

# **The Performance of Tunisian International New Ventures: Entrepreneurial Orientation, Market Orientation and Marketing Capabilities**

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*The objective of this research is to study and understand how international business orientation, market orientation and marketing capabilities influence the performance of International New venture (INV). To this end, a quantitative analysis using the structural equation method is used with 131 Tunisian international new ventures. The results show that international entrepreneurial orientation and market orientation are positively related to the performance of Tunisian international new ventures and the interaction between these two orientations generates a positive effect on marketing capacities and subsequently on international performance.*

*Keywords: international entrepreneurial orientation, market orientation, marketing capabilities, Tunisian International New Ventures, international performance*

## **INTRODUCTION**

The study of international start-ups is increasingly prominent in the international entrepreneurship literature (McDougall et al., 2003). These firms are referred to as "Born globals" (Rennie, 1993), "International New Ventures" (Oviatt, McDougall, 1994) or "rapidly and early internationalizing firms" (Servantie, 2007). Oviatt and McDougall (1994) define them as "those that, from their inception or shortly thereafter, seek to derive competitive advantage from the use of resources and the sale of products in multiple countries".

The field of international entrepreneurship has given rise to an abundant managerial and academic literature (Coviello et al., 2011). It is indeed a rich new field of research, mobilizing a community of researchers at the global level, but one that is still emerging (Jones et al., 2011). It is positioned as the intersection of international management and entrepreneurship (McDougall, Oviatt, 2000; Jones et al., 2011; McDougall et al., 2014). Academic research in the field of international entrepreneurship is spreading on a large scale, particularly in Anglo-Saxon countries. In France, the situation is different, this field does not take on the same importance. While the study of new and international companies has been the subject of abundant research in the Anglo-Saxon world, there are only a few French studies (Cabrol et al., 2009). Wu and Voss (2015) point out that existing studies on international entrepreneurship have focused mainly on firms in developed countries and have had mitigated results. Knight and Cavusgil (2004) point out that international start-ups are characterized by a lack of significant resources due to their smallness (lack of

notoriety and legality), novelty (lack of financing, knowledge and experience) and strangeness (lack of familiarity with foreign markets). These difficulties thus created generate new issues and challenges for businesses competing in the international arena, and performance through competitiveness is a goal for any business to achieve in order to ensure its continuity and survival. The complexity of international entrepreneurship as a phenomenon has then motivated researchers to exploit a variety of theories and models to explain why new international firms internationalize rapidly and how they achieve performance in foreign markets (Knight, Cavusgil, 2004; Zhou, 2007; Hartsfield et al., 2008; Gerschewski et al., 2015; Martin, Javalgi, 2016).

Studies on international entrepreneurship attempt to identify the unique and distinctive capabilities that enable new international firms to become sustainable, such as marketing capabilities (Knight et al., 2004), networking capabilities (Mort, Weerawardena, 2006) and learning capabilities (Weerawardena, 2007). Other studies reveal the importance of organizational factors such as entrepreneurial orientation (Knight, Cavusgil, 2004), market orientation (Kocak, Abimbola, 2009) and learning orientation (Jantunen et al., 2008) on the performance of international start-ups. The study on the determinants of performance of globally born firms is still in a state of failure (Knight, Cavusgil, 2004; Gerschewski et al., 2015). Consequently, the objective of this research is to explain the determinants that influence the performance of new Tunisian international firms. Indeed, the literature review has enabled us to better identify these determinants: international entrepreneurial orientation, market orientation and marketing capacities. From this review, the hypotheses presented in a conceptual model that has been adopted and tested in the Tunisian context are derived.

Our article is organized as follows: in the first section, we retrace the main theoretical foundations of international entrepreneurship where we focus particularly on the determinants that influence the performance of new international firms. In the second section, we specify our research methodology and the data used. In the third section, we present the results of this research. The article concludes with a conclusion that summarizes the main findings.

## **LITERATURE REVIEW AND RESEARCH HYPOTHESES**

International performance has attracted much attention in the international entrepreneurship literature (Keupp, Gassmann, 2009; Jones et al., 2011; McDougall et al., 2014). It is defined as "the extent to which firm goals are achieved in foreign markets according to specific directions and strategies"(Knight, Cavusgil, 2005, p. 18). They find that companies that internationalize rapidly achieve superior performance in foreign markets.

### **International Entrepreneurial Orientation**

Knight and Cavusgil (2005) define international entrepreneurial orientation as "a fundamental posture that describes a managerial vision, a tendency to innovate, and a competitive and proactive attitude in foreign markets". This definition is based on the three dimensions of entrepreneurial orientation defined by Miller (1983): innovation, proactivity and risk-taking. These dimensions are the most frequently used in research on entrepreneurial orientation (Covin, Slevin, 1989; Zahra, Gravis, 2000; Knight, Cavusgil, 2004; Zhou, 2007; Jantunen et al., 2008; Gerschewski et al., 2015). In addition to these three dimensions, some authors add autonomy and competitive aggression (Lumpkin, Dess, 1996).

Innovation reflects an important element by which firms pursue new opportunities with significant returns (Lumpkin, Dess, 1996). Innovation is the predisposition to engage in creativity and experimentation through the introduction of new products/services (Martin, Javalgi, 2016). Knight et al (2004) point out that the theory of innovation is a theory adapted to the approach of global firms that do not have as many resources as large companies. Innovative small and medium-sized enterprises have the capacity to create strategies and structures that help them gain legitimacy in foreign markets and overcome barriers to entry (Brouthers et al., 2015).

Proactivity involves aggressively positioning oneself in relation to competitors in pursuit of corporate objectives in the foreign market (Knight, 2001). Proactivity is a search for opportunities, a perspective on

the future characterized by introducing new products/services before competitors and acting in anticipation of future demand (Martin, Javalgi, 2016). The most proactive companies can export a greater percentage of their production to foreign customers (Covin, Miller, 2014). Proactivity allows small and medium-sized enterprises to survive by engaging internationally (Zhang et al., 2012) and to pursue new markets involving a commitment of resources and time (Brouthers et al., 2015).

Firms with risk-taking behaviour make large resource commitments in order to achieve high returns (Lumpkin, Dess, 1996). Risk-taking involves taking bold steps into the unknown, borrowing heavily and/or committing significant resources in uncertain environments (Martin, Javalgi, 2016). Small and medium-sized enterprises take risks in order to make more effective use of innovative and proactive capabilities and thus generate better international performance (Brouthers et al., 2015).

International entrepreneurial orientation is particularly useful for new international ventures to influence early internationalization (Ripollés et al., 2007; Zhou, 2007; Gabrielsson et al., 2014) and to achieve performance in foreign markets (Knight, Cavusgil, 2004; Hartsfield et al., 2008; Jantunen et al., 2008; Gerschewski et al., 2015; Martin, Javalgi, 2016).

Knight and Cavusgil (2004) find that the international entrepreneurial orientation of start-ups is positively related to single product development. Jantunen et al (2008) point out that entrepreneurial orientation and learning orientation are associated with better performance in international markets. Small and medium-sized enterprises with a high entrepreneurial orientation perform better internationally because they have the capacity to develop innovative strategies (Brouthers, 2015). Entrepreneurial orientation in terms of proactivity positively influences the international performance of globally born companies (Gerschewski et al., 2015). Consequently, if new international firms are able to be innovative, proactive and risk-taking, they will be able to penetrate new markets, adapt to changing environments and subsequently achieve superior performance.

***H1: International entrepreneurial orientation is positively related to the performance of international new venture.***

Entrepreneurial orientation is an antecedent of market orientation (Matsuno et al., 2002; Baker, Sinkula, 2009; Evers, 2011; Ripollés et al., 2012). These orientations determine the behaviour of the firm and the international performance (Knight and Cavusgil, 2004; Boso et al., 2012; Gerschewski et al., 2015).

Entrepreneurial orientation is a determining factor for the mobilization of market-oriented companies (Evers, 2011). Matsuno et al. (2002) suggest that entrepreneurial orientation can foster the behaviour of market-oriented firms by enabling them to reduce risk, meet customer requirements and outperform competitors. Risk taking is an inherent characteristic of market-oriented firms (Jaworski, Kholi, 1993). The innovative behaviour of the firm determined by the development of new products is positively related to market orientation (Verhees, Meulenber, 2004). Innovation is an integral part of the culture and behaviour of market orientation (Ben Chehida, Monnoyer, 2010). Proactivity is an inherent characteristic of market-oriented firms, fostering an innovative response to changes in the environment (Armario et al., 2008). Market-oriented firms have the necessary resources and capacities to proactively collect and evaluate information on current and future customer requirements and needs, competitors' capabilities and changes in the foreign environment (He, Wei., 2011).

Boso et al (2012) find a positive relationship between customer orientation, market orientation and favourable outcomes of new export products. Entrepreneurial orientation generates market orientation, enabling international new venture to proactively identify and develop new opportunities in international markets (Ripollés et al., 2012).

***H2: International entrepreneurial orientation is positively linked to market orientation.***

## Market Orientation

Market orientation is still a field that needs to be further developed, especially in the international context (Kirca et al., 2005). Market orientation is a well-known concept in marketing research but has received little attention in the international business literature (Rippolés et al., 2012).

Narver and Slater (1990, p. 21) define market orientation as:

*"It is the organizational culture that induces the behaviours necessary to deliver superior value to customers, which are essential to superior and continuous performance".*

Narver and Slater (1990) indicate that market orientation manifests itself through three essential components (customer orientation, competitor orientation and cross-functional coordination) and two decision criteria (long-term vision and profitability).

Customer focus is the understanding of the needs of target customers that enables organizations to be able to deliver superior value to them on an ongoing basis (Narver, Slater, 1990). Customer-oriented business requires an understanding of the needs of foreign customers in order to develop products and/or services that are superior to those of its competitors in order to meet the needs and requirements of its foreign customers (Craig et al., 2014).

Competitor orientation is the ability of an organization to identify, analyze and respond to the actions of competitors (Narver, Slater, 1990). Firms need to understand and identify the short-term strengths and weaknesses, long-term capabilities and strategies of current and future competitors (Narver, Slater, 1990).

Cross-functional coordination is the coordinated use of company resources to deliver superior value to target customers (Narver, Slater, 1990). Auh and Menguc (2005) point out that cross-functional coordination plays a crucial role in mobilizing the complementary capabilities of different functional areas, leading to a better knowledge of customers and competitors.

Firms in emerging markets need to adopt a market orientation in order to survive competition and gain competitive advantages during their transition to a market economy (Zhou et al., 2005). Market-oriented firms recognize the relevance of using information about customers and competitors when developing their strategies (Armario, 2008). The coordinated use of customer and competitor information generated by different departments will enhance the ability of the firm to be more customer and competitor oriented (Langler et al., 2014). Market-oriented companies have the resources and capabilities to collect and evaluate information on customer requirements, competitors' strategies and changes in the environment.

Early entry into foreign markets can help international new venture to focus their efforts on developing an international market orientation (Sapienza et al., 2005; Rippolés et al., 2012). Kocak and Abimbola (2009) find that market orientation and learning orientation positively influence the performance of globally born firms. International market orientation is reflected in the propensity of the international new venture to generate superior value for its foreign customers (Knight et al., 2004 ; Rippolés et al. 2012; Gabrielsson et al. 2014). Market orientation has a positive and significant impact on export performance (Craig et al., 2014). Langler et al. (2014) find that competitor orientation positively influences export performance. Similarly, Gerschewski et al. (2015) find that competitive orientation positively influences the performance of globally born firms.

***H3: Market orientation has a positive impact on the performance of international new venture.***

Market orientation is a key determinant in the development of marketing capabilities (Day, 1994; Morgan, Vorhies, 2009; Evers, 2011; Murray et al., 2011; Theodosiou et al., 2012). Understanding customer needs, competitive actions and market trends enables a market-oriented company to identify and develop the marketing capabilities needed for long-term performance (Day, 1994). Dutta et al (1999) suggest that a strong market orientation is reflected in higher marketing capabilities. Marketing capabilities enable marketing strategies to be developed and executed using knowledge about the competition to create superior value for foreign customers (Cavusgil, Zou, 1994). Blesa and Ripollés (2008) argue that marketing skills can facilitate foreign customer knowledge, product development and adaptation to target foreign

customers and differentiated products. Marketing capabilities are based on the market knowledge that the firm acquires when estimating customer needs through market orientation (Morgan et al., 2012). Market-oriented firms constantly gather information about the foreign market and share it throughout the organization to respond quickly to changes in the foreign market (Murray et al., 2011).

Market orientation and the marketing capabilities through which resources are deployed in the market are key factors in company performance (Morgan, Vorhies, 2009; Singh, 2009). Market orientation is positively related to marketing capabilities and company performance (Theodosiou et al., 2012). Market orientation is positively related to marketing capabilities, which promotes export performance (Murray et al., 2011). Market orientation is an important factor in the development of the marketing capabilities of international new venture, enabling the implementation of marketing strategies and the achievement of competitive advantages (Evers, 2011).

**H4:** *Market orientation is positively linked to marketing capabilities.*

### **Marketing Capabilities**

Marketing capabilities can be defined as the processes of integration aimed at applying the collective knowledge, skills and resources of firms to the needs of the market, enabling firms to add value to their products and services and to respond to competitive threats (Day, 1994). Marketing capabilities enable companies to develop new products, meet customer needs by utilizing pricing expertise and providing high levels of support to distributors (Day, 2011). Marketing skills are developed through learning processes when company employees repeatedly apply their knowledge to solve marketing problems (Vorhies, Harker, 2000). These identify six areas of marketing capabilities: marketing research, pricing capability, product development, distribution channels, promotion, and marketing management.

Marketing capabilities play an important role in fostering the performance of international new venture (Knight et al., 2004; Hartisfield et al., 2008; Rippolés, Blesa, 2012; Martin, Javalgi, 2016). Marketing capabilities are created as a result of marketing strategies that enable firms to allocate resources to optimize their performance (Narver, Slater, 1990). Marketing capabilities enable international new venture to develop proactive behaviour to exploit new business opportunities more successfully and faster than competitors (Weerawardena, 2003), to better communicate with the target market (Hartisfield et al., 2008) and to respond quickly to the requirements of a changing environment in order to succeed in foreign markets (Rippolés, Blesa, 2012). International new venture that develop marketing capabilities will be able to acquire knowledge of the foreign market better than their competitors, adapt to the changing environment and meet new challenges.

Morgan et al (2012) find that marketing capabilities enable firms to successfully implement planned marketing strategies that improve export performance. Qun Tan and Sousa (2015) also find that international firms with competitive advantages can build marketing capacity to achieve superior export performance. International new venture face risks and tend to exploit marketing capabilities to achieve superior performance (Martin, Javalgi, 2016).

**H5:** *Marketing skills are positively linked to the performance of international new venture.*

### **METHODOLOGY**

We have positioned our research in the positivist current. Positivism justifies the construction of a hypothetico-deductive system before confronting it with supposedly representative empirical situations (Wacheux, 1996). We then followed a hypothetico-deductive approach which consists in testing previously adopted hypotheses which will be tested on a representative sample of the population studied. The use of a quantitative methodology in our research is therefore appropriate.

In order to test our research model, we carried out a questionnaire survey, administered face-to-face, among a representative sample of new Tunisian international firms described according to certain

characteristics: the sector of activity, the size of the firm, the mode of entry abroad, etc. The results of the survey are presented in the following table.

The questionnaire was subjected to a pre-test among entrepreneurs of new Tunisian international companies. The objective is to test the validity of the elements retained, to ensure the clarity of the terms, the questions and the degree of collaboration of the entrepreneurs.

The sample is composed of 131 Tunisian international new ventures. Tunisian international companies from different sectors that have developed international sales since their creation, operating in the region of Sfax and Tunis. Sfax is the second industrial pole in Tunisia after the capital (Tunis). We were able to access these companies thanks to the list provided by the API (Agency for the Promotion of Industry).

For data processing, we used descriptive analyses to characterize the firms in the sample and exploratory factor analyses to verify the one-dimension of each construct and to improve the scales of measurement. Principal component analyses were used to describe the relationships among the variables and to identify the various correlations among them, and then we tested the reliability of the measurement scales using Cronbach's alpha as a measure.

In order to confirm our scales, we proceeded with confirmatory factor analyses. Through these analyses, we considered the use of the structural equation method to verify the relationships between the different variables. The data collected were then subjected to an explanatory analysis using the structural equation method and in particular the LISREL (Linear Structural Relations) method. This method is based on the analysis of the covariance structure and is based on maximum likelihood. The maximum likelihood was developed by (Jöreskog, 1970) through the LISREL software (Jöreskog, Sörbom, 1996). A LISREL approach is described by two sub-models: the measurement model that links the observed variables to their associated latent variables, and the structural model that determines the causal relationships between the latent variables and tests the research hypotheses.

### **Characteristics of the Sample**

Our sample is comprised of 131 Tunisian international new ventures operating in the private sector that have developed international sales since their creation, at most six years later (Oviatt, McDougall, 1997; Zahra et al., 2000; Loane, Bell, 2006; Coviello, 2006; Cabrol et al., 2009), and have achieved an international sales percentage of more than 25% (Madsen, Servais, 1997; Knight, Cavusgil, 2004; Loane, Bell, 2006). The majority of firms chose export as their mode of entry abroad (122) and 9 firms chose licensing. 58% of these firms belong to the "electronics, electrical" sector, 21.3% and 11.5% operate in the "chemical industries" and "textiles", "leather" and "food industry" sectors respectively, and only 9.2% belong to the "food processing" sector. 130 companies have between 51 and 250 employees and only one company has less than 10 employees.

### **Measurement of Variables**

#### *Dependent Variable: International Performance*

Given the variety of backgrounds and performance outcomes in the international entrepreneurship literature, future research should endeavour to examine a wide range of measures in an integrated manner (Jones et al., 2011).

Cavusgil and Zhou (1994), Katsikeas et al. (1996), Hult et al. (2008) identify two dimensions for measuring performance: objective performance (based on financial and economic data) and subjective performance (measured by the entrepreneur's satisfaction with the achievement of business objectives). However, the subjective measure is advocated by researchers given the difficulty of accessing financial information. Like many studies on international start-ups (Zhou, 2007; Jantunen et al., 2008; Wu and Voss, 2015; Gerschowski et al., 2015), we have used the subjective measure.

International performance was measured along 4 dimensions: growth in sales, profitability, market share (Zahra, Garvis, 2000; Knight, Cavusgil, 2004; Lu et al., 2009) and customer satisfaction (Vorhis, Harker, 2000; Lu et al., 2009). The scale of measurement used ranges from "very little" to "very much."

### *Independent Variables*

All variables were measured using the 5-point Likert scale ranging from "strongly disagree" to "strongly agree".

### *International Entrepreneurial Orientation*

It has three dimensions: innovation, proactivity and risk-taking. To measure it, we have adopted the measures of Covin and Slevin (1989).

### *Market Orientation*

Market orientation has been measured along three dimensions: customer orientation, competitor orientation and inter-functional coordination (Narver's MKTOR measurement scale, Slater, 1990).

### *Marketing Capabilities*

Marketing capacity has been measured along six dimensions: marketing research, pricing capacity, product development, distribution channels, promotion and marketing management (Vorhis, Harker, 2000).

### *Control Variable*

This variable allows us to examine the effect of firm size on the performance of new international firms. It was measured by the number of employees.

## **RESULTS AND DISCUSSION**

The data collected were processed by principal component analysis in order to purify the measurement scales and evaluate their dimension. To check the validity of the reliability of the internal consistency of the measurement scales, we calculated the coefficient of Cronbach's alpha which showed reliability indices greater than 0.7, which means an acceptable internal consistency. Following the results obtained from the reliability and validity measures, we proceeded to verify the hypotheses using the structural equation method. This method verifies the existing relationships between the different independent and dependent variables. For our study, the causal relationships between entrepreneurial orientation, market orientation, marketing capabilities, and the performance of Tunisian international new ventures were studied.

### **The Measurement Model**

The measurement model makes it possible to examine the causal relationships between latent and observed variables and to verify the reliability and validity of constructs.

Construct reliability is assessed by calculating the compound reliability (CR), which must be greater than 0.7 (Bagozzi, Yi, 1998). Convergent validity is evaluated by the Average Variance Extracted (AVE), which presents the mean of the variances between the construct and its measurements and must be greater than 0.5 (Fornell, Larker, 1981). As shown in Table 1, all constructs have CR values greater than 0.7 and all AVE values exceed the 0.5 threshold, confirming that all constructs have good convergent validity.

The approach of Fornell and Larker (1981) provides a measure of discriminant validity. This approach verifies that the square root of the AVE for each construct must be greater than the correlation coefficients between constructs in the model. Table 2 shows that the values in bold on the diagonal of the correlation matrix of latent variables representing the square roots of the AVE are all greater than the values outside the diagonal, meaning that the constructs in the model are different from each other, with the measurement indicators of one construct having a low correlation with the measurement indicators of other constructs. The discriminant validity for all constructs is then checked.

**TABLE 1**  
**RELIABILITY AND CONVERGENT VALIDITY OF CONSTRUCTS**

	In	Pa	Rt	Oc	Oct	Ci	Rm	Co	Dp	Cd	P	Mm	Pce
FC	0,880	0,824	0,789	0,830	0,890	0,879	0,786	0,810	0,863	0,756	0,876	0,896	0,790
VME	0,726	0,807	0,787	0,818	0,865	0,826	0,783	0,804	0,861	0,745	0,866	0,882	0,758

In: innovation, Pa: proactivity, Rt : risk-taking, Oc: customer orientation, Oct: competitor orientation, Ci: cross-functional coordination, Rm: marketing research, Cp: pricing capacity, Dp: product development, Cd: distribution channels, P: promotion, Mm: marketing management, Pce: performance

**TABLE 2**  
**DISCRIMINANT VALIDITY OF CONSTRUCTS**

	In	Pa	Rt	Oc	Oct	Ci	Rm	Cp	Dp	Cd	P	Mm	Pce
In	0,852												
Pa	0,015	0,898											
Pr	0,48	0,12	0,887										
Oc	0,10	0,05	0,30	0,904									
Oct	0,21	0,08	0,25	0,56	0,930								
Ci	0,16	0,05	0,42	0,18	0,46	0,909							
Rm	0,11	0,14	0,36	0,22	0,11	0,508	0,885						
Cp	0,11	0,01	0,26	0,14	0,14	0,32	0,37	0,842					
Dp	0,05	0,00	0,11	0,00	0,01	0,16	0,26	0,38	0,928				
Cd	0,08	0,03	0,15	0,062	0,033	0,13	0,12	0,34	0,40	0,925			
P	0,04	0,027	0,15	0,053	0,014	0,14	0,06	0,26	0,32	0,62	0,920		
Mm	0,71	0,003	0,08	0,78	0,00	0,01	0,78	0,00	0,70	0,03	0,02	0,841	
Pce	0,01	0,06	0,04	0,01	0,02	0,088	0,06	0,041	0,02	0,04	0,00	0,11	0,870

In: innovation, Pa: proactivity, Rt : risk-taking, Oc: customer orientation, Oct: competitor orientation, Ci: cross-functional coordination, Rm: marketing research, Cp: pricing capacity, Dp: product development, Cd: distribution channels, P: promotion, Mm: marketing management, Pce: performance

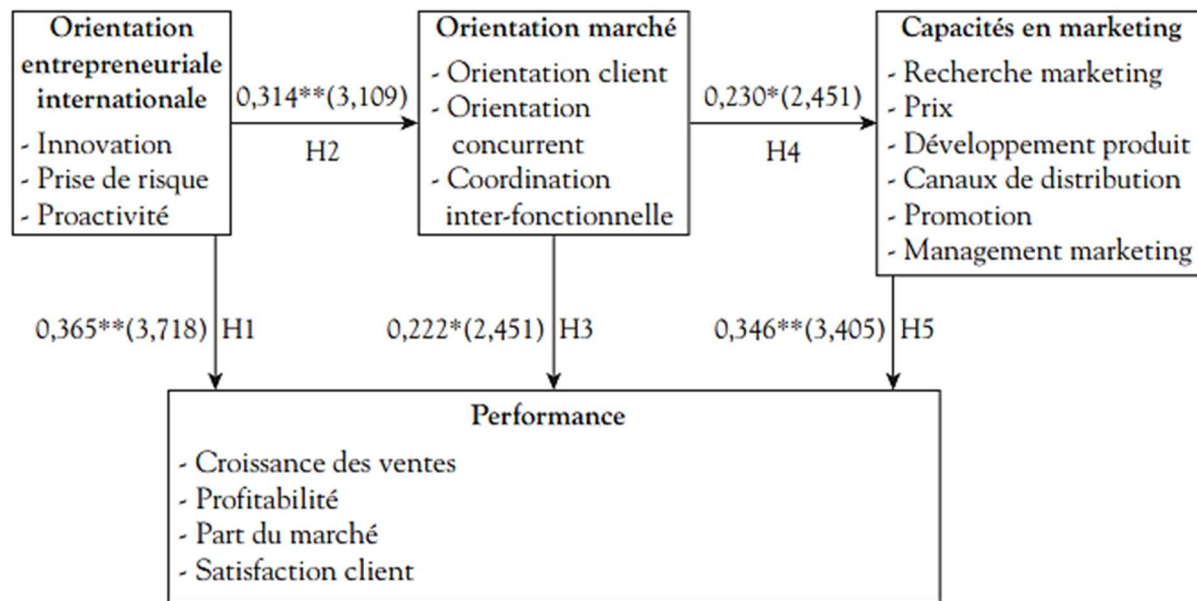
### **The Structural Model**

The structural model represents the relationships between the explanatory latent variables and the latent variables to be explained. It makes it possible to test the research hypotheses.

The evaluation of the structural model examines the significance of the regression coefficients and the t-Student (t). Figure 1 shows that all the research hypotheses are verified, the regression coefficients ( $\beta$ ) between the latent variables measure the importance of the causal relationship and the t-Student values are all greater than 1.96 at the threshold of 5 %.



**FIGURE 1  
STRUCTURAL MODEL**



\*<0,05,\*\*<0,001,t - Student in brackets

As shown in Table 3, the fit indices indicate a good fit of the model ( $\chi^2/df = 2.402$ ; CFI (Comparative Fit Index) = 0.922; NFI (Normed Fit Index) = 0.892; TLI (Tucker Lewis Index) = 0.867; GFI (Good Fit Index) = 0.924; AGFI (Adjusted GFI) = 0.815; RMSEA (Root Mean Square Error of Approximation) = 0.076; RMR (Root Mean Square Residual) = 0.046).

Table 3 summarizes the regression coefficients between the latent variables. It shows that there is a positive and significant relationship between international entrepreneurial orientation and the performance of international new venture in terms of sales growth, profitability market share and customer satisfaction ( $\beta = 0.365$ ,  $t = 3.718$ ,  $p < 0.001$ ). The H1 hypothesis is then verified. This result confirms previous research by Knight and Cavusgil (2004), Jantunen et al (2008).

Gerschewski et al (2015). Tunisian INVs s with a proactive, risk-taking behaviour are more likely to implement activities that stimulate creativity in order to develop innovative products and thus improve performance.

**TABLE 3  
THE RESULTS OF STRUCTURAL RELATIONS**

<b>Hypotheses</b>	<b>B</b>	<b>T</b>	<b>Verification of hypotheses</b>
H1: Entrepreneurial orientation → Performance	0.365**	3.718	Verified
H2: Entrepreneurial orientation → Market orientation	0.314**	3.109	Verified
H3: Market orientation → Performance	0.222*	1.998	Verified
H4: Market orientation → Marketing Capabilities	0.230*	2.451	Verified
H5: Marketing Capabilities → Performance	0.346**	3.405	Verified

\*<0,05,\*\*<0,001

The results also show that international entrepreneurial orientation is positively related to market orientation ( $\beta = 0.314$ ,  $t = 3.109$ ,  $p < 0.001$ ). Consequently, hypothesis 2 is accepted. This is in support of

earlier studies by Evers (2011) and Rippolés et al (2012). The international entrepreneurial orientation prepares the Tunisian INVs to adapt rapidly to the changing environment by engaging resources, acquiring knowledge and restructuring their actions and ideas to compete in international markets. Market-oriented companies are able to better understand the current and future needs of customers, the plans and capabilities of competitors and the changing nature of the environment.

The results reveal that market orientation has a positive and significant impact on the performance of the Tunisian INV ( $\beta = 0.222$ ,  $t = 1.998$ ,  $p < 0.05$ ). The H3 hypothesis is then verified. This is in line with the studies of Knight et al (2004), Kocak and Abimbola (2009). The customer-oriented INV have a better knowledge of the needs of their foreign customers and this knowledge will enable the management to better position the company in relation to its competitors. Competitor-oriented INV are aware of the strengths and weaknesses of their competitors as well as their capabilities and strategies. The customer and competitor focus enables the coordination of the efforts of the company's employees in providing tailor-made offers to foreign customers through a thorough understanding of competitors' capabilities and strategies. As a result, these companies will be able to take relevant actions to better position their products, creating superior value for their foreign customers and improving their international performance.

With regard to the fourth hypothesis, we can state that market orientation is positively related to marketing capacities ( $\beta = 0.230$ ,  $t = 2.451$ ,  $p < 0.05$ ). This result justifies the studies by Armario et al (2008), Evers (2011), Murray et al (2011). Market-oriented Tunisian firms are likely to be vigilant in seeking information on customers and competitors' strategies for the development of a competitive strategy that promotes marketing capacities. Firms will be able to anticipate future market upheavals by being prepared to react and provide quality products by listening to and engaging with foreign customers.

The fifth hypothesis regarding the positive relationship between marketing capabilities and NIS performance is confirmed ( $\beta = 0.346$ ,  $t = 3.405$ ,  $p < 0.05$ ). This justifies the results of Knight et al (2004), Hartsfied et al (2008), Martin and Javalgi (2016). Tunisian firms use several marketing tactics to stimulate their foreign customers and maintain effective relations with their target market. This includes product development and/or adaptation, pricing and distribution channel efficiency, and the ability to manage the company's image to gain competitive advantage and thus achieve better performance.

The control variable included in the model is the size of the firm, which does not have a significant effect on the performance of the new international firm ( $\beta = 0.114$ ,  $t = 1.91$ ). This is not consistent with the results of Jantunen et al (2008) and Martin and Javalgi (2016) who argue that firm size positively influences INV performance.

## CONCLUSION

In this article, we presented a literature review on the determinants influencing the performance of INV. This review positioned our research in relation to existing work and allowed us to introduce our research hypotheses into a coherent conceptual model that was tested in the Tunisian context with 131INV. The structural equation method was adopted to verify the research hypotheses and to evaluate the model of the link between the performance of the INV and its associated determinants. Empirical analysis allowed us to identify these determinants (international entrepreneurial orientation, market orientation, and marketing capabilities) and their impact on the performance of the Tunisian INVs.

### Scientific Contributions

The originality of this study is justified by the scarcity of studies that have dealt with international entrepreneurship and particularly for developing countries such as Tunisia. It aimed at boosting research in international entrepreneurship by carrying out an analysis of the literature review which allowed us to identify the most important theoretical approaches to explain how INV perform abroad. Inspired by these approaches, we tried to explain the determinants that influence the performance of INV.

On the basis of our results, it can be concluded that international entrepreneurial orientation and market orientation play a determining role in the success of the Tunisian INVs. The interaction of these two orientations helps the INV to acquire knowledge, anticipate future business needs, meet the requirements

of foreign customers, position themselves better than their competitors in foreign markets and assume the associated risks in order to achieve superior performance. This supports previous studies by Knight et al (2004), Kocak and Abimbola (2009), Evers (2011), Gerschewski et al (2015).

The results also show that marketing capacities have a significant and positive impact on the performance of the Tunisian INVs. This converges with studies by Knight et al (2004), Hartsfied et al (2008), Martin and Javalgi (2016). Tunisian INVs with marketing capabilities are able to develop the expertise that enables them to meet new challenges in a more rapid manner. By developing marketing capabilities, these firms are able to target the right consumers, structure their distribution channels and generate a brand image in order to adapt to the changing environment and subsequently achieve superior performance in foreign markets.

### **Managerial Contributions**

It is crucial for the INV to be proactive, take risks and implement activities that stimulate creativity in order to compete and develop innovative products that offer superior value to foreign customers.

INV managers should encourage specific behaviors to improve understanding of the changing needs of foreign customers, to discern the strengths and weaknesses of competitors and to promote the development of new ideas. They must constantly monitor and evaluate environmental conditions to be able to Anticipate the actions and reactions of competitors and identify customer needs and preferences. In order to develop these inherent capabilities, managers must respond to the actions of competitors that threaten them by regularly sharing information on foreign customer needs and competitors' strategies, communicating and discussing customer needs, strengths and weaknesses of competitors with all business units. By taking this path, companies will gain a competitive advantage over their major international rivals and thus achieve better results. These efforts will need to intensify as the firm grows internationally.

### **Limitations and Future Research Avenues**

The contemporaneity of entrepreneurial practice and, more specifically, international entrepreneurship in Tunisia leads to a lack of information and the inexistence of quantified and published evaluations. The sample is not large enough to be able to generalize the results to the entire population. The small sample size is also criticized during the phase of analysis of structural relations.

It would be interesting to compare the results of firms based in developed and developing countries. It also seems interesting to explore other factors related to the performance of the INV such as learning orientation (Jantunen et al., 2008) and absorptive capacity (Zahra, 2005; Wu, Voss, 2015).

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