

Success Factors Regarding The Decision of Location of Foreign Investors: Case of Automobile Industry

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Abstract

The present paper focuses on indentifying and studying the success factors of the strategy of foreign investors through the creation of a 100% subsidiary. The major contribution of this study is to determine the success factors regarding the direct implementation process of the Tunisian business in foreign markets. The empirical research of the study relies on the conduct of a survey inside the COFICAB group, operating in the automobile sector. The group decided to choose the strategy of FDI (foreign direct investment). Data of the survey were collected from implementing several interviews inside the group COFICAB. The thorough analysis of the data collected authorized to elucidate that the success of such strategic is highly related to a variety of characteristics of the company, its environment and its leaders.

Key Words: *FDI Strategy, Success Factors, Endogenous and Exogenous Characteristics, Entrepreneurial Theory.*

Introduction

The occurring of some economic changes created dynamic waves that touched all countries and led to a necessary focus on the issue regarding the determination of the best practices to adopt to stay at the top of world trade. The last few decades have been marked by the phenomenon of internationalization, faced small and big businesses. This new situation is the result of an era of rapid technological advances, dissemination without borders for goods and services, the development of a uniform world culture and the approximation of standards. In this new highly competitive environment, the most dynamic companies will be those who seek to improve their position and capitalize their assets to improve their efficiency and future performance.

In this context, the decision of the Foreign Direct Investment (FDI) is considered as an important vector for the integration of the world economy (Raynard & Forstater, 2002)¹ and thus deciding to invest outside became as a sine qua non of competitiveness and survival of firms (Levratto & Ramadan, 2009)². International investment has been particularly strengthened since the 1980s, affecting especially the developed countries and its extent in the emerging markets remains limited. This shift has led to a

¹ Raynard, P., & Forstater, M. (2002). Corporate social responsibility: Implications for small and medium enterprises in developing countries, UNIDO, Vienna 2002.

² Levratto N. et M. Ramadan (2009), « L'internationalisation des PME : une typologie de l'ouverture des PME de la rive sud de la Méditerranée », in : Joyal A.(dir.), La PME algérienne et le défi de l'internationalisation, Paris, L'Harmattan, pp. 275–308.

proliferation of treating works regarding the strategy of foreign investors, its foundations, its driving factors and its implications.

Several papers attempted to analyze the strategy of foreign investors from various perspectives of analyses: we could cite the theory of transaction costs (Williamson, 1981)³, the eclectic approach Dunning (1973, 1979)⁴, resource theory (Hamel & Prahalad, 1994)⁵, the prospect of networks (Hollenstein, 2005)⁶, the theory International entrepreneurship (Filion, Allali, 2007⁷, Hansen 2008⁸).

Due to the importance of this event, Tunisian firms have realized their need for integrating the international economy. Since 1978, Tunisia has adopted a liberal policy targeting the liberalization of trade through the implementation of the Structural Adjustment Programme (SAP). The Association Agreement with the European Union signed in 1995 has particularly inserted the country in the context of globalization and the phenomenon of internationalization an unavoidable way for firms. Furthermore, the Tunisian company is expected to expand its international commitment through the creation of commercial and / or industrial subsidiaries in foreign markets.

From managerial perspective, foreign investment is considered as strategic decision, needing a long-term vision of the company, needing huge resources, requiring a thorough study of the project to lead to the development this type of implementation.

Literature Review

In management, venture is a critical decision for the firm, imposing the utilization of huge resources and assuming risk in new market. The present section provides a thorough review of the major development regarding the factors of success of foreign investment. These factors will be mainly grouped into three categories namely the exogenous, endogenous characteristics of the firm and the characteristics of its leader.

Exogenous Characteristics of the Company

Firms attempting for an opening policy on the outside should have sufficient information about the new environment of investment. Through the conduct of market survey to assess opportunities of gain and the threats in host country, the decision of internationalization, especially regarding the penetration of foreign markets, is highly dependent on environmental factors. Among these variables, we can underline:

The Domestic Market: The study of the host market a crucial phase in the decision making process of internationalization of the company. According to previous studies, firms are able to grow globally when

³ Williamson, O. E. (1981). The economics of organization: The transaction cost approach. *American journal of sociology*, 548-577.

⁴ Dunning, J. H. (1979). Explaining changing patterns of international production: in defence of the eclectic theory. *Oxford bulletin of economics and statistics*, 41(4), 269-295.

⁵ Prahalad, C. K., & Hamel, G. (1994). Strategy as a field of study: Why search for a new paradigm?. *Strategic management journal*, 15(S2), 5-16.

⁶ Hollenstein, H. (2005). Determinants of international activities: are SMEs different?. *Small Business Economics*, 24(5), 431-450.

⁷ Filion, L. J., & Allali, B. (2007), *Management des PME: de la création à la croissance*. Éditions du Renouveau pédagogique.

⁸ Nybakk, E., & Hansen, E. (2008). Entrepreneurial attitude, innovation and performance among Norwegian nature-based tourism enterprises. *Forest Policy and Economics*, 10(7), 473-479.

the local market is characterized by a saturation of the domestic market or too intense competition, an aging population, excessive regulation, fresh too high exploitation (labor costs, taxes,...).

The Market of Host Country: The study of the foreign market could be recognized as an useful step to guide the decision-maker to adopt the best choice of the presence mode. Thus, among the factors attracting business in other markets, we could underline the underdevelopment of market or weak competition, relatively strong economic growth, significant population growth, flexible regulation and barriers, reduced operating costs, opportunities for innovation, a favorable social legislation and a healthy political environment.

Distance: Previously, the notion of geographical and cultural distance was considered as important factors to be considered in the FDI decision of the company. Although, the distance is no longer an obstacle for international business development. A more diversified market portfolio in terms of geographic, cultural and institutional distances certainly be a radical innovation in the process of international business development and in particular SMEs (Joffre, 1986⁹; Martin & Papadopoulos, 2006¹⁰; Agndal & Chetty, 2007¹¹).

Hypothesis 1: The local market, the market of the host country, distance, and the action of the state are all extrinsic factors to the firm needed to the success of its implementation strategy abroad.

The Endogenous Characteristics of the Company:

International development is also associated to a series of specific and endogenous variables to the firm. The review of literature related to the issue of endogenous factors affecting the success of internationalization, allowed to underline:

Size of the Firm: The conquest of the foreign markets was regarded as the principal act of the large companies, because of the huge resources, internal and accessible competences to minimize the risks of the international (Joffre, 1986; Pinho, 2007¹²). However, and with the emergence of "BABY Multinationals" accompanied by a remarkable success of SMEs worldwide, the relationship between firm size and internationalization phenomenon was reversed and dismissed. Indeed, SMEs are characterized by organizational flexibility and therefore adaptability to environment become increasingly turbulent. Moreover, this category of enterprises is focusing on the use of advanced technology. According to Hollenstein (2005)¹³, the agreements of cooperation and collaboration that can be established between SMEs promoted the access to additional resources and sharing of risks. In the same spirit, Hutchinson et al (2006)¹⁴ highlighted the crucial role of networks, they provide support to international expansion

⁹ Joffre.P (1986). Le rôle de la taille ne doit pas être surestimé, *Revue Française de Gestion*, Vol 55, pp 68-77, Janvier-Février 1986.

¹⁰ Martin, O. M., Papadopoulos, N. (2006). Internationalization and performance: evidence from Spanish firms. *Journal of Euromarketing*, 16(1/2), 87-103.

¹¹ Agndal, H., Chetty, S. (2007). The impact of relationships on changes in internationalization strategies of SMEs, *European Journal Marketing*, 41(11/12), 1449-1474.

¹² Pinho, J. C. (2007). The impact of ownership; location-specific advantages and managerial characteristics on SME foreign entry mode choices, *International Marketing Review*, 24(6), 715-734.

¹³ Hollenstein, H. (2005). Determinants of international activities: Are SMEs different? *Small Business Economics*, 24(5), 431-450.

¹⁴ Hutchinson, K., Quinn, B., Alexander, N. (2006). The role of management characteristics in the internationalization of SMEs: Evidence from the UK retail sector, *Journal of Small Business and Enterprise Development*. 13(4), 513-534.

operations. Finally, David (2002)¹⁵ emphasizes that competitiveness is the appropriate criterion to distinguish SMEs from other companies. For the author, SMEs do not exist; there are competitive companies, which can be small, medium or large.

The Experience of the Firm in Foreign Markets: With reference to the research conducted in this study framework, we can argue that international experience of firms is a driving force in the decision to initiate (Martin & Papadopoulos 2006¹⁶; Agndal & Chetty, 2007)¹⁷. Thus, the acquisition of expertise, distinctive competencies and specific knowledge only consolidates the commitment of the firm across borders. However, the authors point out that the decision to internationalize is the business of younger firms because these firms are able to gain market share in their home countries. Therefore, the penetration of new markets for them is the most advantageous solution.

The Distinctive Competencies of the Company: The Company wanting to expand abroad must possess distinctive skills to increase their chances of success. Oreal (1993)¹⁸ noted that internationalization is a task that requires knowledge and specific skills. For this reason, we can specify:

Organizational competences (Freeman & Cavusgil, 2007¹⁹, Agndal & Chetty, 2007): The decision to expand in foreign market essentially requires a change in the business organization and specific skills. For this reason, the company should benefit from managerial flexibility to conserve the harmony and coherence between the old and new services departments created.

Technical and Logistical Resources: Possession of specific logistical resources to the company is a major advantage to increase the opportunities for gains internationally. Know how to plan an effective structure regarding the distribution network and routing products is an essential task in the FDI process. In addition to the necessity of control of production technology that should ensure the adaptation of goods and services to local needs.

The Marketing Skills: The development of an international marketing plan is a preliminary and essential stage for the conquest of new markets. It enabled firms to have sufficient resources and means for the implementation of some specific actions called "combat marketing" (Desgardins & Lemaire, 1997²⁰). Thus, the firm is enforced to adapt its products and services to the needs and specificities of foreign countries (Allali, 2004²¹).

The Quality of the Information System: According to (Wright et al, 2007²²; Terjensen et al, 2008²³): Modern management attributed prime importance for strategic information. Obtaining reliable and

¹⁵ David, J.P. (2002). Internationalisation des PME : une grille d'analyse, *l'Expansion Management Review*, n°105, pp.82-89, Juin 2002.

¹⁶ Martin, O. M., Papadopoulos, N. (2006). Internationalization and performance: evidence from Spanish firms, *Journal of Euromarketing*, 16(1/2), 87-103.

¹⁷ Agndal, H., Chetty, S. (2007). The impact of relationships on changes in internationalization strategies of SMEs, *European Journal Marketing*, 41(11/12), 1449-1474.

¹⁸ Oreal.S (1993), *Management stratégique de l'entreprise*, Economica.

¹⁹ Freeman, S., Cavusgil, S. T. (2007). Toward a typology of commitment states among managers of born global firms: A study of accelerated internationalization. *Journal of International Marketing*, 15(4), 1-10.

²⁰ Desgardins, B., Lemaire, J.P. (1997). *Le nouvel environnement international*, Edition Dunod.

²¹ Allali, B. (2004). Vision des dirigeants et internationalisation des PME: une étude de cas multiples de PME marocaines et canadiennes du secteur agroalimentaire, Paris, Publibook Université.

²² Wright, M., Westhead, P., Ucbasaran, D. (2007). Internationalization of small and medium-sized enterprises (SMEs) and international entrepreneurship: A critique and policy implications. *Regional Studies*, 41(7): 1013-1029.

transparent information is the driving force of economic decisions. The development of an effective information system tends to improve the optimization of the management inside the organization and implementing global strategy. Moreover, the open mode is in part determined by the quality of the information collected (Joffre, 1986²⁴).

Financing Capacity: Referring to (Martin & Papadopoulos, 2006²⁵, Loane et al, 2007²⁶), it seems that the success of an IDE operation is associated to the possession of sufficient financial resources. Thus, a good financial base can support the firm to achieve its projects in foreign markets.

Hypothesis 2: The success of a decision of the FDI depends on a set of endogenous factors to the firm.

The Characteristics of Leaders

The theory of international entrepreneurship has emphasized the important role of key players in the internationalization of the firm and in particular the role of the contractor (Amaziane, 2014²⁷). According to this theory, the proactive mode of leadership is crucial to increase the chances of success at the international level (Allali, 2004²⁸). The clear vision of the leader and his team is also regarded as a key determinant for achieving good performance in foreign markets (Hutchinson et al, 2006²⁹; Allali, 2004).

Furthermore, the level of education (St. Pierre & Perrault, 2009³⁰), language skills, experience abroad (Joffre, 1986³¹), the ability to understand and address cultural differences (Ojala & Tyrväinen 2007³²) and the non-risk aversion (Joffre, 1986; St-Pierre & Perrault, 2009) are all necessary skills required of a leader choosing an offshoring strategy. Finally, the ability of the leader to build local and international relationships can be an important catalyst for the development of a knowledge base and expertise to

²³ Terjesen, S., O’Gorman, C., Zoltan. J. Acs (2008). Intermediated mode of internationalization: new software ventures in Ireland and India. *Entrepreneurship and Regional Development*, 20(1): 89-109.

²⁴ Joffre, P. (1986). Le rôle de la taille ne doit pas être surestimé, *Revue Française de Gestion*, Vol 55, pp 68-77, Janvier-Février 1986.

²⁵ Martin, O. M., Papadopoulos, N. (2006). Internationalization and performance: evidence from Spanish firms. *Journal of Euromarketing*, 16(1/2), 87-103.

²⁶ Loane, S., Bell, J.D., McNaughton, R. (2007). Across-National study on the impact of management teams on the rapid internationalization of small firms. *Journal of World Business*. 42 (4), 489-504.

²⁷ Amaziane, L. (2014). Le cycle de vie international du produit et les stratégies d’internationalisation des entreprises : Analyse du cas de Samsung Electronics. *Mémoire de Magister en Sciences Economiques*, Faculté des Sciences Economiques, Commerciales et des Sciences de Gestion, Université Mouloud MAMMERI de TIZI-OUZOU.

²⁸ Allali, B. (2004). Vision des dirigeants et internationalisation des PME: une étude de cas multiples de PME marocaines et canadiennes du secteur agroalimentaire, Paris, Publibook Université.

²⁹ Hutchinson, K., Quinn, B., Alexander, N. (2006). The role of management characteristics in the internationalization of SMEs: Evidence from the UK retail sector, *Journal of Small Business and Enterprise Development*. 13(4), 513-534.

³⁰ St-Pierre, J., Perrault, J.L. (2009). Motivations et déterminants de l’internationalisation de PME : témoignages du Liban, du Maroc, du Canada et de la France. L’entrepreneur et la PME algérienne face au défi de la mondialisation : enseignements des expériences internationales, Colloque international, Alger, Algérie

³¹ Joffre, P. (1986). Le rôle de la taille ne doit pas être surestimé, *Revue Française de Gestion*, Vol 55, pp 68-77, Janvier-Février 1986.

³² Ojala, A., Tyrväinen, P. (2007). Market entry and priority of small and medium-sized enterprises in the software industry: An empirical analysis of cultural distance, geographic distance, and market size. *Journal of International Marketing*, 15(3), 123- 149.

compete and to adapt the firm capabilities with the situations of uncertainty (Hitt et al, 2006³³; Allali, 2004).

Hypothesis 3: The skills and characteristics of leaders are the prime factors for the success of the firm in foreign markets.

Empirical Validation

Research Methodology

In the present empirical research, the author adopted a qualitative approach. The choice of the method and specifically the investigation "case study" is not arbitrary. The aim of our research is the determination of the essential factors affecting the success of a relocation strategy. Also, the utilization of the case study as a means of investigation is mainly explained by two factors. The first is motivated by the absence of a representative sample, since the number of Tunisian firms that have opted for the creation of 100% foreign subsidiaries is very limited and therefore cannot constitute a representative sample.

The second factor is related to the asset that can provide us the use of an investigation by "Case Study". This technique allows us to work with data from multiple sources (documents, interviews, observations ...).

The author opted for the choice of COFICAB group and was motivated by the fact that this company is ranked as the most competitive and most efficient units in the automotive components sector, particularly in the cable harness branch. The called performance is principally explained by the success achieved at the international level through FDI strategy. The approach adopted contributed to find an answer to the problem of the paper regarding the success factors of the firm. Finally, to achieve your empirical study, the author utilized specific techniques of investigation, such as: the literature review, the interview survey (semi-structured interview and structured interview) and non-participatory observation.

Results and Discussion

Foreign investment made up a crucial strategic decision for the future of the firm. The the choice of implementation made up a basic condition for the success and survival of the company on a highly competitive market. Therefore, we underline that success internationally depends on the characteristics related to the company, its environment and its leaders. For this reason, we attempt to conduct a comparison between theory and practice and by analyzing these variables related to the case of COFICAB group that achieved a remarkable success in foreign markets. This group is one of the leading players in the field of manufacturing and sale of cables for the automotive industry. It currently has five industrial sites.

Table 1: The different locations of COFICAB

Country of location	Tunisia	Portugal	Morocco	Romania	Tunisia (2nd website)	Brazil
Joining Date	1992	1993	2001	2006	2009	2012

³³ Hitt, M.A., Bierman, L., Uhlenbruck, K., Shimizu, K. (2006). The importance of resources in the internationalization of professional service firms: the good, the bad and the ugly. *Academy of Management Journal*, 49 (6), 1137-1157.

The Characteristics of the Environment COFICAB

The empirical investigation allowed to underline the presence of some characteristics related to the external environment of the firm, affecting their economic performance on host countries. The thorough review of the theoretical framework regarding the issue of implementation of firms outside enabled to highlight the significance of three factors that we could put forward as following: the domestic market, the market of the host country and the government act.

- The success record on domestic market: Since its creation, COFICAB achieved several goals in its local market. It provided the firm significant financial resources that played as highway to support its implementation outside. The success of the firm in domestic market could contribute to facilitate its internationalization strategy.
- The host country market: The thorough study of the foreign market plays a primordial role and could be considered as essential step to guide the decision-maker to the best choice. Therefore, we could illustrate the success of the COFICAB's international strategy by highlighting the vigilance and the efforts of managers during the conduct of the market study. Thus, the markets chosen by the group (Portugal, Morocco, Romania ...) are considered as attractive countries, due to the limited labor costs, the presence of skilled labor and the productive workforce: it allowed to optimize the cost of production.
- The economic policy of Tunisian government regarding internationalization: the government offers for companies intending to internationalize a set of instruments such as the Export Promotion Funds, Bilateral and International Cooperation Programs, the Access to Fund of Export Markets ... The liberal policy followed by the country since the 80's are targeting to promote exports flows and to attract the FDI to domestic market. And thus, the responsible of COFICAB emphasized the lack of incentives from the Tunisian government to facilitate the implementation outside.

The company's external environment is a stimulating and supporting the effective commitment abroad (H1 Confirmed).

The Endogenous Features of COFICAB Group

The literature review considered that international development is due to a series of specific and intrinsic variables to the firm. As such, we found that COFICAB has some characteristics to be leader in foreign markets. We could mention the following endogenous characteristics:

The Size of the Firm: The decision to invest in foreign markets has become the main problem of the bulk of firms wanting to benefit from economic openness. However, the internationalization of SMEs seems to be easier and more successful because of some advantages compared to larger firms (David, 2002³⁴), especially in terms of organizational flexibility and the use of advanced technologies. It is the case of the firm COFICAB considered as large SME, employing 186 people and having the capital of 2.2 Million Dinars. The empirical research inside the firm enabled to underline the characteristics, as following:

³⁴ David, J.P. (2002). Internationalisation des PME: une grille d'analyse, *l'Expansion Management Review*, n°105, pp.82-89, Juin 2002.

The Organizational Flexibility Containing a Soft and Flexible Structure. COFICAB has an organization where procedures are simplified, with less hierarchy and where the initiative of employees are highly encouraged and contributed to the success of the firm in overall. The major principle adopted by the firm is "Excellence is the work of a team." In addition to the workforce of the firm is young and skilled. The employees are driven by their emotions and ambitions. In addition, we noticed a synergy between the various production sites (COFICAB Tunisia / COFICAB Portugal / COFICAB Romania / COFICAB Morocco) proving harmony and coherence between the old and new departments created.

The Use of Advanced Technology: To meet the demands of their customers and offer a high quality product, COFICAB implemented advanced technology for the production and development of automobile cables. The company has a production process with very modern facilities and the machines are automated. For example, the extrusion lines are equipped with a quick color change system.

The Company's Competencies: The success in external markets depends on certain skills required the company (Doz & CKPrahalad 1991). In this context, we mention:

Human Potential and Involvement of the "Top Management": Human potential is undeniable capital for COFICAB ensuring continuous development and playing a key role in achieving the goals set by the shareholders. The Group made huge investments in the training of its employees and provides the means and the most suitable environment for its employees through promoting teamwork and good synergy among the various sites. In addition, the involvement of the top management, attention to the activities of the group and the dynamism of the team and its development are very crucial to achieving the objectives of the shareholders.

Know-How: It is a key factor for the success of the company, manufacturers seek to cooperate with suppliers for successful innovations of products and services (Antonicic & Hisrich, 2000³⁵). Because of the pivotal role of innovation in the automotive sector and to ensure the technology, COFICAB gave a prime attention for Research and Development to provide convenient products for its customers; the firm has developed 3 fully equipped laboratories, including a center located in Portugal and two respectively located in Tunisia and Germany.

- A large team of professionals and technicians with extensive experience in the field of automotive cables.
- A network of contacts and agreements with various consultants, suppliers, universities, laboratories and research centers.

This approach allowed COFICAB to expand its product ranges and therefore to fit with large renowned manufacturers such as DaimlerChrysler, Volkswagen, BMW, Opel, Renault, PSA (Peugeot-Citroen), Fiat, Ford, Volvo ... these efforts allowed to reach the following achievements:

- Development of irradiated cables (XLPE) for motor applications (high temperature).
- Developing electric cables aluminum.
- Silicone Cables development for electric and hybrid cars.
- Multimedia Cables Development and "data bus" to meet the increased needs of new cars ...

³⁵ Antonicic, B., Hisrich, R.D. (2000). An integrative conceptual model, *Journal of Euro - Marketing*, 9(2), 17-35.

These efforts have resulted in obtaining a large number of approvals. COFICAB is regarded today as the only cable provider, approved by all European manufacturers. A competitive advantage in products (Pinho, 2007³⁶) proves a sine qua non condition for the success of the firm abroad.

Logistic Skills: COFICAB stands for in the automotive sector through offering several solutions: To meet the logistical requirements, COFICAB implemented ERP (Enterprise Resource Planning) at all sites and an organization with outstanding knowledge in the field.

Marketing Skills: These skills, we find significant investments in terms of trips for conducting marketing surveys; the creation of a website; direct meetings, journals, attendance at fairs ...etc.

Financing Capacity: COFICAB has an outstanding financial foundation promoting the achievement of significant investments in the development of its business. The group is considered among the largest investors in the automobile cable sector. In 2010, the group achieved a turnover of around 520 Million Euro and intends to achieve at the end of 2015 the level of one Billion Euro, representing an annual growth of over 25%. Moreover, COFICAB is equipped with an annual dynamics of investment of 25 Million Euro (5% of the Sales turnovers).

These numbers and percentages tell us about the competitiveness of the firm. This multinational was able to meet customer expectations in terms of Quality, Costs and Delivery (QCD) for a technological expertise, competitive prices and highly specialized logistics solutions. Thus, ranking the first in Europe and among the top three worldwide in its field, COFICAB is often the first partner of the ten largest producers of automotive through cooperating with major car manufacturers such as Mercedes, Volkswagen, PSA, Renault, Fiat, BMW, Opel, Ford ... etc.

- The quality of the company's information system: The success of the company abroad is closely dependent on the quality of its collection system and information processing (Gratacap, 1997³⁷, Wright et al, 2007³⁸).

The responsible on COFICAB implemented an organizational and global information system, simple, effective, responsibility oriented and well documented where all functions are identified and controlled. Among the signs of a developed information system, we find the use of EDI, ERP ... Thus, the detection of rapid changes in the environment and the search for a real-time information are the major factors of the firm's success.

The endogenous characteristics of the company are critical to the success of its implementation abroad (Hypothesis 2 Confirmed)

The Characteristics of Leaders

As designed, leaders must possess certain qualities allowing the company to expand its activities abroad (Hutchinson et al, 2006³⁹). In this framework, we have tried, in the study of COFICAB, to identify if the

³⁶ Pinho, J. C. (2007). The impact of ownership; location-specific advantages and managerial characteristics on SME foreign entry mode choices, *International Marketing Review*, 24(6), 715-734.

³⁷ Gratacap, A. (1997). Le système d'information, vecteur de globalisation de la firme industrielle ?, *Revue Française de Gestion*, n°116, Nov-Déc 1997.

³⁸ Wright M., Westhead, P., Ucbasaran, D. (2007). Internationalization of small and medium-sized enterprises (SMEs) and international entrepreneurship: A critique and policy implications. *Regional Studies*, 41(7): 1013-1029.

characteristics of its managers have been key success factors for the international extension of the firm. We have drawn the following conclusions:

Failure Risk Aversion: The COFICAB managers are people who prefer risk through their process of management. This quality can be confirmed by the rapid transition of the business and the export phase depending on the establishment abroad. In fact, after a year of his birth, COFICAB adopted as policy the direct presence strategy abroad.

Experience Internationally: Leaders of the firm are skilled people who have worked in multinational and acquired skills and technical and managerial knowledge. However, according to senior COFICAB, there are few managers who speak foreign languages. This can be a barrier to adapt to international cultures.

The leadership qualities are decisive factors for the success of a share of FDI (Hypothesis 3 Confirmed).

Conclusion

Globalization has imposed new conditions and constraints on businesses. Although the advent of various innovations enabled to bypass the main burdens of firms and mitigate the implications of uncertainty. The examination of the performance of companies put into perspective their interests to be on the lookout for opportunities to expand their business across borders.

The importance of the subject focuses on attempt to explain the key factors of the success of deciding internationalization, specifically, the direct implementation strategy abroad through the creation of a subsidiary fully owned (100%). The latter derives from the intent and strategic thinking of leaders.

The investigation as well theoretical as empirical conducted in the present paper, allowed to underline that the FDI decision made up the unanimity and considered as necessity for firms. In addition, this study, which took on a supporting theorico-factual approach, has revealed that the success of the overseas subsidiary of creation is attributed to a variety of characteristics specific to the firm (**endogenous factors**), the environment external (**exogenous factors**) and the profile of its managers (**leadership skills**). However, those responsible for COFICAB firm in our study set out certain difficulties in their implementation abroad: restrictions of the Central Bank of Tunisia, the lack of incentives to FDI and problems qualification and communication at the level of the company's human resources to be expatriated.

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³⁹ Hutchinson, K., Quinn, B., Alexander, N. (2006). The role of management characteristics in the internationalization of SMEs: Evidence from the UK retail sector, *Journal of Small Business and Enterprise Development*. 13(4). 513-534.

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