

## Spin-Off: Factor of Growth and Entrepreneurial Success. The Example of Tunisia

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### Abstract

*The purpose of this paper is to assess the opportunity of the use of spin-off to ensure both growth and entrepreneurial success in the Tunisian context. It is also important to test the idea that extrapreneurship is the most successful form of spin-off and to analyze the importance of the existence of an organizing framework spin-off such as that of Tunisia. We opted for the case study as a method of research and we conducted 18 interviews of a duration of one hour each, with six companies. Two generations of spin-off have been detected. The first appeared in 1967. It is a voluntary spin-off practiced by a few companies without having any idea of its name. The second was born in 2005. It is a spin-off impregnated by the participation of the State, considered as the guarantor of the entrepreneurial project success. Beyond this result, we identified three forms of spin-off in Tunisia (if we refer to Daval typology of (2002)): the project spin-off, the outsourcing spin-off and extrapreneurship. Each type leads to growth and entrepreneurial success, but the most successful form is extrapreneurship.*

**Keywords:** Entrepreneurship, extrapreneurship, spin-off, growth, success

### Introduction

North American and Japanese, but also French researchers are interested in the study of spin-off. Some of their research are doctoral (Daval, 2000; Pirnay, 2001; Lavolette, 2005), other are empirical, analyzing the issue in depth on case studies of firms or universities (Ito and Rose, 1994; Ito, 1995; Daval, 2001; Filion, Luc and Fortin, 2004; Ferrary, 2005; Gübeli and Doloreux, 2005; Veld and VELD-Mekoulova, 2008). The topics are also varied. They focus on spin-off's development, its contribution to companies' survival, synergies between parent firm and the subsidiary, etc.

The attention, particularly, granted to spin-off is justified, largely, by the role that can play such method to increase economy and companies' growth.

Spin-off is a method which can be followed by an employee to create a new company or resume a firm already existing. The employee benefits, in its approach, from his parent firm, when he leaves it, of support, and assistance and of the necessary accompanying in order to guarantee the success of his business. But in case of failure, he could return to his parent firm. The subsidiary firm, newly created or resumed, must normally be independent from the parent (Daval, 2000).

In addition, there are two types of spin-off:

- the 'push spin-off' which correspond to the phenomena of a company creation initiated by an employee with the explicit support and advisement of his former employer;
- the 'pull spin-off' which correspond to the phenomena of a company creation initiated by an employee without the explicit support of his former employer (Pirnay, 2001).

The French concept of spin-off covers the 'push spin-offs' (Pirnay, 2001). It is presented in various forms. The typologies proposed by authors such as Sire (1988), Bruyat (1997), Belley & al. (1997) and Daval (1999, 2000 & 2002) remain in their descriptive content. But Daval in his contribution of 2002 suggests the untested idea that extrapreneurship is the most elaborated form of spin-off, because it leads to both, the growth of parent firm and the success of the subsidiary. Extrapreneurship is a form which covers a situation in which an employee, as the initiator of a project, operates a new activity, close to that of his former employer (Johanisson, Arvidsonn & Johnsonn, (1994); Daval, 2000). Our research is resolutely placed in this lineage of mind.

Its purpose is to assess the opportunity of the use of spin-off in order to ensure at once, the success to the subsidiary and growth to the parent firm in the Tunisian context. Thus, it probably has a capital interest in the field of entrepreneurship. On one hand, it puts at the disposal of any academic willing to think about spin-off in a country marked by the emergence of reforms, a good working tool. On the other hand, the basis for the thinking to carry out is real, and the problem to address is interesting and innovative on a terrain that is still little exploited and which allows for international comparisons, particularly with the studies conducted in France.

The practical and scientific value of this research will be reached only when we have answered to the problem of this paper, which is articulated around the three following questions:

- *up to what point can spin-off be regarded as a growth modality and an entrepreneurial success factor?*
- *what are the characteristics of the form of spin-off which ensures a sustained growth to parent firm and success to the subsidiary, in the Tunisian context?*
- *up to what point can the existence of an institutional structuring context such as that of Tunisia support spin-off?*

The paper is organized as follows. Section 1 proceeds to a review of the specialized literature relating to the three key axes of this research: spin-off, companies' growth and entrepreneurial success. Section 2 describes the methodology and the study's field. In section 3, we carry out the basic empirical results. Section 4 concludes.

## **1. Review of the literature and positioning of the problem**

It is a question of, at first, carrying out a critical test of analysis of the literature on the spin-off, then, in the second time, a study of the concepts of growth and success achieved through this approach, in order to be able to position the problem and to fix research proposals.

### **1.1. Spin-off oscillates between a deliberated choice and an obliged passage**

The literature on spin-off can be presented in a synthetic way by gathering research relating to this topic around the three doctoral thesis in France. It is about:

- at first, the spin-off in large companies (Daval, 2000). It is a bearing research on entrepreneurial process of spin-off. It is a repository, in particular, in the definition of this concept.
- then, the academic spin-off (Pirnay, 2001). It is an economic valorization of the results of university research, by creation of new activities, for the proposal of a procedural framework for spin-off.
- finally, the spin-off in SME (Lavolette, 2005). It is a study of its stakes and its modalities. The author tries to show that the structural specificities of SMEs support spin-off as a modality of emergence and organizational development (Lavolette, 2005).

Besides, there are also many contributions of considerable practitioners. Indeed, spin-off is regarded as a deliberated choice, adopted by a company aiming at helping one or more of its employees to create their own companies (Merlant, 1984; Bruyat, 1997; Belley & al., 1997; Darlay, 1995; Lenoble - Finch, 1996). That is practiced when the parent firm wants to disengage certain activities considered to be non-strategic, in order to reduce costs and create value.

However, spin-off is also presented as an obliged passage to ensure a dynamic management of human resources (Bertherat and Thierry, 1990; Mahé, 1994). But, it is also conceived, both as a deliberated choice and an obliged passage, insofar as it constitutes a privileged action to manage activities and resources (Lenoble - Finch, 1996).

Deliberated choice or obliged passage, spin-off took a diversity of forms for the authors. But the advanced contributions didn't inform us clearly, neither about its contribution to the growth, nor about the modality which can be beneficial to both parent firm and the subsidiary.

In addition, Daval (2002) proposes four modalities of spin-off. Project spin-off, reconversion spin-off, outsourcing spin-off and 'extraprise' spin-off or extrapreneurship. Only the last modality presents for the two actors, parent firm and the subsidiary, an opportunity of a co-development. Indeed, the proximity to job characterizing the extrapreneurship may be responsible for the development of sustainable partnership based on sharing division, trust and commitment. These relationships support the emergence of effects of synergy, a screen of competences and modes of production and organization within a structure of form network, whose parent firm constitutes the central point (Daval, 2001).

## 1.2. Spin-off and the growth of the parent firm

The concept of a company's growth refers to a positive evolution of a given indicator (Boissin and al. 2008). It is the result of a management decision expressed by the entrepreneur owner (Verstratete and Saporta, 2006), to one or several factors, including spin-off. The issues of the use of such factor change according to the size of the company. They are much more important for SMEs than for large companies (Laviolette, 2005). As a result, spin-off is an important pathway of development for SMEs, both at the organizational and the individual level (Laviolette, 2005). On the organizational level, as Koenig (1989) suggests it, spin-off seems like, a lever of innovation to detect new segments close to its core business and as a process of outsourcing of a number of activities considered as secondary, for better concentrating on the strategic activities. However, on the individual level, it is regarded as a useful practice to manage human resources. From this point of view, spin-off promotes the mobility of employees, contributes to the social dialogue and reinforces the image of the company near other economic actors.

For large companies, spin-off is most often practiced for personal development and reconversion i.e. there remains a flexible practice of management of human resources (Filion and al, 2004; Everaere and Laviolette, 2006).

In addition, Everaere and Laviolette (2006) were interested in the process of growth of SMEs. They defend the idea according to which, spin-off presents for them a way of growth by 'outgrowth'. Indeed, for them, the growth by spin-off is a hybrid form between internal and external growth (Everaere and Laviolette, 2006). Thus, it allows combining the advantages of these two terms. It should be noted that some practices of spin-off lead to 'inter-organizational co-operations' (Carbon and al, 2000; Rocchi, 1998, Everaere and Laviolette, 2006). These can be a source of economy and professional synergy (Carrier, 1992). The latter refers to the existence of a 'solidarity, specialization and training' between parent firm and the subsidiary (Filion and al 2004). In contrast, spin-off can be the source of several disadvantages. The following table summarizes that idea.

**Table 1: balance of spin-off**

	For SMEs	For large companies
<b>Advantages</b>	<b>Financial advantages</b> Revenue, costs, risk (failure and lack of resources). <b>Managerial and strategic advantages</b> Synergy, complementary, innovation, know-how, renovation of core competencies, exploration of new activities, diversification.	<b>Financial benefits</b> Revenue, costs, risk (failure) <b>Managerial and strategic advantages</b> flexibility
<b>Disadvantages</b>	Loss of competences hard to replace, threatened competitiveness, decrease in performance, risk of failure (for SMEs), competitor potential.	
<b>Balance</b>	<i>Spin-off is a real opportunity growth.</i>	

**Source:** table made from the analysis of some researcher; Ito (1995), Garvin (1983); Brenet (2000); Daval (2000) and Laviolette (2005).

Moreover, the measurement of growth by spin-off refers to two main criteria, the increase in sales and employment growth. These criteria allow measuring both, growth and performance of parent firm and success of the subsidiary (Kirchoff, 1991; Dunkelberg and Cooper, 1982).

Above developments lead us to present the following proposals:

**Proposal 1:** *spin-off contributes to the growth through the advantages which it offers to the company.*

**Proposal 2:** *extrapreneurship promotes growth of companies better than the other types of spin-off.*

## 1.3. Spin-off and entrepreneurial success

The study of the problem of entrepreneurial success is relatively old. It dates back more than three decades. It was noted the existence of a certain conceptual heterogeneity which surrounds it (Moreau, 2004; Verstraete, 1999). As it is presented in the literature, the entrepreneurial success refers to several tangible and intangible elements, such as value creation, income, net sales turnover, commercial success, profitability and viability (Stefanovic and al, 2010; Makhbul, 2011). It seems that which can characterize success of the subsidiary firm basically, is the continuity of exploitation. Profitability is the main guarantor.

For some researcher, the success of the subsidiary firm depends overall on entrepreneurial profile, his competences and his psychological qualities (Albert, Fayolle and Marion, 1994; Fayolle, 2004; Rented and Laviolette, 2008). But for the case of spin-off, the support and the accompaniment (Moreau, 2004) as well as the activity under consideration by the subsidiary which must be close to that of the parent firm (Daval, 2002) supports also success. It also results from the mobilization of a whole of resources, such as information, money, logistics, advice, technology and several other factors (Albert, Fayolle and Marion, 1994; Fayolle, 2004).

For the measurement of entrepreneurial success, we can note that, in spite of the heterogeneity of the literature around this question, the following indicators can be retained:

- future evolution of the relationship between the entrepreneur, his team and the activities which he undertakes;
- the continued presence of the new company (the subsidiary) in its competing context;
- the achievement of the threshold of a given level of turnover and profitability.

Furthermore, the new company should have the minimal factor of sustainability i.e. a minimum financial balance, qualified staff, a motivated and qualified entrepreneur, a product responding to consumer request, an adaptive technology and a solid and adapted organization to the situation.

The above developments lead us to make the following proposals:

***Proposal 1:** extrapreneurship promotes the success of the entrepreneur or the subsidiary company.*

***Proposals 2:** entrepreneurial success depends on several other factors in addition to extrapreneurship.*

Note that the literature on spin-off does not inform us, clearly, about the existence of an institutional context structuring to foster the success of the subsidiary or growth of the parent company.

The above advanced proposals require field observation for being tested. With this intention, the application of a specific methodology proves to be necessary.

## **2. Methodology and studys' field**

After the justification of using the case method (2.1), we look at the question for choosing of cases (2.2), the collection (2.3) and the data processing (2.4).

### **2.1. Justification of using the case method**

We opt for the case study as a method of research because it seems to us the most appropriate to our problem. It consists in understanding a phenomenon through its analysis, reconstruction and modeling (Yin, 1984, Roussel and Wacheux, 2005). Moreover, it rests on a qualitative study having an exploratory aspect. In addition, it must be led 'intra-case' or 'inter-case' if there is several (Roussel and Wacheux, 2005). An identical to that of Laviolette perspective (2005) in his doctoral research, we will follow a line of reasoning by abduction. It is a question of making a combination between a deductive approach, to test an existing theoretical framework, and an inductive approach, to improve it by the examination of the parameters of the field.

In addition, from a perspective of case study, we can distinguish two dimensions: a diachronic dimension and another qualified synchronic (Roussel and Wacheux, 2005). The diachronic dimension refers to the possibility of follow-up and rebuilding of the events in time, with the possibility of supplementing the information collected with other sources of information, particularly in the maintenance and the visits of places (Roussel and Wacheux, 2005). It is also in the sense that we're going to use in our research. In addition, this dimension takes into account the context in order to reach social phenomenon and temporal aspects (Gagnon, 2005). So it seeks to properly put a phenomenon in its context in order to guarantee a powerful internal conformity, on one hand and to take account of its various aspects, on the other hand (Gagnon, 2005). It is also in this perspective that we are trying to apply it in this research. Similarly, it allows to build theories (Dyer and Wilkins, 1991; Eisenhardt, 1989; Gersick, 1988; Harris and Sutton, 1986; Woodside and Wilson, 2003, by Gagnon, 2005) or check them (Anderson, 1983) Eisenhardt, 1989; Glasser and Strauss, 1967; Pinfield, 1986; Richards & Richards, 1994; (Corbin and Strauss, 1990 according to Gagnon, 2005). In this way, it promotes a synchronic dimension through the reduction of a very wide variety of data (Roussel and Wacheux, 2005). It is deemed be most appropriate to explain developments or to give a clear vision on a phenomenon (Roussel and Wacheux, 2005). Thus, our research is part of this line of thought.

## **2.2. Cases' selection**

For the choice of cases, we followed the advice of Eisenhardt (1989). It is not to make a selection randomly, but by reference to a set of criteria taking into account the purpose and the problem of the study. Indeed, after a pre-inquiry concerning the entire population of parent firms (12 companies) which have acceded to the spin-off policy and a sample consisting of some twenty subsidiaries, we have retained the two criteria for selection of our case: selected companies must register a visible contribution from spin-off to the growth and businesses success. In addition, they must have broad experience in practice of the forms of spin-off. Thus, by reference to these two criteria, we have retained six companies, three parent firms and the other, subsidiaries.

## **2.3. Data collection**

The implementation of the case study is carried out through the semi-structured interviews within the meaning of Granwitz (1996) guided by questionnaires, the essential process of our research. A first questionnaire addressed to the persons in charge for the cells of spin-off within the companies signatories of the charter of spin-off with the Ministry for industry in order to determine the spin-off contribution to parent firms and a second questionnaire sent to the subsidiaries in the direction of evaluating the importance of their success. We opted for the administration of the questionnaire in face to face in order to access to some information such as the spin-off media charter, the standard convention, CDs, brochures and notes memorandums. The information provided by these documents has contributed indirectly to the understanding of the characteristics of the parent firms and the ambition of the State's spin-off.

Outside the internal documents, we also used websites to analyze articles and reports on selected companies.

On the whole, we conducted 18 interviews; nine within parent firms and the other nine with the subsidiaries. Each interview lasted one hour. Indeed, we also conducted semi-directing interviews with persons in charge for spin-off of the Ministry of industry (Ministry in charge with management, monitoring and evaluation of spin-off throughout the Tunisian territory), organizations of financing (banks and venture capital companies). Our goal is also to apply the triangulation method which is based on the crossing of the collected data. It is to diversify sources to collect the same data in order to compare them and see the convergence points.

## **4. Data processing**

For the treatment of the data, we used the content method analysis, according to the recommendation of Robert & Bouillaguet (1997) and Corbin & Strauss (1990), in order, not to do a naive reading of the data, but to structure, interpret and synthesize methodically the obtained information. In addition, we are based on the approach of Bardin (1977) subsequently adopted by a large number of authors including Evard, Sapp and Roux (2000). It is based on three major stages: the pre - analyze, the operation of the equipment and the treatment of the results and interpretation.

First, in the pre-analyze phase, we tried to organize and plan the analysis through the definition of the corpus and the operating rules as well as coding. Indeed, we transcribed all the interviews on paper to be studied. The aim is the control of the answers obtained to exclude those that are incomplete or unreliable. What led us subsequently to the choice of indices and indicators and set rules for the encoding of interviews (Evard, Sapp & Roux, 2000). For this purpose, we inspired the research of Laviolette (2005). As a result, we conducted a cutout of the content of the interviews in parts, and within each part, we have identified those which make it possible to answer the questions of the problem (Robert and Bouillaguet, 1997). Accomplished cutting helped us to classify units into categories or topics. This classification subsequently underwent another transformation. The aim is to move from a descriptive encoding to an axial and selective coding, within the meaning of Corbin and Strauss (1990).

Furthermore, information collected through the direct observations and of the consulted documents was the subject of a synthesis to share to deepen the result by the analysis. Then, the phase of operation of equipment was to implement the guidelines drawn in the pre-analyze stage: cutting, grouping, coding and manual counting (Evard, Sapp and Roux, 2000).

Finally, the last step is to treat the results manually and to interpret them.

## **3. Presentation of the principal results of the study**

Two paragraphs will be presented. The first is reserved for the parent firms and the second for the subsidiaries.

### 3.1. Spin-off: a growth vector for the parent firms

The following table describes the main characteristics of the surveyed companies.

**Table 3: brief presentation of the surveyed parent firms**

Case 1	The case n°1 is a group of more than 70 companies involved in various activities including real estate, agri-food, poultry farming, packaging, ceramic, industry and energy. The workforce of this group is about 10 000 people and it is managed by the founder until its transmission to his successor in 2010. It is under the direction of the founder that the group began, since 1980, in the field of spin-off, in order to reduce its costs, to diversify its market and its know-how. Its aim is to grow that's why the number of companies had reached 3094 including 3000 conceived before 2005.
Case 2	The case n°2 is a group which produces and transforms phosphate extracted into Tunisia in chemicals such as the phosphoric acid or fertilizer. Founded in 1952, it moved from a small public company to a great group, which employs 4 300 people. This group opted for spin-off since 1980, in order to reduce its costs, promote its technology and reinforce its know-how. The number of established companies is 198 including 100 founded before 2005.
Case 3	The case n°3 is a company created in 1962, which produces and distributes electricity and natural gas in the Tunisian territory. It has a workforce of 10 000 employees. This company has chosen spin-off since 1967, as part of a strategy of concentration on the core of its business and the upgrading of certain technologies, to improve the supply of services, strengthen its competitive position and grow. The number of established enterprises is 25 including 5 completed before 2005.

It seems useful to note that Tunisia lived the birth of two generations of spin-off. The first was born at the end of the 1960s. It is a practiced spin-off in a voluntary way by some companies in order to reduce costs. It is also marked by the engagement of the two actors: the employee and his employer. The second generation goes back to July 2005. It is a spin-off impregnated by the participation of four actors: the State and the economic company committed in the policy of spin-off, an active role, the employer who most often has a passive role and the employee.

In addition, the Tunisian conception of spin-off is different from that of France or other countries. Indeed, the article 1st of the law n°2005-56 of July 18, 2005 defines spin-off as: *'any encouragement or assistance which an economic company grants to promoters (entrepreneurs) resulting from his employees or coming from outside to incite them to create independent companies or to continue an activity which it carried on itself before'*.

Economic companies are not the parent firms but great companies which they adhered to the spin-off policy in order to participate in the national effort for the creation of companies. To do this, they are committed:

- to create spin-off cells of which will provide for mission to mentor developers;
- to sign a spin-off charter and a convention with the Ministry for SMEs. These documents fit the economic undertaking commitments towards of the spread in framework and they include the advantages of parent firm and the subsidiary.

The following developments allow us to understand to what extent spin-off and the legal and the Tunisian organizational framework were particularly relevant for the purposes of growth. Indeed, the analysis of the three cases let us confirm our proposal which considers spin-off as a factor of growth, given the benefits to cost reduction, profitability improvement, good human resources management, and flexibility gains. Indeed the practice of spin-off consisted, initially for the three companies, of tightening towards a better concentration on the core of their business while getting rid of the peripheral activities considered as expensive. The practiced spin-off is an outsourcing spin-off. Its potential contributions are gravitational for the three companies with limited resources. For the first case, during the first phases of its life cycle, as SMEs, the spin-off consisted with outsource activities such as transport, construction, management of sale points, maintenance, electricity and plumbing. Created companies have become subsequently its subcontractors thereafter and constituted of the networks of subcontractors.

In the second case, it got rid of the activities of cleaning, caretaking, maintenance, canteens, transport and handling, for the benefit of its employees, become thereafter its own suppliers and subcontractors. Similarly, the case n°3 outsourced three types of activities: maintenance, distribution and transformation of products, production and electrical protection.

Note that the practiced spin-off by the three cases did not present them major risk because it was conducted in a considered and progressive way. It is presented in the majority of the cases as an obliged passage.

With time, these companies changed their logic of spin-off. But only case n°1 continued to practice it in a regular and spontaneous way. Indeed, under its diversification policy and risk control, case n°1 began in other forms of spin-off: project spin-off and extrapreneurship. It helped its employees to create offices for studies, specialized companies in data processing, automatism and in the energy field. This type of spin-off enabled him to create value and reinforce its competitive advantage.

In addition, convinced of the importance of spin-off as a growth factor, these companies signed on 08 - 02 - 2006 the spin-off charter with other public and private companies which have chosen to adhere to the policy of the State in the promotion of entrepreneurship. Incentives and aid were offered by the State to parent firms consisting of:

- the deduction of the expenditures engaged within project spin-off in the limit of 1% of the gross annual turnover with a ceiling of 30.000 dinars per project;
- the benefit of a study premium granted to the project carrier.

These benefits enabled these companies to structure and improve the quality of their services while revising their spin-off policy. So, there is an incentive unprecedented innovative project proposed by internal and external contractors, the emergence of new types of spin-off and commitment in the principle of solidarity-based investment, as corporate citizens.

The studied cases show that spin-off, in all its forms, promotes growth. But compared to the other types, extrapreneurship leads the company to a sustained high growth. This form, besides the advantages granted by the State, leads to a lot of incentives: innovative projects, co-development, risk control, resources maximization. But, it presents the risk of loss of qualified personnel.

Overall, our two proposals concerning the spin-off contribution to the growth and the importance of the use of extrapreneurship are confirmed and precised. With that the differential contribution of the legal and organizational framework is added to engagement in the activity of spin-off. The following paragraph is in charge of the presentation of the results found from subsidiaries 'companies.

### 3.2. Tunisian spin-off and entrepreneurial success

The following table outlines the specificities of the surveyed companies.

**Table 4: the main characteristics of the subsidiaries**

Case 1	The case n°1 is a limited company which has the role of the industrial waste recycling, near activity mission from that of the parent firm. Its workforce is about ten employees. It is managed by a professional engineer in chemistry, having twenty one years experience in a large industrial group. It is committed in the spin-off process, led by its parent firm in the promotion of the policy instituted by the State since 2005. This allowed him to obtain a lot of advantages. The manufactured product is partly distributed on the local market. The rest is destined for export.
Case 2	The case n°2 is a call center intended completely for export. It is a close activity from that of the economic company. Its workforce is about 80 employees (TV-actors). Its owner is specialized in telecommunications field. But he is not an employee in a company but he is coming from outside. The prospects for development of this centre seem important.
Case 3	The case n°3 is a specialized company in filing and electronic digitalization and archiving. Its activity is close or complementary to that of the parent firm. Its workforce is about twenty employees. Its owner is specialized in archiving field and is not a member of the staff of any company, but he is coming from outside. Its company has recorded high levels of performance.

The following developments allow us to discover the characteristics of the form of spin-offs which makes better success in the subsidiary company and to appreciate the contribution of the Tunisian institutional context to the success of the subsidiaries. Indeed, the study of the three cases enables us to confirm our two proposals that extrapreneurship promotes the success of the subsidiary company, considering the advantages carried out by this form of spin-off and which may be summarized in the development of synergies between the subsidiary and the parent firm, the possibility of expansion of gains and joint development of the two companies.

But the success of the subsidiaries is also supported by many other factors like the institutional framework. Indeed, entrepreneurs have benefited from their parent firm a leave of one year renewable only once, social security covers and half-treatment, during the period of the leave, since they founded projects in priority regions. They have also benefited from the economic company, of the necessary framework for achievement of the ideas of projects, development of the related studies, the finalization of the financing scheme of obtaining premiums and benefits as well as the concretization of the projects. In the same way, they had the possibility to conclude contracts by mutual agreement with parent firms for supplies and services, over the first two years for annual amounts going up to 100.000 dinars. Moreover, these entrepreneurs had at their disposal specialized funding agencies willing to finance their projects (banks, companies of venture capital, and other organisms), provided that they are accepted by the parent firm. In addition, they can return to their parent firm in the event of failure and after expiration of the period of leave.

The following paragraph, beyond a discussion of the found results, allows for further analysis.

#### **4. Discussion and Conclusion**

The examination of the information collected through the interviews and its confrontation to the theory enables us to confirm and to set aside some results found by a number of authors. Compared to the theory, the type of spin-off which makes it possible to ensure, at the same time, the sustained high growth of the parent firm and the success of the subsidiaries, is extrapreneurship, because it can be a useful mean of the formation of a lasting co-development relationships (Daval, 2002). It concerns especially the large companies.

The interviews carried out with the three surveyed cases allowed us to confirm this idea. But, when they were SMEs, the spin-off taken in logic of growth was an outsourcing spin-off. This type of spin-off allowed subsidiaries to reduce costs, increase their profitability and build networks of entrepreneurs. In other words, it made it possible to support the growth of these companies. For the entrepreneurs, guaranteed a minimum income to them, their sustainability lever. This result coincides with the conclusion of Laviolette (2005) according to which, the outsourcing spin-off is much more relevant in SMEs and large companies, except for very specific activities and without equivalent on the market.

By analyzing in-depth the research of Daval (2002), we can draw three conclusions: the first is that the project spin-off is characterized by a passive role of the parent firm because the initiator of the project is the employee and the activity of the new company is distant from that of the parent firm (Daval, 2002). The second is that outsourcing spin-off is characterized by relationships of dependence, but an active role of the parent firm which is the initiator of the project of spin-off. The third is that the conduct of these two types of spin-off allows neither the firm company, nor the subsidiaries to ensure a high level of profitability allowing a sustained high growth and an unprecedented success.

In referring to carried out interviews and the legal and organizational spin-off in Tunisia framework, we note that the State does not distinguish between the various types of spin-off and it plays a role of a protector to both parent firm and the subsidiary.

Our research had the ambition to assess the opportunity of the use of spin-off to ensure both growth and entrepreneurial success in the Tunisian context. A context characterized by a legal and organizational framework which is clear and motivating.

The literature analysis enabled us to show, in spite of the shortage of research which was interested on this subject, that the spin-off can constitute a factor of growth. Indeed, it may be a source of revenue, innovation, flexibility and know-how despite the existence of limits. It is a hybrid form that allows combining the advantages of the two types of internal and external growth.

The research devoted to spin-off shows that this approach took various forms. In our research we have chosen to refer to the typology of Daval (2002) because it is the most explicit. It takes into account four types of spin-off namely: project spin-off, reconversion spin-off, outsourcing spin-off and extrapreneurship. Our choice is explained by the research for the test of his idea which consisted in stressing that extrapreneurship is the most succeeded form of spin-off, insofar as it allows parent firm to grow and subsidiaries to succeed. The research devoted to the extrapreneurship shows that the latter may be the source of synergy effects and allows parent firm and subsidiaries to tie sustainable partnership relationships.



These lead to the generation of financial, commercial, technological and managerial advantages. In other words, it can, compared to the other types, have a differential contribution to growth and success. The interviews carried out six cases studied allowed us to test this idea, but we have also emphasized the importance of the Tunisian institutional context in the development and the encouragement of any kind of spin-off. Therefore the problems of lack of support characterizing the spin-off project and dependent marking outsourcing spin-off do not arise.

Moreover, the Tunisian context analysis led us to identify two generations and three types of spin-off. The most common type is the outsourcing spin-off. It marked mainly the first generation that arose in the 1960s. The project spin-off and extrapreneurship characterize especially the second generation. They have appeared with the promulgation of the law 2005-56 to the spin-off of the economic companies. The Interviewed persons pointed out that these two types are marked by the emergence of projects both innovative and complementary to the main activities of parent firms.

The interviews carried out with the entrepreneurs led us identify the factors of success of these new companies. Indeed beyond the usual factors which are summarized especially in the innovation and the accompaniment of the parent firm, the persons in charge for the subsidiaries have stressed the importance of financial and tax advantages granted by the State especially during the first two years.

Ultimately, a spin-off activity allows for each partner and the Tunisian State:

- to create economic value;
- to properly manage human resources;
- to reinforce competitive advantage;
- to enhance innovation;
- to develop synergies.

These five elements explain the entrepreneurial success, reflected the growth of the companies and inform about the degree of success of the policy of the State. Their evaluation is necessary to get information about the causes of their non-achievement in a permanent way. Table 5 presents this established fact.

**Table 5: analysis of the importance of spin-off for growth and success**

Explanatory elements of success and growth	Appreciation of the importance of spin-off			Nature of the role to be played			
	Appreciation	Weighting $0 < p < 1$	Elements of analysis	State	Parent firm	Economic company	subsidiary
Wealth creation	Random test (Random criterion)	$0 < p < 1$	Depends on the nature of the project, the economic situation and the market demand.	A	P	A	A
Proper management of human resources (suitable Management of human resources)	Preliminary criterion	$0 < p < 1$	Dependent on a shared desire: State and business source. (State and undertaken source).	A	P	A	A
Reinforcement of the competitive advantage	Permanent criterion	1	-	A	P	A	A
Valorisation of innovation	Permanent criterion	1	-	A	P	A	A
synergies development	Permanent criterion	1	-	A	P	A	A

A: active (credit), P: liabilities (liability)

The contribution of this research appears at the level of testing of the theoretical result of Daval research and especially of the presentation of the role of the State and the Tunisian institutional framework in the promotion of spin-off. Non-existent thing in the literature. But as any research task, ours present limits insofar as the reduced size of the sample does not make it possible to generalize the result of this study. However, its main advantage is the depth of observation instead of the width of the possibilities of generalization.

A future research can investigate the relationship between the life cycle and the growth of companies in a process of spin-off. For this, it would be necessary to show, the various stages of growth (number of parent firms or subsidiaries). Moreover, it seems to us that the determination on relative behalf of the institutional framework compared to the other factors of growth and success of parent firms and subsidiaries will be a fruitful research topic.

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