflict context like Israel-Palestine are discussed in each case study and were summarized in the introduction chapter of this dissertation.

The following outlines the dissertation's contributions and opportunities for future work.

Contributions of the Dissertation

The studies are designed to make contributions to different audiences within management research. In Table 8 each study is summarized.

Table 8. Overview of main findings and contributions in this dissertation

	Study 1 – Chapter 2	Study 2 – Chapter 3	Study 3 – Chapter 4
<i>RQ</i>	How do individuals embedded in sociopolitical conflict create and maintain cooperation despite conflicting institutional logics?	How and why is intergroup business cooperation sustained in contexts of ethnonational conflict?	When does intergroup contact within firms contribute to conflict transformation?
<i>Main findings</i>	<ul style="list-style-type: none"> • The market logic enables IT cooperation by providing a business case based on demand and supply of IT services. The state logic inhibits cooperation due to projections of the other as the enemy and enables cooperation due to political goals underlying work. • Israeli IT professionals cope by politicizing cooperation, taking pride in positive impact on peace, and disclosing their personal involvement. Palestinian IT professionals cope by depoliticizing cooperation, taking pride in economic survival under occupation, and disguising their personal involvement. 	<ul style="list-style-type: none"> • Intergroup business cooperation passes through three stages, including emergence (via business trips and investments), growing complexity (practical and emotional challenges), and new models of cooperation (direct hiring and social ventures). • Antecedents include seeing a business case and being open to explore business cooperation, while envisioned outcomes by those involved are resource appropriation within the conflict-system and statebuilding aimed at transforming the conflict-system. Contextual events such as violence test intergroup business cooperation but do not break it. • The perception of the other potentially changes during cooperation but remains fragile and can revert back to negative stereotypes. 	<ul style="list-style-type: none"> • Perspectives on intergroup conflict from management research, social psychology, and peacebuilding research share important assumptions while studied phenomena differ considerably. Together, they inform an intergroup view on the role of firms in conflict contexts. • Intergroup contact within firms can be structured according three strategies, including separating, blending, and hosting while each strategy creates different intergroup contact experiences. • Firms' intergroup contact strategies set three interlinked processes in motion, including intergroup trustbuilding, developing intergroup views, and realizing intergroup interdependency, which change form depending on the adopted strategy and over time impact conflict by perpetuating, aggravating, or transforming conflict.
<i>Contributions</i>	<ul style="list-style-type: none"> • In conflict contexts the state logic is always present at work, individuals are extremely cautious of how their work relates to their state logic. 	<ul style="list-style-type: none"> • Intergroup business cooperation can be sustained over decades through the outlined stages which determine the attractiveness of engaging in cooperation. Business cooperation 	<ul style="list-style-type: none"> • Inclusive stakeholder networks as proposed by recent theory may still perpetuate or aggravate conflict over time considering intergroup contact within firms. Firm's contact strategies

<ul style="list-style-type: none"> • Individuals strategically combine separate logic prescriptions to cope with institutional complexity while logics themselves are not changed. The differences in coping can be explained by different positions in the conflict context. 	<p>gets sustained because those involved envision outcomes that help them to appropriate resources that are hard to access otherwise, and, or, to contribute to statebuilding which could transform the conflict-system in their favor.</p> <ul style="list-style-type: none"> • The assumed acceptance of cooperation in extant theory on the role of business in conflict contexts is not always realistic, and perceptions of the other may change over time. • Intergroup contact in business is an important understudied form of contact in work on the contact-hypothesis. While intergroup business cooperation may change perceptions of the other, general perceptions of conflict and cooperation remain unaffected suggesting that societal sentiments and experiences outside work overpower changed perceptions due to business cooperation. 	<p>form an important additional layer to impacting conflict next to intergroup inequality.</p> <ul style="list-style-type: none"> • Three different strategies of bringing conflict groups into contact within firms all have certain strengths while hosting shows the potential of actually transforming intergroup relations over time by providing a safe space to groups to identify both with their group identity and the new collective firm identity. • Conceptualizing trustbuilding, developing intergroup views, realizing intergroup interdependency, and structuring contact experiences in explicit dynamical terms allows explaining when firm-level intergroup contact amplifies to societal-level social relations over time, and when positive contact is made irrelevant or canceled out by negative contact. These interlinked processes thus together produce impacts on conflict transformation.
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Chapter 2 (Study 1) is aimed at contributing to institutional theory and the debate on strategically dealing with incompatible logics (Greenwood et al., 2011). It starts from the assumption that individuals in contexts of conflict may oppose commonly conceptualized strategies for addressing incompatible logics. Creating a ‘hybrid’ logic may not work when people strongly defend ‘their’ values and beliefs tied to their logic (Gümüşay et al., 2020), and creating ‘compartmentalized’ logics (Perkmann, et al., 2019) may not work when influences from domains such as the state are always present (Greenwood et al., 2010). The case of Israeli-

Palestinian IT cooperation lends itself well to address the puzzle of how individuals cope with conflicting logics and maintain cooperation nevertheless.

It is observed that the market logics in Israel and Palestine are similar, bringing people together by providing a business case. The state logics in both societies, however, are more complex. On the one hand, state logics provide political goals for cooperation such as security in Israel and freedom in Palestine, goals which are believed to be materializing (albeit slowly) through IT cooperation. On the other hand, the state logic in Israel projects Palestinians as security threats and the state logic in Palestine projects Israelis as occupiers while it signals collaboration with the occupiers as treason. IT professionals cope with this setting by linking logics (Israelis) and separating logics (Palestinians). The three ways of linking include politicizing cooperation, taking pride in positive impact on peace through cooperation, and disclosing own involvement in cooperation. Three ways of separating include depoliticizing cooperation, taking pride in economic survival under occupation, and disguising own involvement in cooperation. These differences can be attributed to the different positions both sides have in the conflict context and also in the IT industry, where Israeli IT professionals generally have a more advantaged position and thus experience more leeway in framing cooperation.

These findings explain how individuals, in contrast to organizations, have an important part in dealing with incompatible logics (Besharov & Smith, 2014; McPherson & Sauder 2013). First, the study shows how individuals in contexts of conflict such as Israel and Palestine may bring additional logics to work compared to situations of incompatible logics in more peaceful contexts (Meyer & Höllerer, 2016; Smets & Jarzabkowski, 2013). In particular the state logic may be always present and individuals may be much more cautious as to how their work contributes to their state logic and society more broadly, which makes reconciling logics much harder. Hereby, work on incompatible logics in conflict contexts gets expanded (Sadeh & Zilber,

2019) which contributes to an understanding of logics as being socially enacted (Ansari et al., 2013; Ocasio et al., 2016). Second, the study explains how individuals can mobilize separate logic-prescriptions to help realize an envisioned society. The political goals of safety in Israel and freedom in Palestine are perfect examples of individuals carving out certain logic-prescriptions without being able to completely alter the state logic, since the ‘other’ is still seen as the security threat or occupier. Also the ways of linking and separating logics reveal how separate prescriptions are being framed strategically, such as whether IT cooperation has an impact on peace or simply means economic survival. While previous work has shown how individuals and organizations can shield themselves from societal logics (Sadeh & Zilber, 2019) or how they can adapt their work environment to a changing societal logic (Malhotra et al., 2021), the findings explain how individuals can strategically mobilize separate logic-prescription across the domains of state and market, contributing to a better understanding of how logics can be framed to allow certain actions (McPherson & Sauder 2013).

Chapter 3 (Study 2) is aimed at an emerging stream in management research that uses contexts of ethnonational conflict to challenge well-known ideas in theories such as institutional theory (De Rond & Lok, 2016; Neuberger et al., 2023; Sadeh & Zilber, 2019), stakeholder theory (Belhoste & Nivet, 2021), and organizational conflict resolution (Weber et al., 2023). What is key in extant work, and yet remains mostly assumed rather than explained, is that conflict groups sustain cooperation over time. When groups strive for survival and recognition as vital resources (Rouhana & Bar-Tal, 1998), and when generations are socialized into the narrative of the other being the enemy (Gray et al., 2007), cooperation is particularly hard. Yet, as this longitudinal study to the Israeli-Palestinian IT industry shows, business cooperation is sustained for extended periods of time (at least over a decade and ongoing) despite violent conflict.

The findings demonstrate how business cooperation passes through three stages, including emergence (via business trips and investments), growing complexity (logistical and emotional challenges), and new models of business cooperation (direct hiring and social ventures), which together shape the attractiveness of the industry. Business cooperation is driven by people being open to exploring business cooperation and seeing the business case, which form the antecedents. People keep engaged in business cooperation because of two types of motivations. On the one hand, envisioned outcomes by those involved include resource appropriation within the conflict-system, such as building careers, firms, and a healthier economy. On the other hand, envisioned outcomes include statebuilding aimed at transforming the conflict-system, such as gaining or maintaining international political support through business cooperation. Even in times of national unrest, such as pandemics, terror incidents, and episodes of civil war, business cooperation can be sustained. Finally, it is found that the perception of the other can indeed change from enemies to colleagues, especially during the emergence stage, but the perception of the other remains fragile and can revert back to negative stereotypes while general perceptions of conflict and cooperation remain largely unaffected by business cooperation.

The resulting model, explaining how and why business cooperation can be sustained in contexts of ethnonational conflict, has several implications. First, extant theory on the role of firms in conflict contexts suggests that firms can aggravate or reduce conflict by excluding or including conflict groups in processes of value creation (Ganson et al., 2022; Joseph et al., 2021), and by resolving or preventing organizational disputes (Weber et al., 2023). However, the growth of the Israeli-Palestinian IT industry highlights that cooperation is not simply given, it rather evolves over time and potentially affects the perception of the other throughout the process. While business cooperation may grow and involve increasingly complex tasks, emotional challenges tied to deepened interpersonal relationships may cause people to opt out. Second, work on intergroup contact as a tool to reduce conflict has mostly conceptualized

contact as friendship ties or participation in dialogue workshops (Feuchte et al., 2020; Paluck et al., 2019). Yet, the model highlights that business cooperation is another important form of intergroup contact which can be sustained even during contextual events such as violence. The model also suggests that despite business being a potential source for changing perceptions of the other, societal sentiments probably overpower potential changes due to business cooperation, further expanding knowledge of intergroup relations in contexts of ongoing ethnonational conflict (Wright, et al., 2017). Third, existing work on business in conflict contexts has thus far adopted more short-term process views (Austin & Wennmann, 2017; Belhoste & Nivet, 2021; Miklian, 2019; Sadeh & Zilber, 2019) which are insightful but limited in the sense that they say little about how business cooperation may evolve over extended periods of time. This study adopts a more long-term process view and brings intergroup business cooperation to the fore by explaining how cooperation is experienced throughout the different stages, and why it gets sustained.

Chapter 4 (Study 3) is aimed at the ‘business for peace’ debate (Miklian & Schouten, 2019). Within the debate, a relatively hidden but important line of work addresses intergroup relations (Ganson et al., 2022; Joseph et al., 2021) as opposed to pure economic or normative arguments. This emerging intergroup view is challenged on two of its underlying assumptions: intergroup contact being automatically positive and firms’ impact on conflict being relatively static. From other work it is known that negative intergroup contact is actually more influential in shaping intergroup views than is positive contact (Barlow et al., 2012) and that conflict transformation is a complex process that requires changes in attitudes and behavior of conflict groups next to changes in structural inequalities (Dayton & Kriesberg, 2009). Since firms are places for groups to systemically interact and work toward shared goals, they may be important in rebuilding social relations during conflict transformation. Responding to calls for stronger causal

explanations in business for peace theory (Ford, 2015; Ganson, 2019), this study addresses the puzzle of when intergroup contact within firms contributes to conflict transformation.

The study starts, after giving an overview of the debate, by delving into the assumptions and studied phenomena of two domains outside of management, including social psychology and peacebuilding research. Social psychology offers compelling assumptions on how and why groups may come into conflict, and how intergroup contact both negative and positive may help in reducing conflict. Peacebuilding research, and especially the work on conflict transformation, shows how ‘reducing conflict’ becomes ‘changing’ intergroup relations from antagonistic to acceptance, which is a never-ending process. Thus, while both perspectives may fit each other and the intergroup view on business for peace, an explanation of how contact within firms could lead to conflict transformation is still lacking.

Hence, the study continues with developing a model of how intergroup contact within firms may lead to perpetuating, aggravating, or transforming conflict. As a first building block, three firm-level strategies are distilled from extant knowledge on structuring intergroup contact, including separating, blending, and hosting. Separating would mean to limit interactions as much as possible and let groups identify only with their group identity, mirroring social life outside the firm. With blending, groups would experience as many interactions as possible and be guided in identifying only as the new collective firm identity. Lastly, hosting would leave groups free to flexibly identify with the new collective firm identity or their group identity. While each strategy has important strengths and weaknesses, they shape different patterns of intergroup encounters. As a second building block, the general process of firm-level intergroup contact leading to conflict transformation, perpetuation, or aggravation, is divided in four interlinked sub-processes, including managing intergroup contact, trustbuilding, developing intergroup views, and realizing intergroup interdependency. Each sub-process provides a crucial link and explains how a pattern of intergroup interactions triggered by the contact strategy

changes intergroup relations. As a third building block, the pathways based on the contact strategies are explained. In brief, separating minimizes both positive and negative intergroup contact experiences, which allows for moderate intergroup trustbuilding, minimizing the development of both positive and negative intergroup views, which leads to realizing intergroup interdependency as expected in society likely resulting in perpetuating intergroup conflict. Blending, however, maximizes both positive and negative contact experiences while negative contact is more impactful, which constantly disrupts trustbuilding, allowing positive intergroup views but maximizing negative ones, which leads to realizing intergroup interdependency in apathy likely resulting in aggravating intergroup conflict. Finally, hosting maximizes positive and minimizes negative contact experiences, which allows trustbuilding to be extensive, maximizing the development of positive intergroup views while minimizing negative views, which leads to realizing intergroup interdependency in empathy likely resulting in transforming conflict.

By spelling out these processes, based on the assumptions and insights from social psychology and peacebuilding research, the study makes three contributions to business and peace theory. First, in contrast to extant theory where intergroup relations are examined by looking at inclusion in stakeholder networks (Ganson et al., 2022; Joseph et al., 2021), the study delves deeper into the different experiences of intergroup contact. It adds an additional layer in explaining firms' impacts on conflict contexts because even when conflict groups are part of inclusive networks, negative contact can perpetuate or aggravate intergroup conflict. Second, the study outlines three strategies for structuring intergroup contact and explains that each strategy allows groups to deal differently with the psychological ambivalence experienced during cooperation with the so-called enemy. Next to giving employees a greater voice (Milliken et al., 2015) or enforcing a collective identity (Garagozov & Gadirova, 2019), the study demonstrates how intergroup relations may be impacted by other contact strategies such

as separating and hosting. Third, in contrast to most studies in the debate, key concepts such as managing intergroup contact, trustbuilding, developing intergroup views, and realizing intergroup interdependency are explicitly framed as dynamic, bringing their processual nature to the fore. While there is nothing inherently wrong with static concepts, peacebuilding seen as interlinked processes of conflict transformation probably mirrors the complex reality of conflict contexts better. The study reveals for instance that even if positive contact is created, it can be made irrelevant (under separating) or cancelled out (under blending). In short, the study offers an explanation of how and when firms impact peacebuilding.

Taken together, the studies have started to provide answers to the general question of this dissertation which was how business cooperation gets impacted by, and impacts conflict. While business cooperation between opposing groups can be maintained despite societal logics inhibiting such cooperation, it is not just because of market dynamics. People feel to be part of their sociopolitical context and actively politicize or depoliticize cooperation through the activities explained in Chapter 2. Without changing societal meaning structures such as logics, individuals may create leeway in coping with experienced tensions and maintain cooperation. Seen over time, business cooperation can be sustained over decades, and industries around cooperation can grow, as explained in Chapter 3. Sustained cooperation passes through various stages which come with their specific challenges and eventually determine the attractiveness of continuing cooperation. Even during times of national unrest, established business relations can survive because groups feel to appropriate hard-to-find resources and, or, feel to contribute to statebuilding. Societal structures, such as in this study the general perceptions of conflict and cooperation, remain relatively unaffected but individuals may change their perception of the other because of business cooperation. Delving further into the theoretical link between business cooperation and conflict, Chapter 4 explained how intergroup contact in firms may lead to perpetuating, aggravating, or transforming conflict. Detailing three strategies of

structuring intergroup interactions, and discussing how managing intergroup contact is interlinked with trustbuilding, developing intergroup views, and realizing intergroup interdependency, it is explained how firm-level interactions can lead to changing societal intergroup relations. The dissertation, thus, moved from investigating the impact of conflict on business (Chapter 2 and 3) to exploring the impact of business on conflict (Chapter 3 and 4) while offering distinct but related theoretical explanations.

In other words, the dissertation made a first step in developing theory specifically for intergroup business cooperation in contexts of sociopolitical conflict. The findings revealed how people are affected by conflict while they manage to maintain professional relations, how business cooperation can grow and be sustained over time, and how intergroup contact in business can be transforming or perpetuating and even aggravating conflict. The dissertation provided a unique insight into working with the ‘other’ in contexts of conflict and theorized in different ways how intergroup cooperation is possible in such contexts.

Limitations & Opportunities for Future Work

This dissertation is only a small step in the study of business in conflict contexts. Next to the avenues for future research mentioned in each chapter, five opportunities to further develop the field are explained here.

First, future work can explore the generalizability of the findings of this dissertation. While theorizing has been toward ethnonational conflict (Connor, 1993) and sociopolitical conflict in conflict contexts (Miklian & Schouten, 2019), every conflict is unique. With a focus on Israel-Palestine in two of the three studies, a well-known context has been studied which may share important features of ethnonational conflict with other contexts (e.g., perceptions of justice, entitlement to land, international political support), but the findings and developed models may not necessarily hold in all conflict-societies. Additionally, the field studies are based on IT

cooperation, which is a relatively high-status profession. Although the conceptual study has deliberately adopted a more parsimonious conceptualization of business, which thus would include different professions and industries, further research needs to examine the generalizability and boundary conditions of the dissertation's findings. Comparative case studies paying closer attention to specific contextual differences, and further theorizing on the boundary conditions and assumptions will therefore be valuable.

Second, an important question that has remained outside the scope of this dissertation but surfaced often during data collection and analysis nevertheless, is how perceptions of inequality are experienced and potentially changing due to business cooperation in conflict contexts. Informants often expressed that they feel their work is a unique place where people from both sides can interact on an equal basis, judging colleagues on their technical skills and creativity regardless of anything related to political or national identity. From different sides, informants would express IT cooperation as empowerment. Future work could benefit from existing research on inequality and power asymmetry in cooperative projects (Gray, Purdy, & Ansari, 2022) to tease out how inequality is subject to change, and how intergroup relations at work relate to societal inequality (Amis, Mair, & Munir, 2020).

Third, related to the question of inequality, while theorizing from conflict contexts (which virtually always have some form of inequality as a driver of conflict), tension became visible between societal change and harmony. Social psychology has recently started to explore the tension between inequality and harmony specifically (Dixon et al., 2010; Saguy, Tausch, Dovidio, & Pratto, 2009). Also in peacebuilding research the question of whether and how intergroup tensions could actually be fruitful to peacebuilding is well-known (Gawerc, 2006). Therefore, more work in management research exploring the shared question of how tension, social change, and harmony relate in business cooperation during conflict, perhaps with insights from across research disciplines, is promising.

Fourth, the dissertation has delved into the experiences of business cooperation and its theoretical impacts on society without much attention to different types of stakeholder relations. While some have advocated for inclusive stakeholder networks (Ganson et al., 2022) others have demonstrated how firms may become dependent on illegitimate stakeholders (Belhoste & Nivet, 2021). Firms may indeed end up supporting violence and managers can personally be held accountable. More research is needed to unpack how firms can use stakeholder networks to foster prosperity and conflict transformation without supporting illegitimate groups, while at the same time such illegitimate groups may be necessary in political solutions (Seremani et al., 2022). Instrumental stakeholder theory (Bridoux & Stoelhorst, 2022a; 2022b; 2014) in combination with insights from work on firms in conflict contexts may be constructive in further exploring this issue.

Fifth, another area that deserves more attention is how firms play a role in public debates around conflict. This dissertation has only focused on the experiences of individuals but firms and business associations form an important voice in societal debates. Management research is rich in framing tactics, peacebuilding research has moved from framing during negotiations to framing in the management of community projects, and the interventions examined in social psychology are often about framing too. Yet, it remains unclear how alternative framings to the societal dominant one that propels conflict may interact (Gray et al., 2007). More work that explores the interplay between framing of firms or business associations and framing by other actors such as governments, media, and armed groups (Neuberger et al., 2023; Rettberg, 2007) is thus potentially fruitful in further examining the impacts of firms in conflict contexts.

Practical Implications

Seen from a practical viewpoint, this dissertation has several implications for management, policymaking, and education.

For managers, the dissertation delivers a number of insights. For instance, it offers guidance on the question of how to invest in a conflict context and how to explain such investments. The case studies described how multinationals chose to make their first investments in the Palestinian IT industry, how outsourcing grew, and how, in some cases, how outsourcing was followed by a new model of business cooperation. Specifically, informants would speak of a playbook, or how they had to design new strategy because they could not realize their vision of creating a new R&D center. The case studies also showed that top-management was convinced by demonstrating expected results, the ability to deliver, and by demonstrating that there is support throughout the organization for the idea of Israeli-Palestinian IT cooperation. Importantly, to show the ability to deliver, here, also means to demonstrate that despite violent conflict across the region, crucial infrastructure remains safe to use, as is the case in the West Bank and was the case with Gaza until the 2021 and 2023-2024 wars. More practical tools could be developed based on this dissertation, potentially together with informants, on how to successfully invest in conflict contexts.

Another area of insights for managers is around the question of how to work with conflict groups. As demonstrated, dealing with state logics, growing complexity of cooperation, and the social psychology of groups in conflict make it not always easy to work together even though there is a clear business case. The findings show how cooperation can be maintained despite these complications. They reveal, for instance, how new employees get instructions to maintain cooperation and what to share in the media (and what not). Further, the theorized contact strategies detail how interactions at work can be structured. The theory suggests that separating groups as much as possible may prevent escalations but likely perpetuates conflict over time, blending may quickly create a new collective identity but likely aggravates conflict over time, and hosting may take some time to get used to but eventually likely reduces conflict. Further

testing and refining these contact strategies in practice could help firms with operations in conflict contexts.

Finally, managers could see insights around the question of how to grow a business in a conflict context. Often, news headlines create a general stigma of only war and destruction. However, as long as there are people skilled enough for the job, willing to take the job, and people in multinationals being open to exploring investments in conflict areas, value for both business and society can be found.

For policymakers, Israeli-Palestinian IT cooperation shows two points that have received little attention. First, developing an IT ecosystem provides jobs in which people feel a great sense of pride and empowerment. In contrast to common criticism on development aid where those receiving aid end up becoming more dependent on donors and sometimes feel to be subjected to the so-called “developed”, fostering an IT ecosystem helps with self-perceptions. Further, IT, or other forms of technology, have the potential to foster regional cooperation and strengthen economies while being sustainable over time. The message from Palestinians during the fieldwork was clear, they asked to send projects to work on instead of receiving aid. Obviously, cutting aid immediately is not the solution, but, as many would argue, slowly decreasing the dependency on foreign aid and building a more independent economy can be a first step in building a healthier society. At the same time, no matter how much ecosystem development takes place, or how much aid is received, without a political solution, conflict and all related consequences will persist. Yet, in parallel to implementing a solution on the political level, the chapters of this dissertation can strengthen those who try to build sustainable economic ecosystems as an alternative form of aid.

Second, a commonly heard argument is that economic development takes away the motivations for continuing conflict. This dissertation, however, demonstrates that conflict is all-encompassing in the daily lives of those living and working in conflict contexts and that the

frustrations about the different manifestations of conflict are not necessarily changing with a better economic outlook. While studying active participation in acts of violent conflict remained outside the scope of this dissertation, the case studies of Israel-Palestine revealed that military service, for instance, can be mandatory and ideas that legitimize the use of violence can be deeply rooted in society. Informants did highlight that a stable income from interesting work is an important factor for wellbeing, but also that there are many more factors creating frustration or outright anger about their sociopolitical context. Thus, arguing for more “economic development” to remedy the consequences of violent conflict and monitoring economic measures such as GDP per capita to support policy initiatives seems distanced from reality as observed in this dissertation. Instead, a closer look at individuals’ and groups’ complete experience of conflict is important.

For business schools, the dissertation can be useful in developing teaching materials on the role of firms in conflict-affected societies. For instance, at Vrije Universiteit Amsterdam, a module entitled ‘Business in Fragile and Conflict-Affected Contexts’ was designed in the executive MBA program. The module combines academic and practical knowledge to offer tools for thinking about the impact of firms’ operations in contexts of societal conflict. Through interactive sessions, participants are challenged to create strategies for responding to violent conflict that positively impact society. At the end of the module, they are asked to co-create a plan for investments in a context characterized by war, which they then have to pitch in a role-play including business leaders, government officials, and civil society representatives. This year will be the third time to offer the module which has been received well. Further teaching materials such as case study exercises could also be developed based on the findings and literature of the dissertation.

Probably not only MBA programs benefit from a course on the role of firms in societal conflict. Such a course may also be valuable in regular master’s and bachelor’s programs. At

Vrije Universiteit Amsterdam, for instance, students have increasingly become interested in topics around societal conflict for assignments and theses over the past years, so there seems to be an increased interest. Some business schools already offer courses on topics such as geopolitics and social sustainability, which are topics gaining importance in academia more broadly. Further developing courses about the challenges and possibilities of doing business in conflict contexts could help business schools meet this rising interest.

Concluding Remarks

This dissertation used conflict as a theoretically relevant context for business in management research. The aim was to better understand how people living in conflict experience working together inside firms, how such business cooperation is sustained over time, and how systemic interactions between conflict groups could potentially impact conflict. The dissertation has leveraged various perspectives and used qualitative data to generate its findings. In conclusion, business cooperation in conflict contexts is very well possible, but by no means given. People have to deal with societal forces inhibiting cooperation, they have to deal with growing complexity, and management has an important role in structuring intergroup interactions to prevent aggravating conflict. This work, thus, contributes to a frontier in management research, which, given the increased awareness of the importance of global conflict to business, likely continues to be relevant for years to come. Hopefully this frontier can be expanded by more academic and practical efforts and be used to make meaningful impact.

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