THE UNIVERSITY OF HULL

An Examination of the Motivations for the Foreign Acquisitions of the Local Banks.

-A case study of the Egyptian banks-

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By

Heba-Allah Abdel-Aziz Mahmoud Abdel-Aziz.

Msc. In Business Administration, Commerce Faculty, Suez Canal University.

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ABSTRACT

Opposite to the 1970s, 1980s, 1990s, where there were several foreign banks joint ventures and branches of foreign banks established; the initial years of 2000s, in particular, between 2005-2010, had witnessed of established a wave of foreign banks M&As in the country –Egypt-. Here is an example of a debatable thesis that tries to investigate the main drivers and factors behind the recent wave of foreign M&As within the country –Egypt-.

As a matter of fact, the literature review indicates that there are drivers and factors at each of the host-country, and the local-firm, as well as at the foreign-firm, itself, that motivated the foreign entrants to adopt M&As across the borders.

Because of this, this thesis adopted the recent view of the OLI-paradigm of John Dunning that has emerged recently in 2006. This recent development of the OLI-paradigm emphasises on the effective role of the host countries' institutional features as a whole in adopting international strategies more than considering the country's risk-level and its market state(as suggested in the old OLI-paradigm). This recent development considered to be a theoretical hypothesis that needs to be verified.

As illustrated in the recent development of OLI-paradigm: the current study adopted the **L**ocational-advantage that reflecting the institutional theory, to refer to the host-country institutional features; **O**wnership-advantage that reflecting the Resource-Based view, to refer to resources and capabilities for each of the international-partner and local-partner, and implicitly **I**nternationalisation-advantage that reflecting the transaction-costs-view, which could be handled effectively through the country's high quality institutional features. So, the thesis' theoretical triangulation is achieved.

To verify that, the thesis adopted a positivism paradigm that tended to the realism paradigm, as a research route. A case study and a purposive sample of 6 case studies are adopted. A pattern-matching is employed, in which the emerging factors from the literature are set in order to be verified through a number of theoretical propositions. So, the current study adopted mix research methods, quantitative and qualitative methods, in order to link the empirical data to the study's proposed theoretical

propositions. Quantitative data was collected through distributing Likert Five-Scale questionnaire and qualitative data was obtained through carrying out semi-structured interviews with the representative' staff of the acquiring banks and secondary data was obtained from international and local reports. So primary data and secondary data are used in the current thesis, and this achieved another triangulation in the methodology and the coolecting data of the current study.

The quantitative data was analysed by using parametric tests(one-sample t-test) since the study sample size =33 and the study's questionnaires data meet the normal distribution requirements.

The study results show that with the new millennium, no longer the old view of OLI-paradigm could interpret the entry of FDI into other countries, and instead of that the recent development of OLI-paradigm is suggested. This refers to the important role of the host country's preparations of the institutional features in attracting FDI to the country. Since the host country's institutional features are considered the only able to exploit the Ownership-advantage of the international banks abroad and to take advantage of the local-partner's resources, otherwise, the international banks couldn't expolit their resources. Since the international banks are encouraging to move towards a specific country, which its institutional features were prepared well, which involves regulatory quality features, legal and infrastructure, social and transparency features. But, this only possible when the foreign entrant has Ownership-advantage that attracting the local actors to select it, particularly amongst the other international banks. As well, it is also possible only when the local -partner has distinctive resources that attracting the international-partner to select a specific local bank amongst the other local banks.

In view of that, Dunning's recent development view of OLI-paradigm is verified in explaining the existence of expansionary activities by international banks in the country –Egypt-. However, still this topic needs more investigation since the current study discovered that each of the home countries' regulations and cultural influences may have an effect, as an initial mechanism, on the international banks' going abroad.

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List of Abbrevations

- **FDI:** Foreign Direct Investments
- **M&As:** Mergers and Acquisition strategies
- **JVs:** Joint Venture strategies
- **OLI:** Ownership, Locational and Internationalisation
- **Ownership-advantage:** Ownership-advantage
- **L-advantage :**Locational-advantage
- **RBV:** Resource-Based View
- **TCV:** Transaction Cost View
- **KBV:** Knowledge-Based View
- **OC:** Organisational Capabilities
- **CD**: Cultural Distance
- **OECD :** Organisations for Economic Co-operation and Development.
- **UNCTAD:** United Nations Conference on Trade and Development.
- **WB:** World Bank
- **ACR:** Africa Competitiveness Report.
- **GCI:** Global Competitiveness Index
- **ROE:** Return on Equity
- **ROA:** Return on Assets
- **WGI:** World Governance Indicators
- **RRI:** Regulatory Restrictiveness Index
- **CBE:** Central Bank of Egypt.
- **NSGB :**National Soceittee Generale Bank
- **MIB:** Misr-Internatonal Bank
- **UNB:** Union National Bank
- **ADIB:** Abou-Dhabi Islamic Bank
- **NBD:** National Bank for Development
- **NBK:** National Bank of Kuwait
- **AWB:**Al-Watany Bank(National Bank of Egypt).

CHAPTER ONE: Research Structure

1.0 Introduction

This chapter clarifies the purpose of this research and its importance. Initially, this chapter establishes the research questions and objectives, and the research gap which the research tries to focus on is presented. Then, the theories that the research wants to verify and the research paradigm, approach, and design are also introduced.

1.1 Research background

1.1.1 Brief history of the inward Foreign Direct Investment into the world.

Foreign direct investment(FDI) is one of the most outstanding features of the worldwide globalization of economic activities. The importance of FDI can be recognized throughout its potential for transferring knowledge and technology, creating jobs, boosting overall productivity, enhancing competitiveness and entrepreneurship, and ultimately eradicating poverty through economic growth and development(UN, 2003: p.9). Thus since it can facilitate innovation, reforms, and funds across borders, FDI is considered an essential part of the growing and integrating countries' economies(UNCTAD, 2003).

Mainly, FDI inflows were concentrated in the developed countries(Alvarez and Marin, 2009), then, FDI shift towards the developing countries more than the transition economies(UNCTAD, 2015). That made FDI' inflows to the developing countries achieved, for instance, about US$600 billion in 2008 and US$700 billion in 2011, 2013, 2015, and 2018(See Figure-1.1-), which were accounted for 54 percent of world FDI inflows(UNCTAD, 2014a, 2015, 2019).

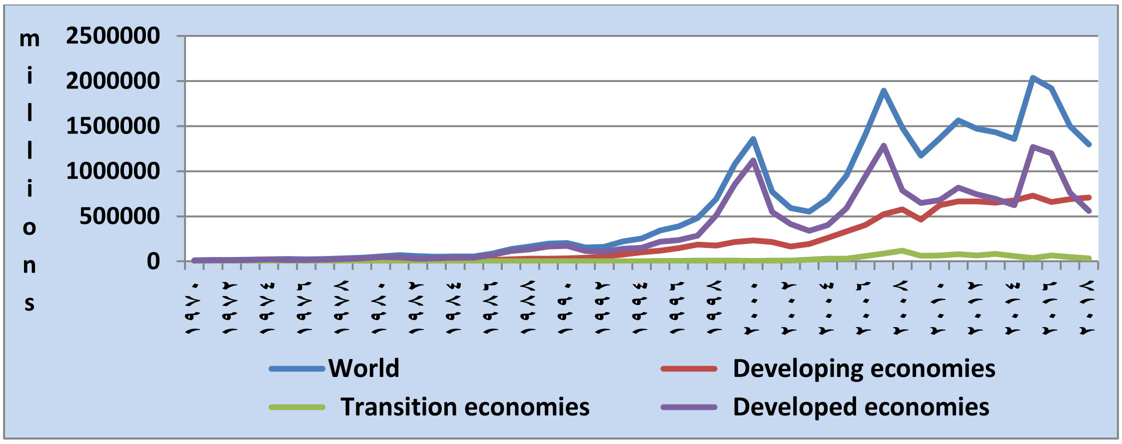


Figure 1.1: Inward FDI between 1970 and 2018(US$ million).
Source:(UNCTAD, several years).

Along the world FDI' phases, it can be noticed that it decreased several times, however, at each time, it regained what it had decreased and even increased. For example, in 2007, the Inward FDI has promptly increased after it was at the bottom in 2002, and 2004(see Figure 1.1). Thus, there were four main peaks that FDI reached after a number of drops. These main peaks were in 2000, 2007, 2010 and 2015. However, the FDI' highest peaks were in 2007 and 2015, where FDI raise noticeably to reach about US$1.891 and US$2.033 trillion respectively(UNCTAD, 2015; 2016; 2017; 2018)(See Figure 1.1).

Globally, the most growing part of FDI has attributed to Mergers and Acquisitions(M&As) rather than other investments forms(Hijzen et al., 2008). Within this context, Hopkins et al.(1999)reported that the volume of the initial waves of cross-border M&As represented a large and growing part of FDI(see Table 1-1). Thus, much attention had been paid to cross-border M&As(Lall, 2002), because of their operations' volumes and their effects on stockholders' values(Chudnovsky and López, 2000). In this context, Shimizu et al.(2004) referred to that M&A became a popular strategy for firms as an important option for planned expansion.

Table 1.1 : The initial waves of the cross-border M&As(% of FDI inflows)

	1987-91	***1992-94***	***1995-97***	***1998-2001***
-World.	66.29%	44.75%	60.18%	76.23%
-Developed countries.	77.49%	64.93%	85.39%	88.96%
-Developing and transition economies.	21.94%	15.49%	25.79%	35.74%

Source:(Barba and Venables, 2004:10)

As shown in Table 1.1, between 1987 and 2001, excepting 1992-94, where the initial waves of cross-border M&As occurred, the volume of M&As across the borders were about two-thirds of the total world FDI(Hopkins et al., 1999; Head and Ries, 2008). Then, M&As activities continued in their growth until they represented 78% of the world FDI in 2005(UNCTAD, 2006a), and reached their peaks in 2007(Cipollina, et al., 2020). This caused by the expansion of international trade and the consolidations of both industries and regions, which have dramatically increased M&As across the globe(Shimizu et al., 2004). Thus, M&As activities were considered the main vehicle for FDI at this time(Brakman et al., 2008). However, after 2007, M&As strategies started to decline, for instance, in 2011, they declined to be 53% in terms of deal value, whereas other investments such as greenfield strategies remained relatively constant(UNCTAD, 2012) until they regained their peaks in 2015.

Mainly, the largest share of M&As activities was stationed in the developed countries, where they occured initially, then they spread gradually to the developing and transition economies(as shown in Table 1.1, and Figure 1.1). Within this context, Hitt et al.(2001) reported that the gradual movement of M&As activities to the other countries has been driven by the gradual removal of the governmental restrictions on the cross-border firms' expansion activities in these countries.
Despite this, so far, the perspective of M&As strategies in the developing economies is still not completely understood because of limited studies of FDI generally, and of M&As in particular in these economies. Therefore, the study aims to address this limitation by focusing on the Egyptian context as a developing economy.

1.1.2 Brief history of the waves of inward Foreign Direct Investments into the Egyptian banking sector.

Focusing more on the Egyptian context, reviewing the literature on this context indicates that the inflows FDI in general and M&As in particular in the banking sector has gone through three main periods:

1. *The 1st wave of inward FDI into the Egyptian banking sector: the period of 'the Open Door' policy between the 1970s and 1980s.*

Generally, in 1974, Egypt had known FDI, for the first time, when the country applied "the Open Door" policy to the foreign investments(called Infitah), which yielded an increase trend of these investments, as illustrated in Figure 1.2, for exploiting the greatest marketplace in the Middle East(Kamaly, 2011). However, inflows FDI were focused mainly on a few but main industries involving banks, oil, and gas, and consumer products. These FDI, in this period, took only the form of joint ventures with public-sector institutions of Egypt(Kamaly, 2011).

Figure 1.2: The inward FDI in Egypt in the 1970s and 1980s(US$ million)

Source:(UNCTAD, 2015).

Focusing on the banking system, owing to "the Open Door" policy, this period witnessed an emergence of joint banks that the foreign banks, shared together with the Public Sector, issued bank shares. Moreover, there was an emergence of private banks, foreign banks branches and off-shore banks(Bolbol et al., 2005); contrasting to what was common before this period(see Table 1.2).

Table 1.2: Structure of the Egyptian banking system between the 1970s and 1990.

Year	***Total Public banks***	***Total public-Private banks(joint banks)***	***Total Off-shore banks***	***Total Specialized banks***	***Total***
1970	5	-	-	20	25
1975	4	1	2	19	26
1980	4	22	22	4	52
1985	4	50	22	4	80
1990	4	51	22	4	81

Source: Central Bank of Egypt(CBE), Annual report, 2011.

However, the significant increase in private, foreign, and joint banks did not lead to noticeable improvements in financial services within the country, as the Public Sector banks dominated the national savings' mobilization. As a result, the banking system became highly segmented and lacked competition and innovation, which led to the second stage, the economic reform program in the 1990s(Bolbol et al., 2005).

2. *The 2nd wave of inward FDI: the period of the first economic reform programme between the 1990 and 2003.*

Kamaly(2011) reported that this period was characterized by low levels of FDI inflows into the country in general and into the banking sector in particular. This may due to the undeveloped policies and shortage of protection laws of the foreign investors at this time, which reduced Egypt's attractiveness to FDI(Kamaly, 2011). For instance, in the 1990s, the annual FDI inflows reached, on average, $770 million fluctuating between US$680 and $980 million, then, in the initial years of the 2000s, the FDI inflows decreased sharply to US$500 million by 2001 and continued to decline till 2003(Dumludag, 2010)(See Figure 1.3).

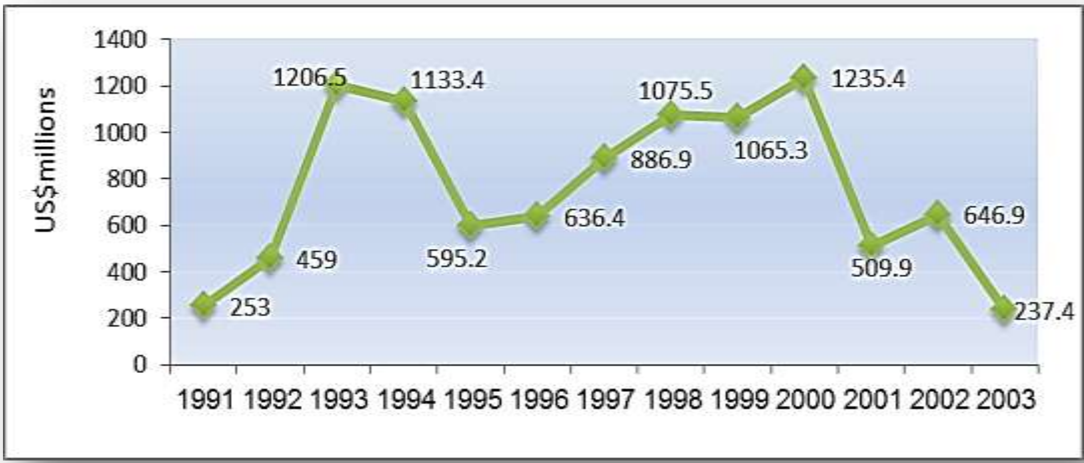


Figure 1.3: The inward FDI in Egypt between the 1991 and 2003(in US million Dollars).

Source:(UNCTAD, 2015).

It is noteworthy that in this period, Egypt's initial economic reform program was launched, where privatization considered a fundamental part of the program (Kamaly, 2011). Focusing on the banking sector, because of privatization, the foreign banks started to buy Public Sector shares in the joint-venture banks. However, the enthusiasm for privatization in the banking sector, in particular, slowed greatly(Bolbol et al., 2005), as a consequence of lacking the legal and institutional framework that necessary for the implementation of the privatization program(Kenawy and Elsheikh, 2009).

However, this period of slow economic reform and the undeveloped banking sector led to a fall in FDI inflows into Egypt(Badreldin and Kalhoefer, 2009; Dumludag, 2010). Thus, this period, therefore, was characterized by having more *local mergers* *and acquisitions* in the banking sector more than foreign mergers and acquisitions(See Table-1.3-).

Table-1.3-: Structure of the Banking System between the 1991 and 2003.

Year	*Public Sector Banks*	*Private & Joint Banks*	*Off-Shore Banks*	*Specialized Banks*	*Total*
1991	04	51	22	04	81
1992	04	51	22	04	81
1993	04	37*	21**	04	66
1994	04	35*	21	04	64
1998	04	35	20**	04	63
2000	04	35	20	03***	62
2002	04	35	20	03	62
2003	04	35	20	03	62

Source:(CBE, 2010-11)

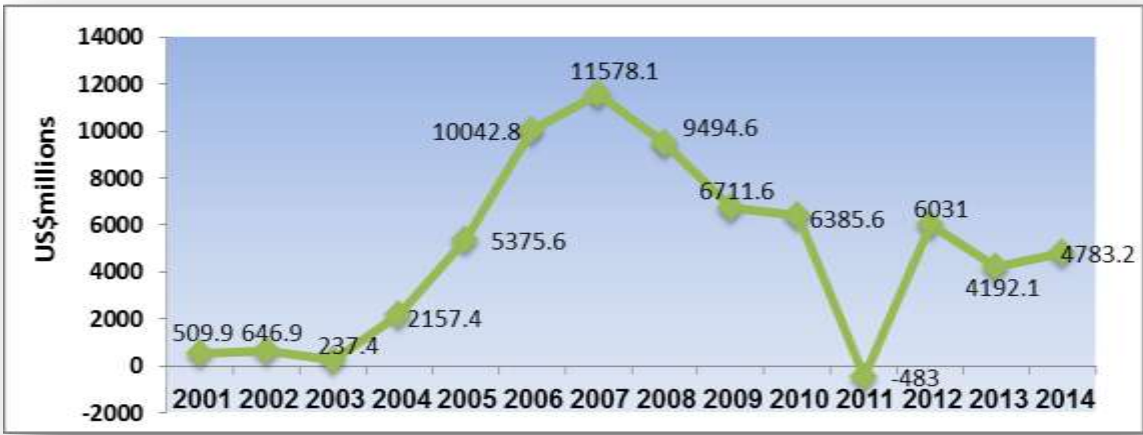
*(14)banks were *merged locally* in 1993 and(2)banks in 1994.
**One branch of the foreign banks operating in Egypt was *crossed out* in 1993 and another in 1998.
***The Egyptian Real Estate Bank was *merged locally* with the Arab Real Estate Bank in 1999.

It is noteworthy that the results of the economic reform program in this period were below targets, as Egypt’s economic growth was, on average, about 3% per year down from an average of 5.75% in the five years earlier. Furthermore, the country faced a severe increase in inflation, reached 21.7% in 2004 after it was 10.3% in 2003 (Badreldin and Kalhoefer, 2009). These all conditions drove the country to the need for a second economic reform program.

3. The 3rd wave of inward FDI: the period of the second economic reform in the 2000s.

Because of a chain of economic, legal, and banking reforms undertaken by the country by 2004(EL-Shazly, 2001; Badreldin and Kalhoefer, 2009; Mohieldin and Nasr, 2007; Kenawy, 2009), the second economic reform program was unexpectedly efficient in modifying the previously negative indicators of the first economic reform program in the 1990s, as Egypt’s Gross Domestic Product(GDP)reached 5.1% in 2005 and 8% in 2008(AmCham, 2010). What characterized this period was the noticeable inward FDI through greenfield projects and foreign Mergers and Acquisitions –M&As- to the industries than oil and gas and real estate between 2005-2010. According to Figure-1.4-, the inward FDI started to increase in 2004, until they reached their peaks in 2007. In 2008, although the inward FDI into Egypt dropped slightly, they were still higher than the FDI inflows into other emerging economies such as Korea and South Africa(Kamaly, 2011). These peaks of inward FDI in 2006, 2007 and 2008 did not happen again in the five years that followed. These increases of inward FDI represented 7.5% of GDP from 2005 to 2008, and this reflected in that increase of Egypt's share in global FDI inflows that reached 0.6% during that period, compared to only 0.06% in 2001(Kamaly, 2011).

Figure 1.4: The inward FDI between the 2001 and 2014(in US million Dollars).



Source:(UNCTAD, 2015).

Within this context, Africa Competitiveness Report referred to that between 1998 and 2007, Egypt gradually has become the highest recipient of FDI among the other largest economies in Africa(South Africa, Nigeria, Algeria), and among the other African and Middle-East countries(Sudan, Angola, Morocco, Tunisia)(ACR, 2009)(see Figure 1.5).

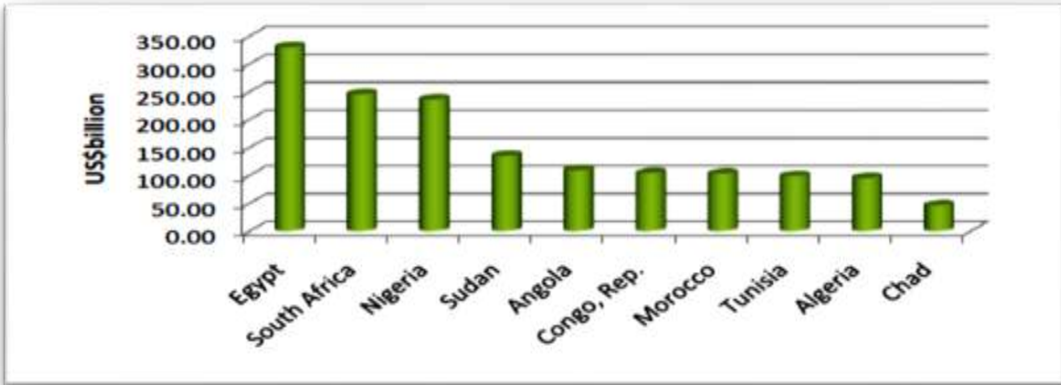


Figure 1.5: Top Ten Recipients of FDI in total(in US$ billion), 1998-2007.

Source : Africa Comeptitiveness Report(ACR, 2008).

In confirmation of that, Kamaly(2011)reported that in the period 2005-08, Egypt became more recipient of FDI amongst the other emerging countries such as Turkey, Korea, Argentina. This can be attributed to the fact that the country transferred from receiving about US$500 million of inward FDI in 2001 to receive US$12 billion and US$9.5 billion in 2007 and 2008, respectively(see Figure 1.4).

Focusing on the banking sector, the data on inward FDI into the country show that during the period from 2005 to 2008, more than half of inward FDI went through the two entry modes: greenfield investment and mergers and acquisitions. In the peak years of 2005/06-2006/07, there was a noticeable increase in foreign mergers and acquisitions of the Egyptian institutions in the local market(Kamaly, 2011), especially the Egyptian banks. For instance, over the period 2006-2010, approximately 10% of the total inward FDI went to the financial services sector(CBE, unpublished data). This is because the country's financial services sector was managed to attract significant amounts of FDI.

Within this context, Kenawy(2009) referred to the fact that the recent reform program in Egypt has given priority to the restructuring of the financial system of the country, as the main part of the economic reform process, to act as a base for the overall reform in the country. And that allowed FDI to penetrate the Egyptian banking sector, as a number of the local banks had been acquired by the foreign banks to the extent that the number of foreign acquisitions of the Egyptian banks(=14 foreign M&As cases) exceeded the number of local acquisitions(=7 local M&As cases) over the period 2005-08(CBE, unpublished data). That caused a decrease in the number of banks working in Egypt from(62)to(39)banks(Ragab and Omran, 2006)(see Table-1.4-).

Table 1.3: Structure of the Egyptian banking system, 2003-2008.

Year	***Public Sector Banks***	***Private & Joint Banks***	***Off-Shore Banks***	***Specialized Banks***	***Total***
2003	04	35	20	03	62
2004	04	35	19	03	61
2005	04	34	11	03	52*
2006	04	29	07	03	43**
2007	03	28	07	03	41**
2008	03	26	07	03	39**

Source : CBE, Annual Report, 2011.

* The decrease was because seven branches of foreign banks had ended their businesses.

**The decline is attributed to bank mergers and acquisitions(local & international banks).

It is noteworthy that the foreign acquisition of the Egyptian banks occurred highly in the third phase of FDI inflows within the country, and this considered an opposite case to the other cases in other countries, where foreign M&As deals in the banking sector remained uncommon compared to local M&A deals that occurred frequently(Buch and Delong, 2004). And even more than that foreign M&As within the banking sector in various countries are considered at the lowest percentage compared to other fields(Forcarelli and Poz-zolo, 2001).

This highlights the need for explaining and interpreting the phenomenon of entering the FDI highly into the Egyptian market to acquire its local banks between the periods 2005 to 2010.

1.2 Research main objective and questions.

1.2.1 Research main objective

Over the course of a short period of time-almost 5 years-, between 2005-2010, there has been a shift in the strategies of the Egyptian' public, private and joint banks, when a number of the foreign banks acquired of many of them. Contrary to the earliest periods of the nineties, eighties and seventies of the last century, which were witnessed of establishing of only joint ventures banks, where the foreign banks shared state and private banks. For this reason, the main goal of our study is to identify and discover the main drivers and factors behind the entry of the international banks into the host country –Egypt-to acquire its local banks in the period 2005-2010. The next part is about setting the research questions, within this context, Yin(1994) stated that '*defining the research question is probably the most important step to be taken in a research study'*.

1.2.2 Approaches & theories of entry strategies and setting the research questions.

According to the prior discussion, we concluded that Egypt has gone through three main phases of inward FDI that started from a relatively small investment to unexpected a large influx. This urged the current researcher to suggest the following main research question:

- ***(RQ1): Why did Egypt become unexpectedly a host country to the foreign banks, which decided to be existing in the country to acquire its local banks between 2005-2010?***

In seeking the current thesis' main objective and question that about the last wave of FDI into the country –Egypt- and by which the foreign banks acquire the Egyptian banks between 2005- 2010, scholars have suggested a number of theories to explain this phenomenon. Originally, entry strategies research relied on theories based on economics perspective (e.g.,Transaction-Cost-View) (Williamson, 1975), anthropological perspective (e.g., culture influences and cultural distant)(Brouthers, 2002), uncertainty construct(Miller, 1993), and internationalisation theory(Johanson and Vahlne, 1977). As supposed by these approaches, the foreign entrant has a choice of deciding the entry strategies in accordance with transaction costs or culture influences or the perceived risks or the perceived uncertainties or the accumulation of international experiences respectively; with disregarding the possible entry barriers of the host countries(Anderson and Gatignon, 1986)or the need for others' resources(Das and Teng, 2000), considering the global markets as perfect markets. Alternatively, other scholars addressed other theories derived from other fields such as sociology(e.g., institutional theory)(Oliver, 1997), organisational resources(e.g., resource-based view)(Das and Teng, 2000), and mix of economics, sociology, organisational resources(e.g., Dunning's eclectic theory)(Dunning, 1988). These theories explained the entry strategies by taking into consideration the imperfect market.

Then, seeking further understanding, scholars started to adopt a mix of these prior theories in order to gain an in-depth understanding of the entry strategies. Examples are institutional theory and resource-based view(Hitt et al., 2004), institutional theory, cultural contexts and transaction economies(Kogut and Singh, 1988; Brouthers, 2002; Li and Ferreira, 2008), transaction costs and institutional theories(Demirbag et al., 2010), and transaction costs and Dunning's eclectic theory(Tatoglu et al., 2003).

One of the theories that emphasised on the imperfection of markets is the Eclectic theory. The Eclectic theory is considered the second commonly applied theory after TC in investigating the entry strategies. It involved three elements –OLI-: Ownership-advantage(O-), Locational(L-)and Internationalisation(I-)(Dunning, 1988) that combines three theories. Eden and Dai(2010) mentioned that these three advantages were needed to generate outward FDI. In confirmation, Dunning(1988) referred to that FDI position of a country is in direct proportion to the OLI of its firms. That means that when countries have very little inward or outward FDI, this because their firms' Ownership-advantage are missing and the country's L-advantages are either weak or unexploited due to weak institutional features and infrastructure and vice versa.

Concerning the old OLI-paradigm, which including L-advantage, the earlier scholars adopted specific factors of the host country institutional factors in investigating entry strategies such as the host country's risk level and its market state(size and growth)and ignoring the other institutional features of the country such as laws and legal features, social features, infrastructure features and transparency features(Dunning, 2006a). Thus, Dunning has developed his old OLI-paradigm theoretically, in an attempt to consider these institutional determinants of the host countries that were not handled in his old OLI-paradigm(Dunning, 2006a; Dunning and Lundan, 2008). However, empirically, no studies have handled this recent view and its role in attracting FDI into the developing countries in particular. As much remains unknown about the extent of the application of OLI-paradigm's new development and their effects on attracting FDI inflows into the countries. The importance of the countries institutional determinants can be clarified when recognized that cross-border firm can exploit its Ownership-advantage alongside inputs outside its home country to achieve its gains(Eden and Dai, 2010; Eden, 2003; Dunning, 1979).

Concerning the host country dimension, previously, there were studies examining the role of the host country institutional features in deciding the type of entry strategies, but, these studies depended on secondary rather than primary evidence in handling the country's institutional determinants in a whole(Hitt et al., 2005; Yiu and Makino, 2002; Ang and Michailova, 2008; Gulati and Singh, 1998; Forcarelli and Pozzolo, 2001; Rossi and Volpin, 2004a; La Porta et al., 2000a; La Porta et al., 2000b).

If we review the local situation, as mentioned prior that Egypt witnessed more entries of the foreign banks to acquire its local banks between 2006-2010 that totalling US$5 billion(CBE, unpublished data). And it was noticeable that these foreign entries took place after a number of economic reforms within the country involving regulations, legalised, organisational decisions, which indicating a relationship between the coun-

try’s institutional reforming and inward FDI into the country. From the other experiences of other countries, it was noticeable that banks' conglomeration and alliances in the European countries were related to the European countries’ institutional changes that created new opportunities for their banks to cross the borders(ul-Haq, 2005). Despite, the deterring regulations set by other local governments to reduce any potential amalgamation between local and foreign banks for political reasons(Click, 2005).
The prior discussion urged the current researcher to set the first research question that about L-advantage and related to the ‘why’ question(Eden and Dai, 2010; Eden, 2003) as follows:

- (*RQ1.1): Why did Egypt’ institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?*

Secondly, keeping on his 1988’s argument, Dunning(1995)verified that firms go abroad to exploit their Ownership-advantage, as well as acquiring the others' Ownership-advantage to carry on their transactions across the borders. These Ownership-advantage are known as Ownership-advantage(transactions) and match the resource-based-view in that cross-border firms use alliances or mergers/ acquisitions to acquire the local-partner’s resources(Beamish, 1987, Yan and Gray, 1994, Teece, 1992). Such these resources as accessing the local firm’s tacit knowledge that related to the local market(Glaister & Buckley, 1998) and accessing to the local firm’s financial resources or growth(Kocagil et al., 2002, Pasiouras and Gaganis, 2006a, Pasiouras and Gaganis, 2006b) are considered important factors in adopting cross-border M&As.

In local terms, as mentioned prior, Egypt had witnessed more of the foreign acquisitions of the local banks between 2006-2010, so the local acquired banks might have specific resources that caught the attention of the foreign banks to acquire the local Ownership-advantage(transactional). That urged the current researcher to set the second research question that about the local Ownership-advantage(transactional)and related to the ‘how' or the 'why’ questions(Eden and Dai, 2010; Eden, 2003) as follows:

-(*RQ1.2): How did the local banks motivate the international banks to be existing in the country –Egypt- to acquire them between 2005-2010?*

It is noteworthy that the prior two research questions relate to the host-country drivers. The next research question relates to the home-country drivers, as follows.

Dunning(1977), the main author of the OLI-paradigm, based on Hymer's 1960 work, argued that in entering an exact market, cross-border firms must have ownership-advantage(assets) exceeding other firms from other countries in order to not enable them only to overcome the costs of doing business abroad, but to enable them also to achieve competitive advantage over other firms in the host country and this justifies why investments go abroad(Eden and Dai, 2010; Eden, 2003). Within this context, earlier scholars(Tatoglu and Glaister, 2000; Glaister, 1996; Miller and Parkhe, 1998; Sabi, 1988)confirmed that Ownership-advantage(assets) enable specific firms rather than others to extend their operations across the borders. Such these Ownership-advantage such as firm's size, international experience, and technical capabilities facilitate firms' exploitation of any emerging opportunities in both the home and host markets. How-ever, it will be more gainful for the firm to use its net Ownership-advantage itself(internally) rather than sell or lease them(this calls Internationalisation-advantage)(Eden and Dai, 2010). In this case, the home firms should have an orientation of following their home countries clients' in the other countries when going abroad(Piscitello, 2003)**.**

It is worth mentioning that firm' Ownership-advantages(assets) interpreted as a meas-ure of its net wealth that built up from past entrepreneurial activities; thus, they have a dynamic role in Dunning's eclectic paradigm(Casson, 1986). Thus, cross-border ac-tivities required firm' specific ownership-advantage such as entrepreneurial behav-iours in order to go abroad. This is because entrepreneur is someone who has features of riskiness, pro-activeness, innovativeness orientations that needed to adopt strate-gies across the borders(Nummela, 2004, Lau and Bruton, 2010, Bruton et al., 2010, Sarkar et al., 2001, Luo, 2000, Zahra et al., 2000, Zhou, 2007, Autio et al., 2000b, Pit-tino and Visintin, 2009b, Venkatraman, 1989, Li and Li, 2009).

The prior discussion urged the current researcher to suggest the third research ques-tion that relates to the 'how' question(Eden and Dai, 2010; Eden, 2003). It revolves around cross-border-firms factors as follows:

-(RQ1.3): How did the international banks go abroad to adopt international strategies in other countries?

To sum up, the current research questions built-in three main questions; while the first and second research questions relate to the host-country factors(the host-country and –local firm criteria); the third research question relates to the home country factors(the foreign-firm criteria).

1.3 Reflection on the methodology.

Reviewing the literature indicates that there are prior theories that proposed a number of factors influencing the phenomenon understudy *'the motivations for the foreign acquisitions of the local banks*'. So, theories were identified from the literature, and propositions were developed(see Chapter-3-). In view of that, the first stance of the study is independent and objective to the knowledge derivation process (Saunders et al., 2009). However, this independent stance of reality is insufficient unless it is examined through the social actors, who involved in the knowledge derivation process(Dobson, 2002). Thus, this thesis adopts a '*positivism'* philosophy that tended to *realism paradigm*, as a research philosophy and employed a mix of quantitative and qualitative research methods, as a research strategy. (Saunders et al., 2009) mentioned that realism philosophy has emerged because of the researchers' dissatisfaction with over-deterministic positivism and overly contextualized interpretivism. Thus, the adopted research approach within the current study is a case study, which closely related to realism.

The study's purposive sampling targeted six acquisitions cases from a total of fourteen acquisitions cases occurred in the country between 2005 and 2010. So, multiple case studies were employed as 'a group' to examine the phenomenon-understudy collectively and contextually. Within each acquisition case, the members of the top management of the acquiring bank were targeted to answer the Likert-scale questionnaire. Those members considered a part of their banks' decision-making and were involved in their banks' M&As processes. Parallel to that, ten of the top management members were interviewed to get in-depth their banks M&As strategies. In addition, secondary data were employed which obtained from various sources including WB, UN, and CBE publications, the financial reports of the studied banks and the banking sector in Egypt, and other international reports.

The questionnaire responses were analyzed according to parametric tests using a one-sample t-test. The study conclusions resulted from analyzing the primary data and secondary data simultaneously, which compared and contrasted with the theories and the other studies' conclusions. These all contributed to assessing and reviewing, if necessary, the study's propositions.

1.4 Research contributions

The current research adds to the academic research by making a number of contributions.

First, since a long-time, there has been criticism of the employ of the old OLI-paradigm, of the eclectic theory in examining the expansionary activities, Goodnow stated that,

> *'Some of the eclectic theories which have been developed to date do not incorporate all of the relevant variables underlying the selection of international entry mode strategies'(Goodnow, 1985:p. 18).*

This criticism view confirmed and explained more by the author of old OLI-paradigm of eclectic theory, who critisied his old paradigm by stating that,

> *'the contents of the old paradigm development –OPD-, which largely dominated mainstream scholarly thinking in the1970s and early 1980s, tended to embrace a narrow somewhat ethnocentric, utilitarian linear and static economic approach. In particular, it paid relatively little attention to the extent and quality of institutional infrastructure and social capital, which is widely accepted today as one of the main determinants of the success by which developing countries can create and effectively deploy resources and capabilities, and gain access to markets, which are critical for their development'(Dunning, 2006:p. 179).*

So, it can be concluded that the scholars' views of the old OLI-paradigm considered a limited application to examine FDI strategies nowadays. Thus, in order to gain a complete and in-depth views of the main motivations for the expansionary activities, the current study embraces the new development of the OLI-paradigm that related to the host country institutional determinants in a whole(Dunning, 2006).

Therefore, based on the above, this study adds to the body of knowledge by linking to Dunning's OLI-paradigm' new development attempting to verify the role of a country's institutional determinants in adopting expansionary activities across the borders.

Second, it is noteworthy that scholars of international business referred to that little work has been done on assessing the influential role of the country’s institutional determinants of regulations, legal, social and infrastructure and the cross-border banks’ adoptions of expansion activities(Choi et al., 2016). As a result, there is a shortage of using precise measurements in assessing the country’s institutional features, they stated that,

> *“While cross-country FDI studies often include measures of institutions, they do not often have them as a focus of the analysis. Thus, estimating the magnitude of the effect of the institutions on FDI is difficult because there are not any accurate measurements of institutions. Most measures are some composite index of a country’s political, legal and economic institutions, developed from survey responses from officials or businessmen familiar with the country*”(Blonigen, 2005: 390).

In light of that, the focus of the current work is to fill these gaps by evaluating the influential role of the host country's institutional determinants on engaging in expansion strategies through using, if possible, precise measurements. That could be developed from the responses of the current study’s questionnaire and interviews with the individuals who involved mainly in their banks' strategies. Parallel to that, secondary data will also employ to balance and validate the results of quantitative and qualitative data. Therefore, the current study is one of the few studies that handling the country’s institutional features, especially, the social features and their impacts on the adoption of expansion strategies.

Third, it is common, among the scholars, to use secondary data in explaining the expansionary strategies. However, secondary data may not be accurate in capturing the studied phenomenon at the time of its occurrence since it is based on other studies’ findings at a particular time(Yiu and Makino, 2002). Instead, the scholars referred to the important role of context research in international business studies since it produces contextual knowledge contributing to the knowledge (Tsui et al., 2009). Within this context, Michailova(2011) confirms that the international business research should give more attention to the contextual research. Since the international business studies seek to examine phenomena in various national, cultural and institutional contexts(Welch et al., 2010). In light of that, the current study adopted a case study research, which allows high contextualization degree in examining the phenomena of expansionary activities(Welch et al., 2010). It is noteworthy that in a case study research, the primary data are originally conducted specifically for the researcher 'own objectives-Egypt context-. Thus, the current study' primary data present contextual and unbiased information collected directly from the target population, which contributed to the global knowledge. Thus, by completing the current study, this study will add to the international business studies, through verifying the Dunning' new view of OLI theory in a new context.

Fourth, most studies of bank' M&As focused on the United States and European region(Focarelli et al., 2002; Yener and Ibáñez, 2004). Examples of these studies are (Ul-Haq and Howcroft, 2007; Yiu and Makino, 2002; Ang and Michailova, 2008; Pasiouras and Gaganis, 2006b; Zhang and Fillippov, 2009; Demirbag et al., 2010; Sun et al., 2012; Lin et al., 2009). As yet, it is quite rare to find research in bank M&A in the developing countries and in the Middle-East and North Africa region particularly since the expansion activities in the bank' M&As were existing lately in the country. This delays in expansion activities may be greatly blamed on the protective laws in these countries which have inhibited the growth of the banking sector and also due to largely public-sector interfering. Nevertheless, with increased liberalisations and economic reforms in some countries in the region, more and more banks were selected to engage in expansionary activities including mergers and acquisitions. For this reason, it has become important to analyse the bank M&A in the Middle-East region and to decide how liberalisation and economic reforms have affected the banking sector strategies. In this case, scholars believed that it is convenient for studies to apply an existing theory for verifying it in a new context.

Fifth, it is noteworthy that the periods 1990s and beginning of 2000s had witnessed a fall in FDI inflows into the country –Egypt-, then, in 2007, unexpectedly Egypt has gradually become the highest recipient of FDI inflows amongst the other largest economies in Africa. This accompanied the institutional structural changes in all the country's sectors, especially, the banking sector between 2003 and 2005. Such these institutional structural changes have affected FDI inflows into the country. This promotes the current researcher to investigate the relationship between the countries' structural changes in their institutional features and FDI inflows to the country.

1.5 Research implications

First, one of main roles of the financial system within a country is to accumulate the individual's savings to finance the country's manufacturing and economic enterprises, which leads to high productivity and then more accumulation of capitals(King and Levine, 1993). However, between 2005 and 2010, foreign acquisitions of most of the Egyptian banks have taken place, accordingly, Egypt's financial system has been transferred mostly from socialism system(a state-controlled system)to capitalism system(a private-controlled system). So, by examining the foreign acquisitions' motivations and procedures of the Egyptian banks, this study will be documenting the transferring process of a critical part of the Egyptian economy, called the financial intermediaries, from socialism system to capitalism system in a particular period.

Second, the current study documents the motivations and processes of inward FDI. So, the study' findings shall benefit the business actors who would like to adopt a strategy abroad, as well as shall benefit the local governments regarding the ways for attracting FDI within the countries, as well as in maintaining the national workforce. Finally, the results of the study will benefit the other governments of the foreign countries in preserving national capital within their countries. For instance, the current study' findings shall benefit the business actors through notifying them of any problems and risks of adopting M&As strategies outside their countries in order to avoid these risks.

Third, in an attempt to understand implicitly the inadequate outcomes of any foreign M&A strategies within any host country, various scholars suggested that, rather than focusing on the success or failure factors at the 'post-M&As' stage as the main contributor to create values for M&As strategies, it is better to focus on the process of how the target and home firms are merged to form the newly merged firm. In this context, Jensen(2001) mentioned that there is a growing amount of literature which concluded that indepth analyzing of the *'pre-M&As'* phase, had a huge influence on how successful *'post-M&As'* will be.

Fourth, FDI has reached its peak level in separate years in 2000, 2007, 2010, and 2015, and the highest levels were in 2007 and 2015. The current study investigates one of the peak stages for foreign direct investment to find out the reasons and motives for its peak at a specific time. That helps the other countries to recognize the reasons for attracting FDI to their institutions and to avoid the reasons for not attracting them.

1.6 Research Outline

The study is organised into the following chapters:

Chapter 1: ***Introduction chapter*** outlines the thesis main problem, aim, questions, and paradigms and methodology of collecting data.

Chapter 2 : Literature review chapter-part A-provides definition of entry strategies, including M&As, and a review of entry strategy theories in the literature in general and in the banking sector; and by the end of this chapter, the adopted theories in the current study is stated.

Chapter 3: Literature review chapter-part B-presents the influential factors of adopting the expansionary activities in other countries at the country-and firm-levels. In this chapter, research propositions were developed according to the theories of entry strategy and the scholar findings.

Chapter 4: Methodology chapter outlines the research route by explaining the research methodology adopting in the current study, its design and paradigms, approaches and the methodology of collecting data and verifying the study reliability and validity.

Chapter 5: Analysing and findings chapter –part A- outlines an overview of the studied banks, and an analysing and presenting the thesis findings of the first and second propositions that related to the host country factors. In this chapter, the first and second research propositions are proved/disapproved, when necessary, through the study's primary and secondary data.

***Chapter* 6: Analysing and findings chapter –part B-**outlines an analysing and presenting the thesis findings of the third and fourth research propositions that related to the foreign-partner factors. In this chapter, the third and fourth research propositions are proved/disapproved, when necessary, through the study's primary and secondary data.

***Chapter* 7: Conclusions and recommendations chapter** outlines the research conclusions, recommendations for the business actors and for the policymakers of the host- and home- countries, the implications for the international business studies, the study's limitations and the future research.

1.7 Chapter Summary

In contrast what happened in the1970s, 1980s, and 1990s of the presence of the foreign banks shared jointly with the local state and private banks; Egypt witnessed a wave of foreign banks acquisitions in its banking sector in the period 2005-2010. To examine this phenomenon, research questions, aims, contributions, implications were highlighted. Furthermore, the research design has been set; this involved research philosophy and paradigm, approach, strategy, methods of data collection and methods of analysis. The next chapter will review definitions and theories of entry strategies.

Chapter 2: literature review(-Part A-):
Types, definitions and theories of the entry strategies.

2.0 Introduction

Without a doubt, FDI' entry strategies have three exchanges types: products/services; skills and knowledge; and equity and assets exchanges, each one has its specific governance. While products/services exchanges are transferred through 'inter-firm contracts'; equity and assets exchanges are transferred through the 'organisation-governance' and 'network-group association'. So several theories were widely considered to examine the motivations for adopting any of entry strategies. These theories depend on different perspectives such as economics perspective(e.g., Transaction Cost) (Williamson, 1975), anthropological perspectives(e.g., culture and cultural differences) (Brouthers, 2002), uncertainty construct(Miller, 1993), and internationalisation theory(Johanson and Vahlne, 1977). These theories and perspective look upon the host country as a perfect market where the foreign entrant has a choice of deciding the type of entry strategy. However, this perception underestimates the possible entry barriers of the countries(Anderson and Gatignon, 1986) and the need for others' resources(Das and Teng, 2000). Recognizing this limitation urged other scholars to adopt other theories originating from different fields including sociology(e.g., institutional theory)(Oliver, 1997), and organisational resources(e.g., resource-based view)(Das and Teng, 2000), where the global market is perceived as an imperfect market. That emphasising the important role of the host country' institutional features(Tatoglu et al., 2003) and the other partner's resources(Das and Teng, 2000). So, the key difference among these theories is that while a number of them considered the global markets as perfect and this regards unrealistic view; the others did not and this regards a realistic view. Among these attempts, the Eclectic theory received significant attention, which combines the features of the two orientations. This thesis depends on the eclectic theory that involves factors related to the country's institutional features, related to the others' resources, and related to the transaction costs.

In view of that this chapter is structured in three main sections. ***The first section*** discusses the types and definitions of entry strategies, involving merger and acquisition strategies and distinguishes them among other strategies. Then, ***the second***

section focuses mainly on the theories of entry strategies in general and their limitations. ***The third section*** focuses on the theories of the banks' entry strategies. ***Finally***, ***the fourth section*** explains the justifications for taking on a particular theory to justify the current phenomenon(the bank's M&As).

2.1 Entry strategies' types and definitions.

As a matter of fact, entry strategies vary in complexity, ranging from simple cooperation(I.e.non-equity strategy, such as inter-firm activities and relational contracts), to more complex entry mode(I.e.equity strategy such as joint ventures, mergers and acquisitions and networks)(see Figure 2.1).

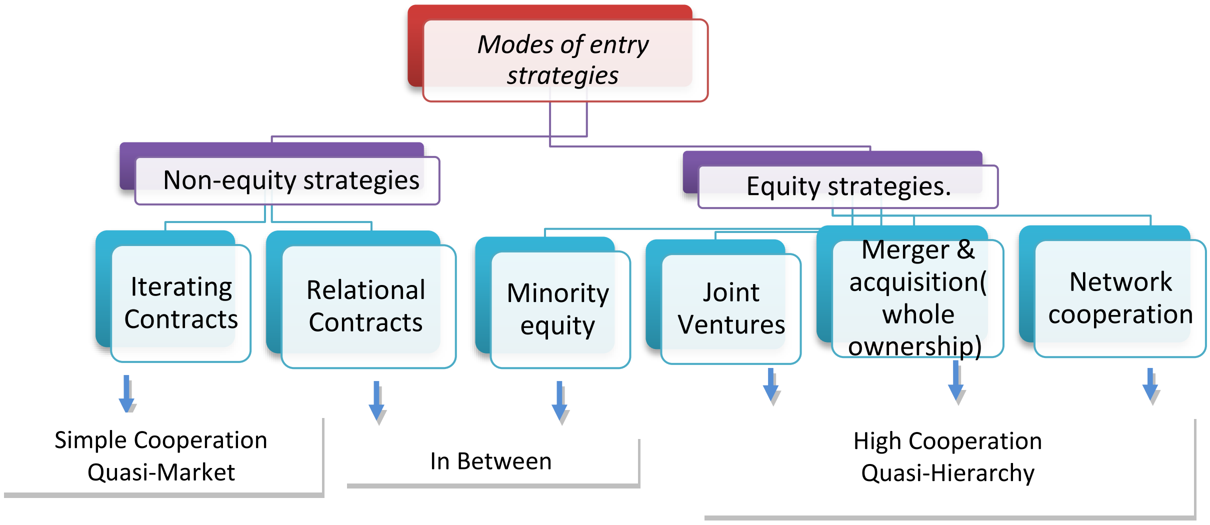


Figure 2.1: Types of entry strategies
Source:(Faulkner, 1994; Child et al., 2005; Lu, 1995).

Starting with the simplest entry strategies, on the extreme left of the preceding figure, there are non-equity strategies, which show simple and less formal cooperation between firms. This cooperation depends on two-way relationships since the members of this cooperation will have certain goals to face certain circumstances, as well as achieving certain gains(Lorange and Roos, 1992). According to this strategy, firms collaborate at the unit level without creating a new independent firm(Lu, 1995). Thus, because of its temporary nature, the non-equity strategy does not affect the main mission, ownership and management of the collaborating firms(Bignoux, 2006). Thus, that type of strategy referred to as -firm relationships whereby the firms' units can exchange only products and information(Pateli, 2009). An example of that is the cooperation in Marketing programs(Faulkner, 1994), R&D functions, production and distribution, and supplying and licensing (Hitt et al., 2005). In this case, the non-equity strategy is referred to as a quasi-market strategy where one firm depends on another firm to manage and support its main functions(Faulkner, 1994).

Contrary to that the equity strategies such as Joint Venture strategy(JVs)where the partner-firms have equal percentages and sharing of the ownership and management of the collaboration. In that type of strategy, *'two or more firms creating a legally* *independent company to share some of their resources and capabilities to develop a competitive advantage'*(Hitt et al., 2005: 271). Accordingly, it is considered a willing collaboration linking two or more firms to mutually share needs and resources (Culpan, 2009), to mutually achieve strategic objectives (Murrary and Mahon, 1993), and to interchange and co-develop their knowledge, products, and services(Kale et al., 2002). Each partner-firm in JVs contributes to each other's strategic resources, ownership, and management, hence, the firm-partner acts as a stakeholder that has the authority to make decisions and to exchange assets and equity (Culpan, 2009; Culpan, 2002). Thus, scholars have viewed JVs strategy as a mutual relationship that extended for a long period in which the firm-partners depend on each other on a give-and-take basis (Monczka et al., 1998; Young-Ybarra and Wiersema, 1999; Wiersema, 2002).

Another entry's type of equity strategies is Mergers and Acquisition strategies 'M&As'. This general term is used as an abbreviation to refer to all types of mergers and acquisition activities related to the whole buying or selling of a firm, thus they are known as *'whole-owning strategy'*(Culpan, 2009). The merger happened when two firms of similar size and nature combine to form a new firm. In this case, the identities of both firms are lost, and instead a new firm formed(Tripathi and Ahuja, 2020). In this case, M&A defined as *'a unification of two firms into a new one'*(Straub, 2007). Whereas acquisition occurs when one firm takes over the business of another firm. In this case, the identity of purchasing firm remains but the other firm's identity is lost and no new firm is formed(Tripathi and Ahuja, 2020). In this case, M&As defined as *' a one company's purchase of the majority of the shares from another firm'*(Straub, 2007). Kusstatscher and Cooper(2005)referred to a general definition of M&A as that's *complete union or amalgamation of two or more companies in order for them to become a managerially interwoven, economical and legal unity'*(p.3).

M&As occur when the purchasing firm buys of assets; buys of shares; replaces shares for assets; or replaces shares for shares. There are two major types of M&As: horizontal or vertical. While horizontal M&A takes place between two firms doing similar types of activities; Vertical M&A occurs when two firms of the same industry are integrated(Tripathi and Ahuja, 2020).

It is worth mentioning that sometimes, a JV can be included under 'M&As' typology since JVs relate to the purchase or exchange of stakes(Straub, 2007). In this case, they are known as ‘equity strategies’ where one firm’resources, operations and capabilities are related entirely or equally to another firm or a group of firms(Hitt et al., 2005; Takac and Singh, 1992; Ul-Haq and Howcroft, 2007). Additionally, they reproduce independent units of executive boards and shareholders and have formal and complex long-lasting cooperation(Yashino and Rangan, 1995). This high level of cooperation takes the structure form of a quasi-hierarchy(Culpan, 2009; Pateli, 2009), which allows better shifting of tacit knowledge(Mclvor, 2008; Hennart, 1988; and Lu, 1995). M&A can be part of the network-group association-, the last type of international strategies. The network-group is the most complicated type amongst other types of entry strategies. As a number of firms(more than two)established consortium, where the partner-firm considered a part of the network-association and has its internal relationships with the other network members, which affected the partner–firm's structure, actions, and outcomes(Lu, 1995).

2.1.1 Bank’s M&A strategies.

A bank M&As defined as ‘a *union in which a bank retains its charter but obtains a different high holding company'*. In this case, the high holding bank is referred to as the *‘acquirer’* and the other bank is called the ‘*target’* (Francis et al., 2008:p.1602). It occurs when the purchasing bank buys more than(51)percent of the total shares of the target bank in another country(Kusstatscher and Cooper, 2005). The first wave of bank M&As was in the 1980s, it was an average of(211)M&As cases per year; this average increased to(561)M&As cases in the period from 1990s until 2006(Caiazza et al., 2014). These waves of bank M&As across the borders increased after trade expansion across the borders(Hitt et al., 2001).

The scholars referred to a number of main reasons for the bank’s adoption of international strategies. The first reason is to maintain the parent-bank’s competitive advantage(Jensen & Petersen, 2014). Within this context, scholars argued that banks go abroad to follow their customers to extend their services for them, to protect their valuable businesses from overseas competitors. So, the *“follow-the-customer”* into foreign markets approach reflected a defensive strategy, by which firms prevent losing their valuable customers(Kindleberger, 1983). For example, Qian and Delios(2008)found Japanese banks go abroad to follow their valuable clients, which assist in achieving economies of scale. The second reason for bank's adoption of entry strategies is to obtain others' assets and competitive advantages(Contractor, 2007; Hennart, 2009). Within this context, Barney(1991)referred to the importance of firm assets and capabilities in sustaining competitive advantage. For example, Asian firms go abroad in search of better-quality resources and expertise(Makino and Neupert, 2000, UNCTAD, 2006a). Further reasons for bank's adoption of entry strategies found in the literature as follows: seeking growth and profitable opportunities abroad(Focarelli & Pozzolo, 2005), and seeking competition into foreign markets(Schoenmaker & vanLaecke, 2007).

Especially, a point of view informed us that the recent economic activity has witnessed substantial growth in adopting international strategies in the service sector, in both developed and developing countries, and mainly in financial services(Batten & Szilagyi, 2012; Parada, et al. 2009). Scholars wrote that services firms may internalize using either inter-firm relationships, such as producing and management contracts, or using organisation-goverance such as JVs and M&As(Erramilli and Rao, 1993), or through greenfield strategy(Petrou, 2009). The choice of those strategies affects the amount of resources to be committed, the control level, market implementation strategy, and finally, firm performance(Brouthers & Nakos, 2004; Nisar, et al. 2017).

Scholars discussed a number of factors that motivated the manufacturing and service firms to choose a specific entry strategy rather than other strategies. The next section will clarify these factors by shedding light on the theories of entry strategies. While some scholars did not differentiate between these factors that influenced the choice of entry strategy in the case of manufactured goods and services(Terpstra and Yu, 1988), other scholars do differentiate(Erramilli and Rao, 1993; Erramilli and D'Souza, 1993).

2.2 Theories of entry strategies.

A vital factor in deciding the theories of entry strategies is that there is no consensus among the scholars on which theory should be appropriate to explain the firms' entry strategies. However, the current researcher' reviewing of the literature reached to that a division can be made in whether the firm has full autonomy of deciding the type of entry strategy, seeing that entering a certain market is available at whatever time without facing any entry barriers(on account of perfect markets), or the firm has no full autonomy of deciding the type of entry strategies owing to the entry barriers(on account of imperfect markets). To illustrate that, Tables 2.1 and 2.2, show a summary of the theories underpinning the firms' entry strategies generally, and M&As particularly in perfect and imperfect markets respectively.

Table 2.1:Entry strategy theories that consider global markets as perfect.

Consideration	***Theory/ Approach***	***Author***	***Focusing on***	***Theory/Approach assumptions for M&As***	***Limitations***	***Studies referring to the theory/approach***
1.COSTS	**1.1 TCT**	Williamson (1975)	-Transaction costs	M&As is preferred in two cases: -When the perceptions of the transaction costs are high. -When there is high uncertainty, frequent transactions, and high asset specificity; otherwise JVs are preferred.	-Using indirect measurements(non transaction cost factors). -Depending on firm level rather than transaction level -Ignoring the entry barriers.	Hennart(1991); Hennart and Reddy(1997);(Pan and Tse, 2000);(Hill et al., 1990);(Yiu and Makino, 2002)
2.CONTROL	**2.1 Control**	Anderson and Gatignon(1986)	-Reducing risk and increasing returns.	-M&As is adopted in low competitive markets otherwise it is avoided. -M&As is adopted in turbulent environment. -M&As is preferred by internationally experienced firms.	-Ignoring the governmental restrictions as the entrant has the choice of entering the host market.. -Control is decided according to other approaches, such as the entrant perceptions of risks degree.	Killing(1982); Root(1983); Mascarenhas(1982);
	2.2 Risk	Brouthers (1995)	-Controlling the risks of operating abroad.	-M&As is preferred to decrease risks.	-Focuing on one or two types of risks, and ignoring other international risks. -It did not apply a measurment close to real perceptions, such as uncertainty.	Miller(1992); Brouthers(1995)

//The table prepared by the current researcher Following

3.CULTURE VARATIONS	***3.1 Cultural Distance***	Kogut and Singh(1988)	-Cultural differences between the home and host markets.	-M&As is preferred in high cultural distance. -M&As is preferred in the presence of high perceptions of transaction costs.	-Assumed parallel and opposite effects of both home and host cultures are the same. -CD studies dealt with culture as a fixed variable over time. -Involving non-culture variables in measuring the CD.	Agarwal(1994); Brouthers(2002); Boyacigiller(1990) Kogut & Singh(1988) Erramilli and Rao(1993); Yiu and Makino(2002); Tatoglu et al.(2003); Ang and Michailova(2008).
	3.2 Uncertainty	(Teece, 1976; Gatignon and Anderson, 1988; Zejan, 1990)	-Environmental and organisational factors that cause uncertainty.	-M&As is preferred in the presence of high uncertainty of external environment. -M&As is preferred in the presence of unstable environment and asset specificity.	-Using indirect measurements of uncertainty, such as international experience and social-culture distance.	Killing(1982); Andersen and Gatignon(1986); Ford(1981); Brouther et al.(2000); Erramilli and D'Souza(1993)
4. ACCUMULATED KNOWLEDGE	***6. Internation-alisation***	Johaneson and Vahlne(1977)	-Firm's gradually expanded abroad.	-M&As is preferred as a sequential stage based on the home firm's enormous resources or international experience.	-Its model needs to be applied in the time of adopting M&As	Johanson and Vahlne(1977).

Table 2.2: Entry strategy theories that consider the global markets as imperfect.

Consideration	*Theory/ Approach*	*Author*	*Focusing on*	*Theory assumptions concerning cross-border M&As*	*Limitations*	*Studies referring to the theory/approach*
5. INSTITUTIONAL DETERMINANTS	*5.1 Institutional Theory*	North(1991)	-The country's institution pillars: regulative, normative and cognitive institutions.	-M&As is preferred in quality regulatory institutions countries and stable institutions.	-The theory did not take into account the other imperfect markets, such as the firm's internal strategic needs of resources.	Dodourova(2009); Alvarez and Marine(2009); Ul-Haq and Howcroft(2007); Pasiouras et al.(2007); Ang and Michailova(2008);
6. RESOURCES	*6.1 RBV*		-Taking into account the firm's internal needs of resources. -Balancing the limitation of institutional theory and TC theory.	-M&As is preferred when it is not easy to separate a firm's necessary and unnecessary resources, otherwise joint venture is preferred.	-Ignoring the country's institutional aspects.	Anand and Delios(2002); Hennart and Reddy(1997).
	6.2 KBV	Grant(1996)	-Taking into account the imperfect market of all knowledge.	-M&As is preferred when an international firm wants to gain embedded knowledge of both international and local firms.	-Still knowledge is worthless until the integrating firms smoothly explore and exploit dedicated knowledge.	Meyer et al.(2008); Chang and Rosenzweig (2001); Barkema and Vermeulen(1998); Fortune and Mitchell(2012)

// The table is prepared by the current researcher Following

	7.3 OC		-Covering the limitation of KBV by emphasising on resource processing rather than resource possessing.	-M&As is preferred when the acquired firm's organisational capabilities are difficult to transfer, split, and reproduce.		Madhok(1997); Capron, et al.(1998).
7.INDUSTRY SETTINGS & Ownership-advantage	***7.1 FDI***	Hymer(1976)	-Emphasising on industry entry barriers and firm-ownership of advantages that affect the flow of foreign direct investments	-M&As is preferred when there is an actual or potential competition between the foreign and local firms. The entry to the target industry is hard, and there are only a small number of firms.	-Ignoring the role of the firm's nationality.	Hymer(1976); Robinson(1961); Brooke and Remmers(1972); Franko(1976); Wilson(1980); Johanson and Vahlne(1977)
8. INSTITUTIONAL, RESOURCES & ECONOMICS	***8.1 OLI (OPD)***	Dunning(1977, 1980)	Adopting old view of OLI-paradigm: -O: specific resources and capabilities. -L: the location-bound assets of countries -I: Internationalisation	-M&As is preferred when the benefits of the hierarchy mode strategy in terms of controlling of opportunism and performance are high.	-Not taking the countries' macro institutional aspects.	Yoshitomi and Graham(1996); Dunning(1993).
	8.2 OLI (NPD)	Dunning(2006)	-Applying countries' macro institutional to old paradigm components-OLI-.	-M&As is preferred when the country's institutional features encourage that.		Goodnow(1985); Dunning(2006).

2.2.1 Entry strategy theories that consider the global markets as perfect.

As an illustration in Table 1.2, there are widely of entry strategy theories considered markets across the globe as *'perfect markets'*. According to that, the newcomer to any country has full freedom to choose any entry strategy, whether JV or M&As ***<u>without</u>*** bearing in mind any entry considerations(Anderson and Gatignon, 1986) such as the need for others' assets(Das and Teng, 2000), or other imperfect market' considerations. Following is discussed that.

2.2.1.1 Consideration of costs.

2.2.1.1.1 Transaction Cost Theory(TCT).

Depending on the economic approach to estimate any transaction costs, the earlier scholars suggested the TC theory, to explain the firm activities and behaviours across the borders(Williamson, 1975a). The TCT proposes that firms in their governance modes: export or franchise or, produce take into consideration the costs of a new transaction in order to diminish them(Williamson, 1975a, Aubert et al., 1996). Firms, according to the TC, usually estimate the transaction costs, which they might incur when combining forces with others across the borders(Luo, 2001; Brouthers, 2002). This is because joining forces with others are affected by the costs of searching, negotiating, and co-ordinating and, then by monitoring the other firm' performance and the behaviour(Williamson, 1975). Usually firms adopted the least costs of the transaction in their new governance modes(Williamson, 1975).

As a matter of fact, there is no simple direct method to estimate the costs of any international transaction since transaction costs are subject to the individuals' assessments at the time of its occurrence(Andersen, 1997a). Thus, a distracting matter occurred when scholars suggested indirect measurements to assess the international transactions costs, taking into consideration behavioural assumptions in terms of bounded rationality and uncertainty of others' behaviours and transaction characteristics in terms of asset specificity, environment and project uncertainty and frequency of a transaction(Das and Teng, 2000; Williamson, 1981; Aubert et al., 1996; Brouthers and Nakos, 2004).

The theory set M&As or greenfield strategies to become chosen when there are high perceptions of the transaction costs, high project and environment uncertainties, high frequency of transaction, as well as high asset specificity(Williamson, 1981; Aubert et al., 1996; Mclvor, 2008; Yiu and Makino, 2002). Seeing as whole-owning strategies are highly effective in dealing with high transaction costs(Das and Teng, 2000). Furthermore, firms, with high asset specificity, tend to use a whole-owning strategy to exercise high-control over their assets, in contrast to firms, with low asset specificity, which are less concerned about full-integrating(Brouthers, 2002). In this context, Coughlan and Flaherty(1983) referred to that full-integrating strategy is suitable more when the firm has high asset specificity such as technically complicated products and tacit products and procedures and for high service requirements and customised products. Otherwise, JV strategy is chosen when the newcomer perceives each of transaction costs, uncertainty of the other firm performance and behaviour and asset specificity moderately(Mclvor, 2008).

The scholars have applied the TC approach in entry strategy research to inspect entry strategies of the manufacturing and services firms equally. Such as(Erramilli and Rao, 1993; Hennart, 1991; Hennart and Reddy, 1997; Pan and Tse, 2000; Anderson and Gatignon, 1986).

The TCT Limitations

A number of scholars referred to a number of points responsible for the TC theory limitations in explaining the expansionary activities(Gatignon and Anderson, 1988). Contractor(1990) argued that TC theory used non-transaction costs factors such as asset specificity and project and environment uncertainty as indirect measurements of predicting the actual costs of transaction instead of considering the actual transaction costs as direct measurements of the entry strategy. Thus, as the scholars could not measure the transaction costs precisely until its actual occurrence(Andersen, 1997). This resulted in measurement errors because of its dependence on a firm-level rather than transaction-level as an analysis unit(Andersen, 1997: p.34). Furthermore, in calculating the transaction costs itself, the decision makers are not capable of considering all possible costs of the transaction because of their bounded rationalities(Williamson, 1981). Lastly, despite the fact that the host market is usually imperfect because of its industry monopoly, exchange rates and tariffs(Hennart, 1988), which increase transaction costs(Lu, 1995); there is the TC theory's assumption that the host markets are considered to be perfect markets(Anderson and Gatignon, 1986; Lu, 1995), and that reflected another limitation of the theory. Specially that, scholars such as (Aubert et al., 1996; Hennart, 1988) found that there is an effect of the host market circumstances on the ownership types and decisions.

In view of that the current researcher confirms the view that the application of the TC theory insufficient for the purpose of explaining the expansionary strategies(Andersen, 1997). Andersen(1997) mentioned that the TC theory still needs some adjustments to enhance its operational and theoretical frameworks. This urged other authors to modify the TC theory by including also non-transaction factors rather than transaction factors such as environmental and strategic factors(Hill et al., 1990).

2.2.1.2 Consideration of control.

2.2.1.2.1 Control approach(Adjustments to the TC theory)

The scholars have extended TC theory to involve ‘the control ranges’ in the entry strategies research so as to decrease the uncertainty of the foreign project and environment(the two variables of the TC theory). In this context, Gatignon and Anderson(1988) examined the TCT through ownership ranges of the international firms over their overseas subsidiaries. The leading cause of deciding the ownership ranges of a cross-border enterprise, within the control approach, is related to how much control that the parent firms will desire over their overseas’ projects and environments.

The control approach defined as *‘the ability to influence systems, methods, and decisions’(Anderson and Gatignon, 1986 :p.3).* The scholars stated that depending on the ownership ranges, there are three levels of control as follows: low-, medium- and full- control. While inter-firm contracts and joint ventures strategies allow low-control and medium-control respectively; full/partial merger and acquisition strategies allow full control of the foreign project.

In entry mode research, ‘control’ considered to be the vital factor in reducing risk and increasing return. That is by ‘control’, the parent firm can attain high returns and avoid risks, otherwise, the parent firm will find difficulties in managing and coordinating actions of its foreign enterprise to resolve any emerging clashes(Davidson, 1983). In view of that, the control approach is supposed to match the traditional view of risk-adjusted-return(Anderson and Gatignon, 1986). Thus, the required amount of control over a foreign enterprise is estimated according to the parent firms perceiving of risks(Anderson and Gatignon, 1986), and controlling these risks is one of the main objectives of firms operating abroad(Miller, 1992). The risk is referred to as *‘variation in corporate outcomes or performance that cannot be forecast ex-ante’(Miller, 1992:p.311)*. Miller in his framework identified three types of risks facing firms operating abroad: general environmental, industry and firm-specific risks that may hinder firm’s ability to perform its operations in a foreign market(Davidson, 1983; Miller, 1992).

In the entry strategy research, the scholars have found a major relationship between the firm’s entry strategy and the risk types(Brouthers et al., 1995). For instance, in relation to the general environment category, while a number of scholars suggested that firms should have full control strategy in risky and uncertain environment so as to manage any unexpected circumstances(Killing, 1982), especially when the parent firm’ assets have more specificity(Mascarenhas, 1982). And this view matches with the TC theory view. The other scholars argued that in risky and uncertain environment, low-control strategy becomes required in order to make any flexible exit at any time (Anderson and Gatignon, 1986; Williamson, 1981; Brouthers, 1995).

In relation to the industry settings category, full-control strategy is required in low competitive markets where the provider of product/service is incomparable in the local market, otherwise, full-control strategy is avoided, enabling the firm to achieve high return and low risk(Gatignon and Anderson, 1988). In this case, by avoiding full integration in a competitive market, the firm avoids the drawbacks of splitting up(Williamson, 1975).

As seen earlier from prior studies that each study has evaluated separately one risk’ type with no consideration for the other risk types, which could influence the overall assessment of all risks types. Since decreasing uncertainty in one risk type may increase the chances of another type of uncertainty(Miller, 1992). For instance, on one hand, a number of scholars have investigated independently, firm-specific risks such as operating uncertainty, R&D uncertainty, credit uncertainty and behavioural uncertainty and the firm’ entry strategy(Chu and Anderson, 1992; Gomes-Casseres, 1990; Kim and Hwang, 1992). On the other hand, other scholars have investigated only the general environment risks such as political uncertainties, government policy uncertainties, macroeconomic uncertainties, social uncertainties within the entry strategy research(Simon, 1982).

Control approach limitations.

As seen prior, scholars of the entry strategy research have focused only on one type of international risk whether general environment, or industry settings, or firm-specific risks; and ignored the interrelationships among them. Hence, their findings may be unreliable, even though their important, because they depend only on observing one risk type rather than handling fairly the other types of risks as one package(Brouthers et al., 1995). As there should be an overall assessment of all international risk types and balancing among various risks. Furthermore, it is supposed that in evaluating risks of entry strategies, scholars should apply a measurement close to the individual's real perceptions of risks, such as uncertainty(Brouthers et al., 1995). Since, risk is perceived higher when there is uncertainty about environmental conditions and firm factors, which reduces the parent firm'ability in predicting the outputs of the foreign enterprise(Lessard, 1988). In this context, Johanson and Vahlne(1977) examined only the impact of culture on the entry strategies. They found that entry strategies are positively related to the psychic distance among countries. The psychic distance is defined as

> '*the sum of factors preventing the flow of information from and to the market'(Johanson and Vahlne, 1977:p.24).*

These factors involve individuals' variations in culture, language, education, and business practices that contribute to creating uncertainties about entry strategies types(Johanson and Vahlne, 1977).

2.2.1.3 Consideration of culture variations

2.2.1.3.1 Culture approach.

The culture approach has been applied as an explanatory factor in different fields, such as strategy, management, organisation behaviour, and management of human resources. FDI considered to be the largest field for the application of culture approach(Shenkar, 2001). According to culture approach, individuals' behaviours and actions are usually shaped in relation to their cultural backgrounds. Hofstede(2001) defined culture is *'the collective programming of the mind which distinguishes the* *member of one group or category of people from another'(2)*. It consists of four dimensions: *uncertainty, masculinity, individualism, and power distance*.

In the entry mode research, the scholars theorised a relationship between the cultural distance and ownership forms of a foreign enterprise(Puxty, 1980, Yiu and Makino, 2002, Tatoglu et al., 2003). While, a number of scholars found that the higher the cultural distance between the home and host countries is, the more likely the foreign firms to have the majority of shares in the target-firms. As they found that high cultural distance cause the foreign entrants to perceive high uncertainty that urges the foreign entrants to follow full control strategy over the foreign enterprise (Pan, 1996; Boyacigiller, 1990). This may be because the foreign entrants do not trust the target-firm' management tools and have a preference to apply their own methods(Anderson and Gatignon, 1986). Others argued that full control strategy(I.e. M&As) is much more preferred over medium control strategy(I.e. JV strategy) when the cultural distance decreased(Yiu and Makino, 2002; Tatoglu et al., 2003). This is because the uncertainty between the host and home countries is at the lowest level(Kogut and Singh, 1988).

As seen prior that to effectively explain the international strategy types, scholars extended the entry strategy research to involve the influence of cultural distance among countries(Li and Ferreira, 2008). The mechanism behind that is that the existence of significant cultural distance between the home and host countries creates mainly the individuals' high perception of uncertainty of an overseas environment or project(Anderson and Gatignon, 1986). This is because individuals' variations in culture and language create different degrees of uncertainty(one of the culture's dimensions) about markets and activities, which considered an obstacle when expanding globally(Johanson and Vahlne, 1977). So, uncertainty interrelates to the firms' actions and behaviours(Ford, 1981).

Initially, Ford(1981) discovered uncertainty and concluded that perceiving uncertainty of external environment significantly shapes the initial behaviors of the executive managers. Then, scholars(Brouthers et al., 2000; Erramilli and D'Souza, 1993) included this variable in the entry strategy research. Uncertainty is known as *'the unpredictability of environmental or organisational variables that impact corporate performance'(Miller, 1993:p.4).* Uncertainties are categorised into two sets: *project uncer-*

tainty and environmental uncertainty. On the one hand, *project–internal-uncertainty* refers to uncertainty arising from the firm's inability to assess and control the other potential partner's performance correctly(Ouchi, 1977, Konsynski and Mcfarlan, 1990). On the other hand, *environmental–external-uncertainty* refers to organisation' inability to predict the host environment and industry conditions in the future and in any unforeseen events(Brouthers and Nakos, 2004). Scholars concluded that when the firm perceived high uncertainty of either environmental conditions or foreign enterprise, M&As or green-field, are much more required as entry strategies to decrease these uncertainties(Teece, 1976; Gatignon and Anderson, 1988; Zejan, 1990). This is because M&As or green-field strategies, in case of existing a high internal uncertainty, will enable the foreign entrants to monitor the processes of the foreign project efficiently and to enforce personal reviewing, when necessary(Teece, 1976). Furthermore, M&As or green-field strategies, in case of existing of high external uncertainty as a result of political and economic shakiness, will enable the firm to manage any unexpected circumstances(Killing, 1982).

However, that view contradicts TC's view in that low-control strategies are required in case of the presence of high uncertainty of environmental conditions, so as to facilitate the foreign-partner to exit promptly from this unstable environment(Williamson, 1981). However, in the presence of high asset specificity with high uncertainty of environmental conditions, M&As or green-field strategies are preferred(Anderson and Gatignon, 1986).

Culture approach Limitations

There are several hidden conceptual and methodological assumptions shaping the core of the cultural distance that can damage its validity and create conflicts in applying that approach in explaining the entry strategies. The first hidden assumption is that cultural distance studies dealt with culture as a fixed factor over time, by measuring it at a static point in time, while it is not, as cultural distance is changing and is narrowing over time(Webber, 1969). The second assumption in measuring cultural distance is that the scholars combined non-culture factors such as religion, business language, government structure, economic development and levels of migration (Boyacigiller, 1990), political instability(Thunnell, 1977), development level and market size(Davidson and McFeteridge, 1985) and socio-cultural variables(Yiu and Makino, 2002), which can result in measurement errors(Brown et al., 1989).

Another hidden assumption of culture distance is its narrow generalisation (Triandis, 1982; Yoo and Donthu, 1998) since it depends on a particular sample of US' multinational corporations only(Hofstede, 2001). This creates limitations in the validity of cultural distance construct. Furthermore, although corporate culture was shown to be responsible for adjusting the national culture's attitudes in the international corporations(Webber, 1969), it was neglected in measuring the index of the cultural distance construct(Hofstede et al., 1990). This caused a rather inaccurate measurement of cultural distance(Shenkar, 2001). Lastly, despite the scholars' trials to measure the uncertainty construct, they did not measure it directly; but they measured it through indirect means such as cultural distance, which has hidden assumptions regarding its conceptual and methodological features, as seen earlier. Thus, efforts are still required to develop a direct measurement for uncertainty factor(Andersen, 1997b, Andersen, 1997).

2.2.1.4 Accumulated knowledge and experiences consideration.

2.2.1.4.1 Internationalisation theory.

Gibb(1993)defined internationalisation as the process of increasing international operations in a foreign country. (Johanson and Vahlne, 1977) clarified that a firm's internationalisation is achieved through taking small gradual steps rather than unexpectedly large steps unless the firm has massive resources or more international experiences. Accordingly, it is the change in the level of international involvement over time(Gibb, 1993). So, it is a process that shows how a firm expands its networks of projects globally(Johanson and Vahlne, 1977). Anderson and Gatignon(1986) referred to that a full control strategy is required for the who practice cross-border strategies.

Similar to an incremental strategy, the key feature of a firm's internationalisation, which is different from other firms' strategies, is to choose an international market and then adjusts the entry strategy gradually(Andersen, 1997). Mainly, the internationalisation process depends on the interaction between the foreign entrant's changing knowledge about the target markets and then moving towards these markets through resources' commitment(Johanson and Vahlne, 1977; Axelsson and Johanson, 1992). Within this context, Chang and Rosenzweig(2001) referred to the fact that the foreign investment decisions are taken according to general knowledge about a target market. Thus, scholars look upon a firm's internationalisation as an incremental strategy based on the entrant's knowledge at the time of internationalisation process (Melin, 1992; Johanson and Vahlne, 1977).

A number of scholars linked high control strategies(acquisition or greenfield)to internationally experienced firms; since they are more confident, more known to the markets and more willing to take risks(Davidson, 1983). However, other scholars disagreed and argued that inexperienced firms required also high-control strategies than do more experienced firms, and in particular, inexperienced firms with ethnocentric orientation. This is because ethnocentrism allows, through full control strategy, inexperienced firms to have their nationals in main positions in the foreign enterprise(Weichmann and Pringle, 1979).

Internationalisation theory Limitation

The limitation point of the internationalisation theory is that in order for it to be applied correctly, it needs to be examined during the internationalisation time and process. As that will facilitate measuring of how the internationalisation's factors have developed the overall internationalisation process(Johanson and Vahlne, 1977).

To conclude, as seen previously that all the above mentioned approaches and theories shared the same restriction that is they supposed that the global markets are perfect (Lu, 1995; Anderson and Gatignon, 1986), where the host country's institutional aspects are considered supportive for FDI(Williamson, 1985; Williamson, 1975), and that, in reality, is unrealistic. This is because the global markets are considered imperfect and that regarded the main engine behind the foreign investment decisions(Hymer, 1960; Hymer, 1976). As all the countries don't have ideal institutional aspects(North, 1990), because of government policies, exchange rates, tariffs, industry monopoly, and the other entry barriers that may influence the ownership ranges of cross-border strategies(Aubert et al., 1996; Hennart, 1988). That's why, the imperfect market considered to be a core feature linked to the countries. Additionally, Madhok(1997) argued that in deciding entry strategy type, the TC approach neglected the knowledge-base of a firm, which will reduce the knowledge-value of the merging firms.

In view of that the scholars have referred to the institutional theory and the resource-based-view to deal with the imperfect markets(Hennart, 1988; Das and Teng, 2000), each from its view. So, the following part is an explanation for the entry strategy theories that dealt with the imperfect markets.

2.2.2 Entry strategy theories that consider the global markets as imperfect.

On the other hand, other entry strategy theories had been emerged to consider the limitation points of the prior approaches such as the effect of the host country's institutional aspects(Yiu and Makino, 2002) and the need for others' resources(Das and Teng, 2000). Table 2.2 illustrated these theories: the institutional theory(North, 1990; Oliver, 1997); resource-based theory(Das and Teng, 2000) and its evolving approaches, such as the knowledge-based view(Grant, 1996) and organisational capabilities approach(Penrose, 1959; Fortune and Mitchell, 2011). Furthermore, FDI theory is also included in this category to refer to the impact of industry settings on the foreign direct investment(Hymer, 1976). And lastly, the old and new editions of the eclectic paradigm are included in this category (Dunning, 1977; Dunning, 1980; Dunning, 2006; Dunning, 2006a). The following part discusses these approaches in detail.

2.2.2.1 Consideration of the country's institutional aspects

2.2.2.1.1 The institutional theory

In entry strategy research, in order to have a better understanding, scholars have included the institutional theory, considering that the host country's institutional aspects are considered the main ground on which the international transaction cost takes place(Brouthers, 2002). Since the country's institutional determinants are responsible for guiding the firm's behaviors to fit with the country's framework of regulations, industry standards, and public interests(Brouthers, 2002). As firms usually track the host country regulations(Dodourova, 2009) and its socio-political legality rather than following the transaction cost approach(Roberts and Greenwood, 1997).

The term, 'institution' referred to *as 'formal rules sets, ex-ante agreements, less formal shared interaction sequences and taken-for-granted assumptions that organisations* *and individuals are expected to follow'*(Bruton et al., 2010, p.422). In his well-known work about the institution theory and its influences on the decision of entry strategies, Scott(2007) categorised the country's institutional features into three pillars: regulative, normative and cognitive institutions. These three pillars interact with each other to shape the specific institutional structure of the country for providing thorough legitimacies for both local and foreign firms within a country(Scott, 2007). These institutional pillars are developed by governmental groups, laws and regulatory structures, professionals and the societal and cultural systems that are meant to shape the acceptable and unacceptable behaviors of organisations and individuals. So, organisations and individuals derive their legal and social legitimacies from these pillars(Bruton et al., 2010; North, 1990; Scott, 2007; Oliver, 1997).

- *Concerning the regulative pillar*, its elements are derived from governmental rules and industry settings to protect both the industry and the firms' rights. These countries' regulative features directed and controlled the decision-makers' behaviors(Bruton et al., 2010), through imposing a less or more restricted regulative environment (Khanna and Palepu, 2006). Scholars(Ang and Michailova, 2008) concluded that the less restricted regulative environment is based on trust and goodwill policies; this creates very appropriate regulations and much protected civil rights of individuals. In this case, this environment considered supporting for the local and foreign firms to merge their resources together(Ang and Michailova, 2008; North, 1990; Brouthers, 2002). On the contrary, the more restricted a country is, the more it is characterized by having undeveloped policies and practices and untrustworthy regulatory instruments, and also, the law rule is inconsistent and is not totally enforced. This creates barriers to local and foreign firms to merge together(Ang and Michailova, 2008).

Within this context, (Dodourova, 2009; Alvarez and Marin, 2009) concluded, using qualitative and secondary data, that entry strategy is related positively to the restriction level of the country's regulations. This intercepts why firms adopted non-equity strategies in a more restricted regulatory environment(Delios and Beamish, 1999). Within the banking sector, studies such as(Guillen and Tschoegl, 1999; Ul-Haq and Howcroft, 2007; Pasiouras et al., 2011; Pasiouras and Gaganis, 2007) verified the effective role of less restricted environment of regulations on adopting M&As across the borders.

- *Concerning the normative pillar*, it is derived from the social rules, beliefs, and meanings that shape individual's and organisation's attitudes and actions (Scott, 2007). The country's normative system is developed from *'shared understandings and meanings that are embodied in the national culture, values, norms and belief systems'*(Yiu and Makino, 2002:p.671). Lastly, the cognitive domain is concerned with *'the widely shared cognitive structures by which actors of a given organisational field or a societal entity interpret and make sense of their world'*(Yiu and Makino, 2002).

Within this context, McGarvey(1997) studied the reasons for the collapse of the merger between Matsushita and MCA firms, and concluded that the social difference between the merging firms across the borders was the main reason for the merger failure. This is because countries' societal differences could cause social pressures and threats for the international firms. Therefore, within a country and in order to gain social legitimacy in the host market, international firms need to be supported by the host country's societal features(Yiu and Makino, 2002).

About the role of interaction of the three pillars on influencing the entry strategy, Ang and Michailova(2008)concluded that while the mode of entry strategy in the developed countries is influenced strongly by the normative pillar, followed by, the cognitive pillar, and lastly, by the regulatory pillar, which considered as non-factor for the cross-border firms. The mode of entry strategy in the emerging countries is influenced firstly by the regulatory pillar, followed by, the cognitive pillar and then, by the normative pillar. Additionally, Yiu and Makino(2002)found that in relatively less restrictive societal and regulatory countries, a whole-owning strategy was likely to be preferred as an entry strategy other than strategies.

Limitation of the institutional theory

Although the institutional theory takes into consideration the features of imperfect markets in one form or another, through the host country's regulatory and social legitimacies, the institutional theory still lacks other sources for the imperfect market. This involves the firms' needs for resources(Das and Teng, 2000). Barney et al.(2001)showed that an imperfect market for resources creates an imbalance in the deployment of resources among firms, whilst there is a firm' strategic need for resources. Eisenhardt and Schoonhoven(1996)referred to that resources are important for a firm's survival; namely in facing severe competition, in improving a firm's strategic position, in sustaining a competitive advantage and in financial mobilisation(Oliver, 1997).

Thus, firm's strategy is not only influenced by the country's institutional determinants, which offer the firm's legally and socially acceptable behaviors within the new environment, but it is also influenced by the firm' strategic needs for resources(Oliver, 1997; Eisenhardt and Schoonhoven, 1996; Hessels and Terjesen, 2008). Within this context, Oliver(1997) mentioned that depending only on the country's institutional determinants to shape a firm's strategy may lead to inappropriate investment decisions. This is because firms may invest their resources in an unnecessary investment that might result in an inconsistency in the firm's resources strategy. So, in adopting an international strategy, firms are influenced, beyond the country's institutional framework, by their resource needs(Das and Teng, 2000). Therefore, besides the legal and social contexts that shaped the firm's strategic actions, the firms' economic context contributed, also, to shaping the firm's strategic action(Oliver, 1997).

This proposed the resource-based view in order to deal with lacking certain resources.

2.2.2.2 Resources consideration

2.2.2.2.1 The Resource-Based View(RBV)

Oliver(1997) argued that depending only on the institutional theory in shaping a firm's strategy was considered an unfeasible view as the firm's strategy has to take into consideration its internal needs for resources to decide what the firm could achieve in its environment. Since, resources are responsible for implementing and developing firms' activities(Rao, 1994), as well as to develop its strategic position(Oliver, 1997). That is why Shimizu et al.(2004) and (Hitt et al., 2004) applied RBV besides the institutional theory to justify entry strategies in various countries. By that view, RBV balances the absent point of the institutional theory by trying to cut the imbalance of the firm's strategy by focusing on the firm's processing and reproducing resources(Oliver, 1997).

Furthermore, the RBV balances the limitations of the other theories of the perfect market such as TCT since firms have to balance costs with the possible value creation from adopting international strategies(Williamson, 1999). As it is known that the TC theory is concerned only with minimising the costs of an international transaction(Williamson, 1981), but it ignores the value creation of entry strategies(Das and Teng, 2000). Whilst, the RBV seeks to maximise the firm’s value creation(Yasuda, 2005) through pooling and utilising others’ valuable resources(Das and Teng, 2000). A result of that, a firm’s long-term returns(Yasuda, 2005) and strategic positions will be enhanced(Eisenhardt and Schoonhoven, 1996). By that view, RBV completes the absent points in the TCT and institutional theories. That is why(Chen and Chen, 2003) included RBV together with TCT to justify the option of adopting international strategies. And that considered a recent development of the management discipline in examining the firm’s strategy(Peng, 2001).

While the earlier studies restricted the RBV to gaining access to tangible resources (Sliverman, 1999). Later on, the RBV had been extended to shed light on the firm’s intangible resources that might attract other firms to gain them(Das and Teng, 1998; Das and Teng, 2000; Chatterjee and Wernerfelt, 1991). While the tangible resources include organisational, human, financial, technological and physical resources. The intangible resources reflect the firm’s life cycle and history, its social and strategic positions(Oliver, 1997; Das and Teng, 2000; Liu et al., 2011), and tacit knowledge that involves skills, expertise, and capabilities(Grant, 1996) and routines and all managerial activities(Collis, 1994).

The mechanism of RBV is that the firm’s main drive for adopting a partnership strategy is to deploy what the firm possesses of resources and to access others' resources(Das and Teng, 2000). These resources are classified as being rare and imperfectly inimitable (Peteraf, 1993), and that shaped both the firm’s core competency and competitive advantage(Drago and Folker, 1999), which are so costly to imitate (Eisenhardt and Schoonhoven, 1996).

Firstly, with regard to deploying a firm’s possession of resources, that occurs when a firm’s tangible resources in terms of financial, human and physical resources are excessive, hence, the firm’s resources can deteriorate until the firm exploits its resources. Thus, the RBV suggests that both JV and M&A strategies provide opportunities for firms to exploit their resources. The choice between the two strategies depends on the time that the foreign firm intends to take to exploit its resources, whether on the short or long-run (Kogut and Singh, 1988; Das and Teng, 2000).

Secondly, with regard to accessing others' resources, the RBV proposes that JV is preferable to M&A strategies when the local firm has unique resources and, at the same time, has unnecessary resources to the foreign firm, which can be easily discarded. In this way, the foreign firm is able to gain access to the unique resources and to avoid unnecessary ones. But, when it is not easy to separate the local firm’s necessary and unnecessary resources and it is costly to split them up, M&A is preferable to a JV (Hennart and Reddy, 1997).

However, JV or M&As is more preferable strategy than greenfield strategy when the firm needs to gain access to the embedded knowledge of both foreign and local firms. This is because tacit knowledge is not easy to get until the firms’ operations overlap efficiently, throughout M&As or JV strategies, where the individuals of the merging firms work jointly(Meyer et al., 2009). Within this context, Barkema and Vermeulen(1998)stated that the foreign firms that have weak competitive advantages at their markets may prefer to adopt JV or M&As over greenfield strategy to tap local expertise and know-how of the local firms. However, firms may prefer M&As to JV strategy in more supportive institutional features of the countries(Meyer et al., 2009).

Additionally, the foreign firms adopt a whole-owning strategy when the managerial capabilities and routines of the target-firm are ambiguous, complex, and embedded in its knowledge-based resources. These managerial capabilities are difficult to transfer, split or reproduce. In this case, the foreign firm could benefit from the core managerial capabilities of the target-firm, which can contribute to improving its post-acquisition performance(Capron et al., 1998). However, the foreign firm should not use a whole-owing strategy if its capability is difficult to replicate(Madhok, 1997), due to its inimitable historical paths, ambiguities, and embedded resources(Barney, 1991). Since that would lead the foreign firm to lose their competitive advantages, as a result of the local firm’s inability to reproduce the foreign firm’s unique capabilities(Madhok, 1997).

In entry strategy literature, a number of studies referred to the role of RBV in justifying the adoption of the acquisition strategy. For instance, Anand and Delios(2002)concluded that technological intensity considered a significant factor in justifying for adopting acquisition and greenfield strategies in the USA. (Simonin, 1999, Kale et al., 2000, Gupta and Roos, 2001)reached that M&As considered to be a way for gaining intangible resources of know-how, skills, and organisation capabilities. In confirmation with that(Mutinelli and Piscitello, 1998) concluded that partial/full acquisition is preferred if the needed resources are intangible such as tacit-knowledge and complicated such as technical capabilities. Fortune and Mitchell(2011) verified that it is better for a firm to pursue an acquisition strategy to gain the advantages of the local firm’s specific context in terms of functional capabilities.

2.2.2.3 Industry settings and Ownership-advantage considerations

2.2.2.3.1 The Foreign Direct Investment –FDI- theory.

FDI theory was attributed to Hymer(1960)who related FDI theory to multinational firms because of their developed distribution, unique advantages of technology capabilities or tacit knowledge or lower costs. FDI theory suggested two main drivers for the adoption of cross-border activities; they relate to industry-, and firm-settings rather than country-settings. The industry-settings involve its entry barriers and monopolistic behaviors of other firms(Kogut and Singh, 1988; Hymer, 1976), and firm-settings involve firm’s ownership-advantage and the target market imperfection of resources(Hymer, 1960; 1976).

Concerning the first driver, the theory suggests that if there is an actual or potential competition between the foreign and local firms, but the entry to the target industry is hard, as there is only a few number of firms because of a monopoly or oligopoly. The profitable entry strategy is through having M&As strategy, in this case, competition will be reduced to the low level and high profits will be achieved. This is because the merged units turn into having ‘duopoly’ position. Alternatively, if the entry is easy, and there are more than a few firms; in this case, the existence in this target market is more tricky because of ease entry of new entrants, but this case is invalid empirically(Hymer, 1976). By that view, FDI theory ensured control by eliminating the competition between the foreign entrants and the locals(Hymer, 1976).

-*Concerning the other driver*, it emerged from the fact that in an exact industry, firms' skills and capabilities are not the same. Thus, a firm may own specific advantages of an exact product/service over other firms to enable it to invest these advantages in distant countries. Such advantages as having superior manufacturing and distributing functions and negotiation expertise that responsible for having production factors at lower prices, having specific knowledge that responsible for managing firm' activities efficiently, or having superior distribution facilities or differentiated products. In this case, a firm with advantages may realize that it is profitable to license or merge its production/service in a foreign country. This is decided according to the imperfect level of firm skills and resources in the target market(Hymer, 1976).

FDI theory limitations.

While a number of scholars found a weak relationship between the nationalities and the preferences for full control strategy in multinational enterprises(Erramilli, 1996). Other scholars found that nationality has a significant effect on deciding the control degree of a foreign enterprise(Egelhoff, 1984). For instance,(Robinson, 1961; Brooke & Remmers, 1972; Franko, 1976) discovered differences between American and European firms in their inclinations to have JVs, M&As or greenfield strategies. However, FDI theory had nothing inbuilt it to validate the firm' ethnic group(Hymer, 1976). That creates a limitation point of FDI theory by ignoring the role of firm' nationality. Futhermore, the theory ignores the host country institutional aspects that only can let the multinational enterprises to be existing in the host countries.

2.2.2.4 Mixing of resources, the country's institutional features, and transaction costs in one paradigm.

2.2.2.4.1 The old and recent OLI-paradigm

The second commonly applied approach after the TC theory is the eclectic paradigm (Canabal and White, 2008). It is known as OLI's framework and included the country-specific and firm-specific factors to produce a comprehensive framework for a firm's entry strategy(Dunning, 1977; Dunning, 1980; Dunning, 1988; Andersen, 1997).

The original old paradigm consists of three main components be responsible for deciding the entry strategy for cross-border firms. They are:

(1)Ownership-advantage(O-) refers to the international firms' ownership of specific assets and capabilities. The firm's resources refer to the physical and mental assets and the firm's capabilities refer to the firm ability to manage and coordinate the internal resources efficiently(Yoshitomi and Graham, 1996)**.**

(*2)Location-advantage(L-)* refers to the attractiveness level of the host country in terms of its venture risk and its potential market(Anderson and Gatignon, 1986).

(3)Internationalisation-advantage(I-) is more concerned with the costs of the hierarchical structural model (Andersen, 1997) and demonstrated how the cross-border firms can minimize the transaction and coordination costs of their international operations(Yoshitomi and Graham, 1996). Thus, entry strategies costs reflect transaction costs in the TC approach(Williamson, 1981).

However, the main dilemma of the old paradigm components is that it pays little attention to the countries' institutional profile(Dunning, 2006a; Dunning, 2006). This confirmed by the author of old OLI-paradigm of the eclectic theory who criticised his paradigm by pointing out that the elements of the OLI-paradigm, which were applied in the seventies and eighties, became narrow-minded to be applied at the present time because it gave a little attention to the country's institutional features(I.e. the country infrastructure and social capital) that considered a factor of the success of developing countries to create, deploy its resources and capabilities and access to its markets, which ultimately contributes critically to the development of these countries(Dunning, 2006a).
In confirmation, the earlier scholars criticised also the old eclectic-paradigm by stating that,

> *''Some of the eclectic theories which have been developed to date do not incorporate all of the relevant variables underlying the selection of international entry strategies''(Goodnow, 1985:p.18).*

At the same time, the recent studies referred to the role of host country's institutional determinants on encouraging FDI, for instance, Peng(2001) concluded that the host country’s institutional aspects become increasingly necessary in the developing countries to facilitate FDI entry strategies. Demirbag et al.(2010) investigated the existing of FDI in a specific location, they discovered that, there are other important factors attracting FDI rather than the host market size or growth. Such factors as the host country’s geographical location, political constraints, infrastructure level, R&D intensity, and subsidiary density and size.

As a consequence, while, *in the old eclectic-paradigm*, the country’s institutional role is mainly restricted to the effectiveness with which markets operate and the role of local governments, on the other hand, is mainly restricted to facilitating(or blocking)this process. *In the new eclectic-paradigm*, the countries' institutions play a critical main role in deciding the governance strategies and behaviors of the firms. They are also responsible for creating and exploiting the resources and capabilities of the firms (Dunning, 2006a). Thus, the new development of the OLI-paradigm reflects the *‘macro-institutional’* features of the countries(Dunning, 2006a: p. 203). Thus, Dunning in his new paradigm paid more attention to the country-specific institutional aspects, such as the country’s regulatory quality, infrastructure, and social capital, values and belief system and transparency level. In view of that, whereas the old-paradigm cope with resource-based-view[Ownership-advantage], international-trade theory[L-advantage], and the transaction-cost theory [I-advantage](Andersen, 1997). The recent development of the OLI-paradigm is considered a more comprehensive and also a multi-theoretical paradigm, by involving resource-based view(Ownership-advantage), transaction costs view(I-advantage), and, recently, the institutional theory(L-advantage).

Thus, Dunning & Lundan(2008a)’s work incorporated institutional analysis into the old OLI-paradigm, to emphasizing the role of various “institutions” in shaping the new OLI-paradigm. As a country developed, the circumstances for domestic and foreign economies are changed, affecting not only FDI flow but also OLI-advantages and vice versa. These institutions include the country’s incentives to enable the FDI to build/ manage/access the resources, capabilities, and markets, such as the host country investment policies, formal rules, regulations, investment incentives regarding a firm’s entry, processing and exit, market liberalisation, reforms of the banking system, the host country’s regulatory restrictions, foreign ownership restrictions, protection of property rights and intellectual rights, educational upgrading, the country infrastructure, effective legalization to prevent corruption, transparency in-laws and transactions, and social culture in the host country(Dunning, 2006a). Within this context, Dunning(2006a) commented on social culture as a specific variable of the location-advantage, such as degree of culture's openness, multiculturalism, and tolerance of various belief systems and their physical environment.

It is worth mentioning that, earlier, Davidson(1980) studied the countries' macro-institutional features and their impacts on the entry strategy type. He concluded that there are FDI's explicit and implicit factors to invest in a specific location. While the FDI's explicit factors involved the countries' legal, political and economic conditions and tariff and non-tariff barriers to trade, which are responsible for reducing the risks of performing the investment activities in the countries; the FDI's implicit factors such as social features(same language and culture)are responsible for balancing the knowledge shortage of the local markets. Then, several studies have emerged to verify the role of the host country's institutional aspects in adopting cross-border activities, such these studies as(Delios and Beamish, 1999; Davis et al., 2000; Delios and Henisz, 2000; Brouthers, 2002; Lu, 2002; Yiuand Makino, 2002; Meyer and Nguyen, 2005; Arregle JL et al., 2006; Uhlenbruck et al., 2006; Hitt et al., 2004).

Practically, scholars have applied the old OLI-paradigm to justify entry strategy type. For instance, Agarwal and Ramaswami(1992) examined the selection of entry strategies using the OLI-paradigm. Padmanabhan and Cho(1999) examined the firms' adoptions of cross-border activities using Ownership-advantage(assets). Pan and Tse(2000) investigated the role of locational-advantage on the foreign entrants in China. Kim and Hwang(1992) extended the OLI-paradigm by including other strategic factors. However, the current researcher could not be able to find a study applying the recent theoretical view of the OLI-paradigm.

2.3 Banks and entry strategy theories.

2.3.1 Banks and entry strategy theories with considering that the global market is perfect.

2.3.1.1 Bank's entry strategies for considerations of economics, control, or uncertainty culture.

The earlier scholars considered the entry strategy of the manufacturing and services firms, all alike, is decided according to the costs consideration of the international transaction –TC approach-(Williamson, 1975, 1981). Then, the scholars modified the TC approach by including other factors added to the firm' asset specificity to reflect the actual costs of the international transaction(Anderson and Gatignon, 1986). Such these factors as the amount of desired controlling –Control approach-(Teece, 1981); balancing the risks with returns –risk approach-(Miller, 1992); and measuring internal and external uncertainties –uncertainty approach-(Anderson and Gatignon, 1986). In these approaches, the scholars started to relate the costs of international transactions to the individuals' uncertainty of the external environments. Seeing that, in a number of countries, there may be institutional barriers, which, from TC's view, are considered a hindering factor in adopting a particular entry strategy(Brouthers, 2002). In this context, Roberts and Greenwood(1997) stated that the host country's institutional aspects may create *'a situation where the transaction costs predict a choice mode that may not be the preferred choice'(361).* For instance, the host country's weakened property rights might cause the country to be an improper place for cross-border strategies(Brouthers, 2002). This drove the other scholars(Yiu and Makino, 2002; Dodourova, 2009; Roberts and Greenwood, 1997; Bruton et al., 2010; North, 1990; Scott, 2007; Oliver, 1997) to take into account the countries' institutional aspects and their influences on the costs of the cross-border strategies(Kogut and Singh, 1988, Das and Teng, 2000).

In the context of services firms' adoptions of cross-border strategies, researchers have found that the institutional aspects of the country influence the transaction costs across the borders. For instance, Galindo et al.(2003)found that costs of banks' entry strategies increase when there are variations in the legal features, regulations, corruption levels, the rule of law, efficiency of the judiciary among the countries. Thus, overseas banks had considerable entries in less corruption, and larger soundness rule of law countries. Within this context, Wei(2000a) clarified that countries with restricting business regulations support corruption, and that increases the cost of doing business abroad, added uncertainty and risks, which can create operational inefficiencies(Habib and Zurawicki, 2002). Scholars found that foreign banks prefer to invest in countries with less regulatory restrictions on FDI(Focarelli and Pozzolo, 2001; Haddad, 2017), with less corruption and low doing business costs(Haddad, 2017), and with less administrative burdens(PWC report, 2010)[1]. In confirmation of that, Buch and DeLong(2004) concluded that foreign banks are paying attention to acquire the other banks that their governments increase transparency and regulation quality features. This is because restricting foreign investment regulations could limit competition and protect inefficient banks(Clarke et al., 2003). So, foreign banks avoid restricting business environment, which raises the cost of "doing business", and prefer to be existing in friendly regulatory and legal environments, which create opportunities to achieve profits(Haddad, 2017).

To conclude, there is a recent orientation among the international business studies to focus on the countries' institutional aspects as a consequence of their influences on the costs, the resources, and the capabilities of establishing a business abroad (Dunning, 2006; Dunning, 2006a). Since firms, in their governance mode choices, sought the costs of legitimacy and efficiency of their overseas business, which can be gained only from the host country's institutional features(Ang and Michailova, 2008; Yiu and Makino, 2002).

2.3.2 Banks and entry strategy theories with considering that the market is imperfect.

2.3.2.1 Banks'entry strategies for the country institutional aspects' consideration.

In the 1970s and 1980s, the earlier scholars related the attractiveness of a particular country to FDI to the host market size, growth, and policies of the host governments and considered them the first priority. But since the advent of globalization in the 1990s, attention has been paid to the host country's institutional features(Dunning, 2006; Dunning, 2006a). In this context, Bevan et al.(2004) referred to that the

[1] See https://www.pwc.com/gx/en/paying-taxes/assets/paying-taxes-2010.pdf.

country's institutional features become a key role in attracting FDI, as what happened in Central and Eastern European countries in which the countries' institutional features affected choosing the location of inward FDI. These institutions include government policies, formal rules, regulations, foreign investment incentives, the host country's regulatory restrictions, protection of property rights, educational upgrading, the country infrastructure, effective legalization to prevent corruption, transparency in laws and transactions, and social culture in the host country (Dunning, 2006a), as well as the cost of labour(Liang, et al., 2011).

It is worth mentioning that each of the institutional theory, the international trade theory(or FDI theory), and recently, the new development of the OLI-paradigm have referred to the effective role of the country institutional features on deciding the mode of entry strategies. For instance, Dunning's old OLI-paradigm has been criticised earlier because it lacked the country's institutional features(Goodnow, 1985). Thus, the OLI-paradigm' new development has been proposed to involve the country's institutional aspects along with Dunning' OLI-paradigm(Dunning, 2006). The studies that referred to the role of the country institutional features on deciding the entry strategies within the services firms will be clarified in the part of the role of L-advantage on deciding the bank'entry strategies.

2.3.2.2 Bank's entry strategies for resources consideration.

According to the resources approaches: resource-based view and its evolving approaches: knowledge-based-view and organisational-capabilities-view, and the eclectic theory [Ownership-advantage]; local firms' ownership-advantage(transactional) may attract others to acquire them because of their needs for these local assets(Das and Teng, 2000). Within this context, Hessels and Terjesen(2008) referred to that because of the imperfect market of resources, firms' strategic actions are motivated by their needs for the others' tangible and intangible resources, given that gaining others' key resources will enhance firm' strategic position and enable it to achieve abnormal returns(Barney, 1986).

Not only, the local firms should have distinctive resources to encourage international firms to adopt international strategies to acquire these resources, but also, international firms should have unique resources to enable them to expand their activities abroad. Dunning(1980, 2009)and Deng(2004) referred to that firm' resources and capabilities considered the key to international expansion. In confirmation with that,(Anderson and Gatignon, 1986; Madhok, 1997; Ekeledo and Sivakumar, 2004) confirmed that firms with Ownership-advantage of assets and competencies would want to adopt a whole-owning strategy. The resources are two types: tangible and intangible resources; they involve technological capability, managerial expertise, tacit knowledge, patent and trademarks, whereas the capabilities refer to the ability of the firm to coordinate and to manage the internal resources in effective ways(Yoshitomi and Graham, 1996).

In the context of service firms' adoptions of entry strategies(Contractor, 2007; Hennart, 2009) mentioned that one of the main drivers of bank' adoption of entry strategies is to obtain strategic assets to sustain its competitive advantage(Barney, 1991). In this context, Alexander and Myers(2000)argued that banks have home's competitive advantages make an effort to internationalize its activities in order to maintain that advantage(Daniels et al., 1989; Jensen & Petersen, 2014). The other main driver of banks' adoption of entry strategies is to compete and trade on the basis of their ownership of the tangible and intangible assets, and other Ownership-advantage(Williams, 1997; Qian and Delios, 2008; Goldberg and Johanson, 1990).
The resources theories involve the resource-based view(Das and Teng, 2000), and FDI theory(Hymer, 1976), which dealt with the firm's ownership-advantage(assets), besides the indusrty-settings(Hymer, 1976). Furthermore, the old and the recent view of Dunning's eclectic-paradigm have referred to the role of the firm's Ownership-advantage in deciding the entry strategies(Dunning, 1977; 1980).

2.4 Deciding the applied theory within the current study and its role in the bank's adoption of a specific entry strategy.

In view of the prior discussions, owing to imperfect markets, the current study aims to investigate the acquisition strategies taking into consideration the countries' entry barriers and the need for others' resources. So, the current study has chosen to analysis and to verify the Dunning's new development of the eclectic theory –OLI-paradigm-(Dunning, 2006). Traditionally, the OLI-paradigm was the most prevalent one to explain the driving forces of outward FDI(Dunning, 1981). It serves as a comprehensive framework for analyzing the decision to engage in outward FDI, based on three types of advantages:(**O**wnership-, **L**ocation-, **I**nternationalization-). These three types of advantages would enable the international firm to obtain a competitive edge in their international investments(Liang, et al., 2011). These three advantages consist of a mix of theories, namely, RBV, transaction costs and finally the institutional theory. So, the current study combines multiple entry strategy theories in one paradigm to deeply understand the mechanism of entry strategies. Similar to other studies that adopt multiple theories such as(Kogut, 1989) applied institutional theory, cultural contexts and TC; (Demirbag et al., 2010) applied TC and institutional theories; and (Tatoglu et al., 2003) applied TC and Dunning's eclectic theory.

Furthermore, by adopting the recent theoretical view of the OLI-paradigm, the current researcher takes into account the external and the internal factors that influencing international strategies, whereas the external factors reflect the country's institutional aspects; and the internal factors represent the firm's resources. Thus, the applied paradigm considered to be unified theoretical framework by which the features of the combined firms and the host country are placed. This harmonies with Goodnow(1985)'s former view of the external and internal factors that affecting the international strategies. The external factors involve the host country's economic, political, social settings, and the cultural consistency. The internal factors, they involve the international firm and local firm explicit and implicit resources. For instance, the internaltional-firm resources involve its ownership of specific resources such as financial strength, technological capabilities, international experiences, product features, and its strategic orientation when going abroad in terms of risk-taking orientation and enhancing its competitive position.
Following is the components of the paradigm and their roles on the bank's adoption of a specific entry strategy.

2.4.1 Roles of Location-advantage and Internationalisation-advantage on the bank's adoption of a specific entry strategy.

Scholars(Cuervo-Cazurra & Genc, 2011; Meyers, et al. 2009)referred to that cross-border firms may face challenges when entering high culturally distant countries, as they may face further restrictions, costs and risks when existing in a country has imperfect political, legal, and financial institutional features(Meyers et al., 2009). Thus, continuing institutional reforms, high levels of regime involvement, as well as ownership patterns can all considerably influence entry strategy' mode and process(Filatotchev, et al. 2003; Hoskisson et al., 2000; Peng, 2003). For instance, the ownership type of acquisition strategy can be useful in overcoming high cultural and social distant, seeing that cultural and linguistic differences are lessened by acquiring already-operating local business that has established by the local staff, knowledge, and customer-bases(Curry et al., 2003). Especially, Locational-advantage, in terms of the host country's institutional features considers as a non-transferable feature(Liang, et al., 2011). Since, the institutional arrangements are differ significantly among different countries(Dunning and Lundan, 2008a).

Whilst, scholars(McDonald and Burton, 2002, p.42) replenish Dunning's(1993) conclusion and argued that '*location-advantage is regarded as following the client, specific regulations, and entry restrictions".* Clarke et al.(2003)argued and explained that the theoretical hypothesis 'follow-the-client' might lose its applicability for many years because of recent developments in the banking industry. As well as (Eray, 2020) referred to that in today's world, the digital revolution of banking services changes the rules of the game all over the world. Therefore, "following the client" approach might not be a key factor as before because of increasing digital communications and services. Thus, recently, scholars consider the potential market, differences or similarities in culture, economic, legal and political profiles, and so on as measures of location-advantage(Ying, 2020).

Several studies(Caves, 1996; Hennart, 2009; Dunning, 1980, 2009) referred to the role of each of the internal factors such as firm' nature, assets and capabilities(I.e. Ownership-advantage)and the external factors(country-level factors)such as the country institutional aspects and other country-specific factors on deciding foreign investment decisions. In explaining the international manufacturing activities, previous studies(Contractor, et al. 2014; Malhotra & Sivakumar, 2011; Kalotay & Sulstarova, 2010) ensure the importance of government policies, cultural and social profile and other institutions. In the context of services firms' internationalisation, studies(Buch, 2000; Focarelli and Pozzolo, 2001; Galindo et al., 2003; Buch and DeLong, 2004; Outreville, 2007; Nacken et al., 2012)have noted the significant role of the host country's institutional features on deciding the banks' entry strategies. Such institutional factors as the country's regulations, legal profile, political risk profile and cultural distance level, and social profile. However, the foreign banks prefer to be existing in an environment having cultural closeness(Leung et al., 2008; Li, et al., 2014), and having institutional structure and legal origin resembling their home countries(Galindo et al., 2003). Additionally, countries that have advanced level of regulations and liberalisation make the entry of foreign banks easier and this consequently increases the FDI flows(Eray, 2020).

It is noteworthy that the host country's institutional features considered the main ground on which the international transaction costs will take place, hence, the host country's institutional features can also decide if the cross-border firms could internalise their activities or not(I-advantage). Seeing that through the country's qualified institutional features; the culture clashes, and information asymmetries, as well as transaction costs of cross-border activities could be handled effectively(Bhattacharya and Daouk, 2002).

Thus, cross-border firms are more likely to invest in more institutional-friendly countries, I.e. with better regulations and legal systems, higher investor protection mechanisms as well as lower entry barriers(Dunning and Lundan, 2008a) to gain the L-advantage and I-advantage(Dunning, 2006)(see more details in Chapter-3-).

2.4.2 Roles of exploiting and acquiring ownership-advantage in the bank's adoption of specific entry strategy.

The second driver that has an impact on foreign investment decisions and interconnects with the other two factors is Ownership-advantage. With the purpose of entering a foreign market effectively, a firm must possess specific-Ownership advantages compared with other firms in the business. These ownership-advantage consider as competitive advantages that help a foreign firm overcome the difficulties of competing with local firms(Agarwal and Ramaswami, 1992). Competitive advantages reside in the firm's assets and capabilities(Barney, 1991). Ownership-advantage involve ownership-advantage related to assets and ownership-advantage related to transactional. Ownership-advantage related to assets and capabilities referred to the monopolistic benefits which enhance the power of the cross-border firm(Hymer, 1960). They include the possession of advanced technology, scale economies, product/service diversity, distribution networks, and privileged access to financial capital. That type of O-advantages can be enhanced and redeveloped by whether the R&D function, acquisitions, or group's alliances(Dunning and Lundan, 2008a). Ownership-advantage related to transactional refers to the capacity of the cross-border firm to capture the transactional benefits and to minimize the transaction costs. They include the firm size, experience, and ability to access inputs, information, and markets in the host country(Lopes, Teresa da Silva, 2010).

Several studies have referred to the firm's ownership-advantage of assets and capabilities in facilitating the adoption of entry strategies. Examples of such studies are those of (Mutinelli and Piscitello, 1998, Anand and Delios, 2002, Krishna Erramilli et al., 2002, Brown et al., 2003, Chen and Chen, 2003, Ekeledo and Sivakumar, 2004, Claver and Quer, 2005, Herrmann and Datta, 2006).

Within the service firms context, Brouthers et al.(1996) applied only Location-and Ownership-advantage and concluded that eclectic-paradigm is valid also to examine FDI of services firms. Furthermore, they concluded that like larger firms, eclectic-paradigm influences the entry strategies of small-and medium-sized services firms. Petrou(2007)concluded that bank size and international experience have main roles in foreign market penetration and choosing the entry strategies. He found that big size and more experienced banks are more likely to adopt partially-owned strategies, contrary to the banks with fewer experiences, they prefer to adopt wholly-owning strategies. In confirmation, Leung et al.(2008)found that foreign banks with more international experience prefer to adopt a short period strategy compared to others.

As well as firms adopt entry strategies to exploit their Ownership-advantage, firms also internalise their activities to acquire others' Ownership-advantage(Dunning, 1995). Within this context, Liang, et al.(2011) mentioned that cross-border firms use some host-country 'foreign factors' along with local-firm specific advantages in order to obtain full employment of the location-advantage. So, the other face of the Ownership-advantage of banks' adoption of entry strategies is to obtain strategic assets to attain sustainable competitive advantage(Contractor, 2007; Hennart, 2009).

Within this context, Dunning(1995)argued that cross-border firms signify a set of created assets, some produced internally and others accessed through merging with the other firms. Since the cross-border firms' having a collection of asset bundles implied that the firm' Ownership-advantage could consist not only of internally generated assets but also of the firm's '*competence to seek out, harness and influence the innovation, price and quality of assets of other features with which they have an on-going cooperative relationship'*(Dunning 2002, 38). Thus**,** asset-seeking FDI has in-cluded in Ownership-advantage and does not consider a new dimension of the OLI, as

Ownership-advantage reflect any kind of asset that can generate revenue(Dunning, 2002). This is consistent with a resource-based view, which highlights the importance of firm resources and capabilities in attaining sustainable competitive advantage(Barney, 1991). In confirmation, for instance, Asian firms went abroad in search of superior assets and skills in other countries, especially developed countries that are unavailable in their home countries(Makino and Neupert, 2000).

In the context of services firms' adoption of entry strategies, although entering a foreign market through a greenfield strategy allows banks to extend their on hand technology, systems, and business practices into their new branches, with little cost in integration and maintenance(Curry et al., 2003). The acquisition of an existing bank may be a better option in the host market since it ensures immediate access to core deposits in the new market(Shapiro, 2008), enabling local lending with a pre-existing deposit base(Peek, et al., 1999). Furthermore, Grant and Venzin(2009)point out that when adaptation to the country's regulatory requirements is high, and there is a need for the local banks' knowledge, so mergers and acquisitions are the most appropriate strategy. In contrast, when adaptation to the regulatory requirements is low and the potential of total value is significant, a greenfield strategy could be a suitable strategy because it facilitates economies of scale.

2.4.3 Role of strategic orientation on the bank's adoption of specific entry strategy.

A further driver for the firm' cross-border activity is the firm's actual motivation –or strategy-. It is noteworthy that once a firm begins to consider any of cross-border activities, the actual motivation – or strategy- behind establishing any particular value-adding activity abroad becomes important. Thus, focusing on motivations at the individual or investment level could be a link between the OLI-paradigm and strategy. In this context, Dunning's(1988)referred to that the link between the OLI-paradigm and strategic management could be made through the firm motivation for adopting strategies abroad. In the literature, scholars referred to a number of motivations to adopt cross-border strategy such as seeking profitable international growth opportunities(Focarelli & Pozzolo, 2005; Goldberg & Grosse, 1994); risk diversification(Goldberg & Johnson, 1990); economies of scale(Sijbrands & Eppink, 1994); domestic competition(Schoenmaker & van Laecke, 2007); and the pursuit of growth in size overseas(Goldberg & Grosse, 1994). However, the firm's motivation or a strategy needs an entrepreneurial behavior that is not afraid to take risks and able to consider innovative management. While earlier scholars related entrepreneurial behaviors to innovation in technology-based(Schumpter, 1947), lately, other scholars related innovation to marketing-based, so innovation may include other activities such as those relating to the globalization of marketing and brands of firms whether manufacturing or services firms(Lopes, 2010).

2.5 Chapter summary

The current chapter critically reviews the theories that applied in examining the M&As strategies and concluded that in the seventies and eighties of the past century, most scholars, in their examination of entry strategies, were based on the transaction costs and other related approaches to the costs such as risk, uncertainty, and control approaches. These all trials were done to reduce the international transaction costs to the lowest level. It is noteworthy that these approaches supposed the perfection of the global markets and this considered an idealistic view. Then, with the emergence of globalization, countries become small villages; this decreased the costs of international transactions and emerges other important factors that have an impact on the costs of international transaction such as the host country's institutional features and the assets of the local firms. However, adopting strategy abroad required firm's specific Ownership-advantage related to resources and strategic orientation. Thus, for the reason that the global markets are imperfection because of countries' entry barriers and the need for others' resources, the current study adopts Dunning's recent view of the OLI-paradigm that combines the OLI-paradigm components, as a group. L-advantage refers to the role of the host country's institutional features in adopting the entry strategies. Ownership-advantage refers to the role of the international firm's ownership of resources and strategic capabilities, as well as to the local firms' specific resources that attracted the international firms to acquire these resources.

The next chapter clarifies which factors of the country's institutional features and of the international and local firms' resources may be responsible for adopting the foreign banks' M&As strategies.

Chapter 3(literature review –part B-): Country-level and firm-level' factors for the adoption of cross-border M&As strategies

3.0 Introduction

The earlier scholars studied the merging and partnership strategies through different main streams. Whilst one of these main streams concerned with the analysis of the motivations for the merging and partnership strategies such as gaining other's knowledge; accessing new resources; reducing the cost of growth; overcoming the weaknesses of its strategic position; strengthening its social position; and supporting its products(Eisenhardt and Schoonhoven, 1996; Das and Teng, 1997; 2000). The other main streams concerned with the dynamic factors that affected the formation of joining strategies, their functions and their outcomes. Such factors as communication and coordination of merging strategies(Stoff, 2007); the trust between management teams(Mohr and Spekman, 1994); complement resources(Harrison et al., 2001); past experience(Kale et al., 2002); and country regulations and its cultural influences(Nielsen, 2007).

This chapter concerns with the second research stream of the merging and partnership strategies that examine the factors that affect the formation of M&As strategies. This involves the host-country factors and the home-country factors. In view of that, this chapter divides into two main sections and involves the role of the host-country factors and the home-country factors in forming the bank's M&As. Table 3.1 summarizes these main sections, their main components and sub-items, which will be discussing in greater detail.

Table 3.1: A summary of the study's main dimensions and their factors.

Section	***Its main components***	***Its main factors***
3. The hosts' factors	***3.1.1 Factors of the host country institutional features (L-advantage)***	*3.1.1.1 Regulatory quality features;* *3.1.1.2 Legal features;* *3.1.1.3 Social features;* *3.1.1.4 Infrastructure features;* *3.1.1.5 Transparency features.*
	3.1.2 Factors of the local firm's resources(local-partner Ownership-advantage)	*3.1.2.1 General status factors;* *3.1.2.2 Competitive strength factors;* *3.1.2.3 Technical capabilities factors;* *3.1.2.4 Past experience factors;*

3.2 The foreign-partner's factors	***3.2.1 The foreign-partner' Ownership-advantage.***	*3.2.1.1 Bank size.* *3.2.1.2 International experience* *3.2.1.3 Technical capability and ability to provide differentiated products.* *3.2.1.4 Reputation*
	3.2.2 The foreign-partner' having specific Ownership-advantage(traits of entrepreneurial orientation).	*3.2.2.1 An inclination to take risks of international strategies;* *3.2.2.2 Being innovativeness(customer orientation);* *3.2.2.3 An inclination to enhance the coalition performance*

3.1 Drivers of the host country

The hosts' factors involve the host country's institutional features and the local firms' factors. By completing this section, the current researcher shall be answered the first research question(*RQ1.1): Why did Egypt' institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?*

3.1.1 Drivers of the host countries institutional features(L-advantage).

The countries' institutional features may represent severe challenges to the legitimacy of the existence of international firms in the host country(Kostova and Zaheer, 1999). That make the merging and partnership across the borders have challenges caused by the countries' various institutional features in terms of regulations, economic settings and cultural practices(Hitt et al.(2001). Within this context, Bhattacharya and Daouk(2002) referred to that there were relationships between the firm's ownership ranges and the countries' variations in the quality of laws and regulations. As firms are more likely to adopt a short-term rather than a long-term strategy in an improper and rough environment(Delios and Henisz, 2003). As firms will be unenthusiastic about replicating their resources and competencies in these environments that lack legal, regulatory and social support for their strategies and actions(Oliver, 1997). Thus, before adopting a long-term strategy like M&As strategies, the cross-border firms try to ensure that their international strategies have regulatory, legal, social, economic acceptability in the target country(Alvarez and Marin, 2009; Ang and Michailova, 2008; Yiu and Makino, 2002)in order to gain the host country's support for their activities(Hitt et al., 2004).

This theoretical view has been explained in Dunning(2006a)'s extension of his old OLI to involve the host country's institutional features. In his new paradigm, Dunning had extended locational-advantage parameters in terms of investment risk and market potential, to involve the country's institutional features that motivated the international firms to access other markets, such as regulations, protection of property rights and intellectual rights, effective legalization to prevent corruption, social culture in the host country, transparency in-laws and transactions.

In confirmation of that, Blonigen(2005) stated that,

> *'…the quality of institutions is likely an important determinant of FDI activity, particularly for less-developed countries for a variety of reasons. First, poor legal protection of assets increases the chance of expropriation of a firm's assets making investment less likely. Poor quality of institutions necessary for well-functioning markets increases the cost of doing business and thus should also diminish FDI activity. And finally, to the extent that poor institutions lead to poor infrastructure, expected profitability falls, as does FDI into a market(p. 390).*

The host country's institutional features that extracted from the literature (Yiu and Makino, 2002, Ang and Michailova, 2008, Pasiouras and Gaganis, 2007, Pasiouras and Kosmidou, 2007; Ul-Haq and Howcroft, 2007; Chan et al., 2008; Kaufmann et al., 2010) are

1-The country's regulatory quality features;
2-The country's legal protection features;
3-The country's social features;
4-The country's infrastructure features; and
5-The country's transparency features.

3.1.1.1 Regulatory quality features.

Regulatory quality features represent the recent view of Dunning of L-advantage as one of the main factors to adopt cross-border strategies(Dunning, 2006; Kaufmann et al., 2010). The regulatory quality features' concept captures the government's ability to formulate and implement sound policies and regulations, which permit and promote private sector development, especially the foreign ones(Kaufmann et al., 2010). The government's policies and rules can either restrict or facilitate the behaviours of decision-makers and shareholders(Thormpson, 2005).

A number of studies refer to the relationship between the country's regulatory quality features and the likelihood the cross border firms adopted of M&As in the banking field and other fields as well. For instance, Alvarez and Marin(2009)concluded from a sample of countries with different levels of development(high income, upper-middle and lower-middle economies)that the flow of foreign capitals to the host countries related positively and significantly to the host country's institutional features in terms of its regulatory quality and political features.

Within the services firms, through using logistic regression analysis of(628)cross-border enterprises in 25 manufacturing and service activities across 64 emerging and developed countries over a 10-year period, Ang and Michailova(2008) concluded that less restrictive regulatory countries considered a significant factor in the emerging economies, because of their restricted and protected policies, for the foreign entrants to adopt an equity strategy.From their longitudinal study in the European banks, Ul-Haq and Howcroft(2007) concluded that the European countries' open policies and deregulations led to having banks' alliances in a number of European counties. Using a multi-nominal logit analysis of 1400 European banks engaged in cross-border M&As strategies, Pasiouras and Gaganis(2007) concluded that host regulatory environments play an important role in the banks' adoptions of M&As strategies. This involves slight limitations on the foreign banks' activities, high disclosure standards for the foreign entrants and high capital requirements of the local banks. In another region, Guillen and Tschoegl(1999)confirmed the same result that the less restricted regulations of Latin-American countries had encouraged the Spanish banks to acquire the local banks in these countries. In contrast, Focarelli et al.(1999) found among(2449)banks in(29)OECD countries that the banking sectors of OECD countries had very few cross-border M&As strategies due to the various restrictions imposed on them, compared to other OECD' sectors.

The following is more details for the country's sound policies and regulations for promoting FDI strategies within the country generally and M&As in particular.

a. Lowering of restrictions on the foreign' full ownership.

Governments might set more restrictions on the foreign ownership of their financial firms than other manufacturing firms for a number of justifications as follows:

Firstly, sometimes governments intervene to prevent the merging of financial institutions, which might reduce the market competition and efficiency(Barth et al., 2004, Pasiouras and Gaganis, 2007). Secondly, In some countries, a number of industries avoided full foreign ownership in order to avoid a number of issues such as cross-holding in Japan and family-controlled banks in Germany and Italy(Hennart and Reddy, 1997). Thirdly, sometimes, governments might have the desire to protect the national financial firms by placing direct restrictions on foreign ownership to block the foreign takeovers in the local environment (Focarelli and Pozzolo, 2001).

Delios and Beamish(1999)referred to that when restriction on foreign ownership was one of the main institutional features of the host country, other entry strategies, except for M&As strategies, were adopted. These restrictions were like legal interference in foreign ownership and imposing unreasonable laws on foreign activities(Hitt et al., 2005). (Beamish, 1985) referred to that in highly restrictive foreign ownership, foreign firms prefer to adopt a joint-venture strategy over M&As. In contrast, the findings reached by (Contractor, 1990; Gomes-Casseres, 1990) showed that in highly deregulated countries, foreign firms preferred to adopt M&As over joint-venture. The same results were also verified in the banking firms when Kaufmann(1992)concluded that deregulations rules of the financial firms were considered the most important determinant for the foreign banks to expand internationally and to have cross-border M&A strategies. However, Buch and DeLong(2004) concluded from the dataset of 3000 mergers in the OECD that bank deregulations reduced rather than increased the merger activities in Europe and North America. Among(2449)banks in(29)OECD countries, Focarelli et al.(1999) found that the banking sectors of OECD countries had very few cross-border M&As strategies due to the various restrictions imposed on them, compared to other OECD' sectors.

b. Reducing the state-ownership of the local banks' stakes.

Sometimes governments own most of their banks' stakes with the purpose of investing in necessary projects, which benefitted the public(Gerschenkron, 1962) or with the aim of allocating the resources politically(Shleifer and Vishny, 1998). However, this policy resulted in a decline in the development of the country's financial system and economic growth(La Porta et al., 2002). Within this context, Barth et al.(2001)found out a negative relationship between state-ownership of most of the banks' assets and the efficiency, development, and stability of its financial system. This attributes to the fact that state-ownership of bank' stakes leads to greater restrictions on the banks' activities, higher restrictions on entry into the banking sector and less competition among working banks in the country.

Hence, when the governments enter into brave privatization programs, they attract private capitals and propose new actions and strategic behaviours on their banks(Kaufmann, 1992). Furthermore, they present huge opportunities for cross-border firms to enter the market to grow especially(Uhlenbruck and Castro, 1998, Kandilov et al., 2016). Guillen and Tschoegl(1999)found evidence that privatization had considerable impacts on the foreign banks' forming of cross-border M&A strategies. Since the foreign banks found such policies as smooth means to building inroads into the local market.

Megginson et al.(1994)focused on the benefits from reducing in state-ownership of the local firms in(61)firms from(18)developed and developing economies between 1961 and 1990. They concluded that there is a strong relationship between shifting the ownership from the state to private and improving the local firms' operational efficiency and growing profits. In confirmation, from(21)different economies across the world, Boubakri and Cosset(1998)concluded that between 1980 and 1992, the reduction in state-ownership of firms' stakes significantly increased profitability, operational efficiency, performance, and employment level for the firms from lower-, middle- and upper-income countries. Thus, shifting public ownership to private ownership considers the main instrument for many economic policies across the world (Hartley et al., 1991).

c. Reducing restrictions on the foreign firms' activities.

Scholars outlined a number of justifications of why countries restricted the financial firms' activities.

Firstly, a broad range of banks' activities increase their chances of engaging in risky behaviours and hence having more financial crises (Boyd et al., 1998). Secondly, a broad range of banks' activities might lead the financial firm to dominate the monetary and political issues of the country, and it might become difficult to control bank activities(Barth et al., 2004). Thirdly, a broad range of bank activities might create too complicated banks to monitor(Barth et al., 2004). Fourthly, engaging in a broad range of activities might create large merging in the banking sector and this might reduce the level of competition within the local market (Barth et al., 2004). Lastly, Pasiouras and Gaganis(2006a) mentioned that governments usually apply restrictions on the bank's activities in order to support the local banks since, they found that enforcing restrictions on banks' activities significantly impacted the local banks' ratings.

On the other hand, Scholars outlined the advantages of reducing the restrictions on banks' activities. Firstly, a broad range of bank activities enabled the banks to broaden and diversify their revenues, this generated more stable banks (Barth et al., 2004). Secondly, a broad range of banks' activities allowed the banks to exploit the economies of scale (Claessens and Klingebiel, 2001) and increased their franchise values (Barth et al., 2001).

Forcing restrictions on a bank's activities affects negatively its growth(Barth et al., 2004). Pasiouras and Gaganis(2007) stated that when some countries imposed more restrictions on the local and foreign banks, this had a negative effect on developing their strategies. Sagari(1992) and Miller and Parkhe(1998) empirically found an opposed relationship between the country's restrictions on the firm's activities and the adoption of the cross-border strategy. Given that, raising the country's restrictions on the firms' activities decreased the adoption of cross-border strategies of such firms. Within this context, Focarelli and Pozzolo(2005) found that while the economic integration amongst countries was the least important factor in encouraging foreign banks to adopt M&A strategies across the borders since foreign banks preferred to acquire equity shares in countries that demonstrated fewer restrictions on their activities. Hence, loosening restrictions on banks' activities increases M&As strategies(Sonenshine and Kraft, 2015, Choi et al., 2010). Berger et al.(2000), Burton and Hanlon(1994) pointed out that one of the key motivations for adopting M&As strategies across the borders is to achieve economies of scale; and this required easing the restrictions on the bank's activities(Claessens and Klingebiel, 2001). In confirmation, Focarelli and Pozzolo(2001) pointed out that when governments imposed restrictions on the working banks' activities, they deteriorated the industry settings, and that, accordingly, restricted indirectly the M&A strategies across the borders.

d. Having a strong supervisory power.

It is noteworthy that once a banking organisation operates within the country's regulatory and rule settings; it is subject to supervision and monitor by official supervisory power. The representative supervision unit of the country was defined as the power to take exact actions to impede and correct problems. This supervision unit exists to prevent any failure of the country's financial institutions by preventing their taking-risk behaviours and then recommending corrective actions. For that reason, and on a regular basis, the supervision unit of the country schedules the examinations to track the risks of financial institutions' activities and operations(Berger et al., 2000).

Buch and DeLong(2004) concluded from(3000)mergers that improving the supervisory unit of the target banks increased the probability of local banks' becoming targets for M&A activities. In confirmation of that, Barth et al.(2001) assured that countries that had a tough supervisory authority over their banks might become reputable targets in attracting the international banks to adopt M&A strategies. However, greater toughness by the banks' supervisory authority could be seen as an obstacle to adopting cross-border M&A strategies.

On the other hand, in some cases the weak supervision power of the local banks can be an opportunity for international banks to adopt M&As in other countries.Buch and DeLong(2004)pointed out that incidentally, weak supervision could encourage the adoption of M&A strategies across the borders, when weak supervision facilitates only bank's risky activities, and disregards any beneficial activities for the local banks. In this case, because of these risky activities, the local banks can become attractive targets for the acquirers. Ito and Rose(2009) confirmed that view by mentioning that lack of precise supervision of bank activities could lead banks to engage in M&A activities because the weak supervision unit of the local banks could cause failure to them, which could be manipulated only by M&As activities. Therefore, the weak supervision of local banks was considered an opportunity for the acquiring banks to take advantage of the situation.(Focarelli and Pozzolo, 2005), namely it might allow the target bank to be acquired as a 'lemon'(Hagendorff et al., 2012). However, still less effective supervision of the local banks might discourage M&A strategies owing to their undeveloped structures(Rossi and Volpin, 2004).

e. Having faired and free competition in the local market.

Using data from 27 countries, La Porta et al.(2000)reported that countries that practice major governing policies over their local markets and firms, were considered as poor locations for FDI. One of the country's governing policies is its full ownership of its local institutions. Within this context, Barth et al.(2001) pointed out that state ownership of local banks' assets leads to unfair competition among working banks in the local market and creates harsh restrictions on the banks' activities. Hence, when the government shifts its ownership of its local banks, for instance, that meant the policymaker cuts any monopoly within the banking sector to liberalise the competition. It is noteworthy that liberalising local competition created fair competition for all firms working in the same society by highlighting the equal chances to all country's organisations(Clements, 1994, Haque, 1996, Rentoul, 1987). Economists pointed out that reducing state-ownership of local firms created a competitive environment, disciplined the local market and contributed to improving the macro-performance of the economy. These initiatives increased the efficiency of the working firms(Ramamurti, 1992).

To conclude, there was an investigation in the dimension, the regulatory quality features, under the World Bank's broad concept of 'regulatory quality'[2] of the countries in general, in Egypt in particular(Kaufmann et al., 2010). Figure 3.1 shows Egypt's level of regulatory quality features between 1996 and 2010. According to the figure, between 2005 and 2010, Egypt's regulatory quality level was close to the midpoint level that nearly ranged from 40 to 50/100. Parallel to that, this period had witnessed a large number of M&As within the country in general, and in the banking sector particularly. That urged the current researcher to examine the recent view of Dunning of L-advantage, which took into consideration the regulatory quality features of the countries and their roles to adopt FDI strategies. Especially the country had witnessed a number of sound policies applied in its economy and in its banking sector in this period time.

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[2]Generally, the global broad concept of regulatory quality aspects captures the government sound policies to promote private sector. Such policies are the business regulatory environment, the tax regulation system, excess protectionism, unfair competition, investment profile, trade policy, price controls and liberalization(Kaufmann et al., 2010).

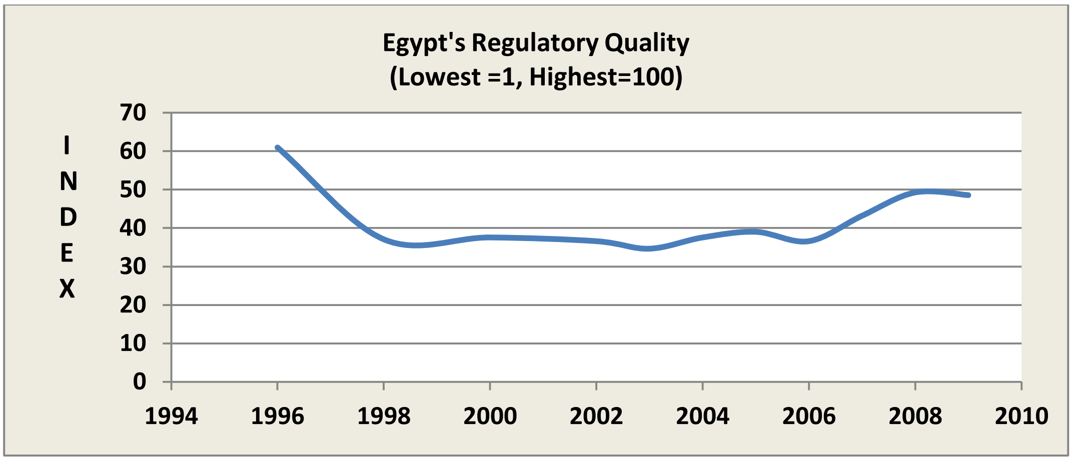


Figure 3.1: The level of regulatory quality of Egypt between 1996 and 2009.
Source :(Kaufmann et al., 2010)

3.1.1.2 Legal protection features.

Dunning's new development of L-advantage took into consideration the legal protection features of the countries as one of the main motivations for adopting any of FDI strategies. The concept of the country’s legal protection features captures the perceptions of the extent to which agents have confidence in the country’s rule of law, particularly the quality of contract enforcement and protection of others’ property rights (Kaufmann et al., 2010). Some of these rights included the accounting laws which offer the investors the necessary information to exercise their rights(La Porta et al., 1999).

Jensen(2008)stated the foreign investors may be unenthusiastic about making long-term investments in countries characterized by weak legal protection(La Porta et al., 2000). This is because the owners of private businesses will be worried about the possible protection of their assets in the absence of formal protection of their private properties. Furthermore, they will be worried about any possible hostility towards their properties in the future (Nee, 1992).

La Porta et al.(2000)stated that there were a number of countries that lacked legal protection for outsiders, which can lead to the exploitation of insiders to outsiders (La Porta et al., 1999). The lack of essential and stable legal rules for outsiders create outsiders’ high uncertainties about the target countries(Zhu and Qian, 2015). Zhu and Qian(2015) mentioned that with the individuals’ uncertainties, the costs of the international transaction would be perceived highly. This was attributed to the investor protection's relationship to the transaction costs that were associated with transferring management and production methods across the borders. North(1990) affirmed that vulnerable property rights laws of the countries cause a high perception of transaction costs for FDI that reduce the volume of foreign investments and instead cause the adoption of short-term strategies.

In view of that, Jensen(2008)referred to that the countries' laws and regulations have to protect foreign investors against any event and avoid them seeking the protection of the court in the case of opportunistic behaviours from insiders, governments, economic and political changes. Within this context, La Porta et al.(1999) mentioned that when the host country's legal laws provide the investor' legal protection against any hostile and exploitation behaviour within the country, the foreign investors will decide to invest within the country and to provide the necessary funds for their international transactions.

In the literature, several studies refer to the role of the legal protection of the foreign investors' property rights in promoting the flow of FDI in general, and M&As in particular.

La Porta et al.(1999) decided that protection of investor's property rights considers the key factor in influencing FDI flows across the countries. Furthermore, protection of investor's property rights justified the variations in the firms' governance mode strategies across the countries. However, that study examined only one aspect of the country's institutional features. Later, Choi et al.(2016) found evidence that while high-quality investor's protection in terms of the rule of law and enforcement of contracts attracts inflowing FDI, low investor's protection discourages FDI inflows to the countries. This may be attributed to the foreign investors' perceptions that low legal protection will reduce their potential gains from adopting international strategies in the target countries.

From data covering 495 firms across 25 countries, Love and Klapper(2002)concluded that strengthening the efficiency of the legal rules within the country contributes strongly to the development of the firm's corporate strategy. Rossi and Volpin(2004) analysed the determinants of M&As across 49 countries that practiced differences in-laws and regulations, as well as announced several M&A strategies in the 1990s. They concluded that through controlling other regulatory elements of encouraging M&A strategies, international M&A activities were significantly higher in the countries characterized by high protection's property rights of investors and better accounting standards. In contrast, local M&A strategies increased more in the countries characterized by low levels of legal protection for foreign investors. John et al.(2010) examined the mergers' returns as soon as they announced across the borders. They found that the mergers' returns were decreased with the country's low level of investor protection and increased with the quality of accounting standards.

Within the banking firms, La Porta et al.(2000) referred to the fact that foreign investors require extra protection whether through laws, government agencies or market participants. Libby(2008) reported that the lack of protection of property rights prevented numerous US banks from moving towards Mexico, whilst the USA's protection of property rights encouraged the movement of Mexican banks to the USA. As more investor's rights protection was viewed as an indicator for the investors' having fewer risks within the country(Choi et al., 2010).

To sum up, legal protection features were investigated under the World Bank's broad concept of 'rule of law'[3] in the countries generally, and in Egypt particularly (Kaufmann et al., 2010). This refers to the quality of contract enforcement and property rights of individuals (WB, 2009; Kaufmann et al., 2010).In general, Figure 3.2 shows Egypt's level of rule of law between 1996 and 2010. According to the figure, between 2005 and 2010, Egypt's rule of law level was nearly close to the midpoint as well. Parallel to that, this period had gripped several foreign acquisitions of the local banks.

[3]This concept 'Law of rule' captured the effectiveness of the police, courts, confidence in them, protection of intellectual property rights, property rights, fairness of judicial process and trust in it, justice in commercial matters, preserving rights and property transactions and the likelihood of crime and violence(Kaufmann et al., 2010).

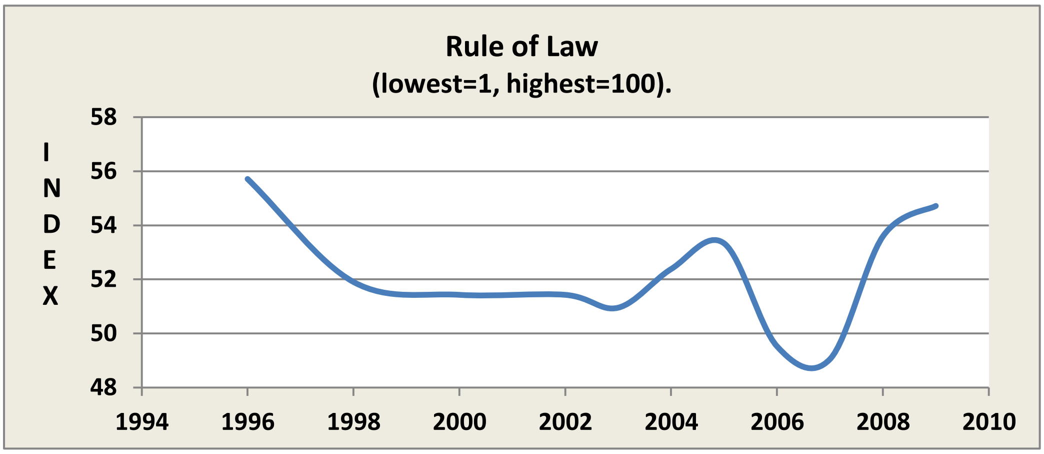


Figure 3.2: The level of rule of law of Egypt between 1996 and 2009.
Source : (Kaufmann et al., 2010).

On the other hand, According to Figure 3.3, between 2005 and 2010, Egypt had a poorer level of political stability and control over violence. The WB defined political stability as the likelihood that the government would be destabilized or overthrown by unconstitutional violent means (Kaufmann et al., 2010).

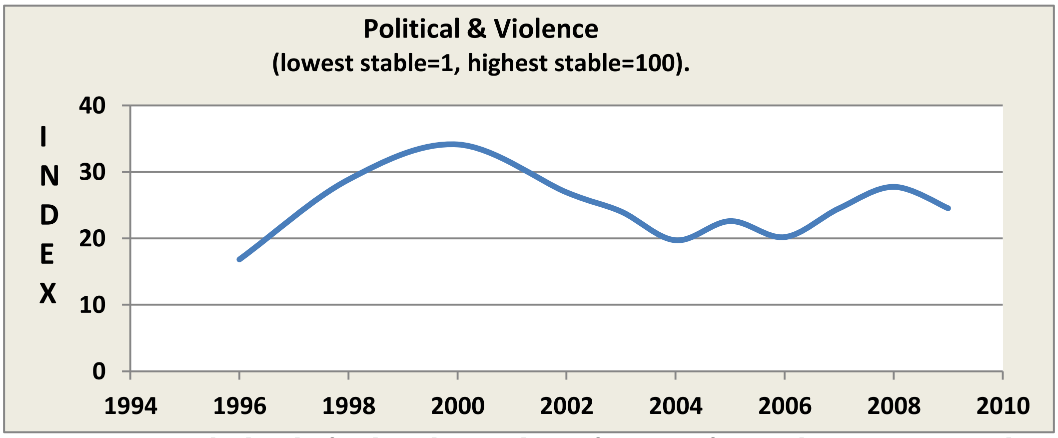


Figure 3.3 : The level of Political & Violence features of Egypt between 1996 and 2009.
Source : (Kaufmann et al., 2010).

According to Euro money's rating, a survey monitoring political and economic stability of countries around the world and evaluating the country's investment risk, institutional investor rating, and according to a survey of bankers' perceptions about creditworthy of the countries, and their risk ratings over the years 1987, 1991 and 2011, Egypt is one of the low ranking countries in political and economic stability, and this demonstrates that Egypt considered as one of the high-risk countries(September, 1987; Cosset and Roy, 1991). This also confirmed by the Euromoney index of country risk in 2011.Within this context, Gulati and Singh(1998) reported that country's political instability may impose limitations on firms to cooperate internationally. That political instability creates a more restrictive environment where the 'rule of law' is enforced and the regulatory system is changeable and this creates a higher risk for the host and home firms to cooperate internationally. While, in the extreme country's risks, changes in the country's political regime can lead to losing the assets of foreign businesses. In the less extreme risks, changes in a country's political regime may result in increasing taxes and limiting or preventing sending back the investors' profits to their home countries(Rothaermel et al., 2006).

In view of that because of Egypt'low level of political stability, high protection of the investors' property rights was needed. Within this context, Jensen(2008) referred to that, due to Egypt's political instability, foreign investors have to pay high prices for insurance for covering any forthcoming political actions, which might have a negative effect on protecting their property rights.

3.1.1.3 The country's social features

Dunning' new development of L-advantage took into consideration the social features of the countries as the motivation for adopting the entry strategies.It is believed that cross-border firms gain their legitimacy for being existence in the host country through the country's official laws and regulations(Kostova, 1999). However, this firm's legitimacy went beyond the state's official rules and regulations to be socially constructed(Kostova and Zaheer, 1999). In this context (Davis and North, 1971, North, 1990, Oliver, 1997) referred to that a firm's strategic behaviours and actions were equally influenced by the country's formal and informal institutional frameworks because both formal and informal institutional frameworks determine the appropriate choice for the firm strategy. Whilst formal institutions involved regulations and legal systems, the informal institutions included social and norm approvals and other cultural beliefs and values (Scott, 1995). This country's societal framework could restrict or facilitate the firm's preferred behaviours(Martin, 2004).

Noland(2005)referred to the role of the country's socio-cultural features as a key factor for shaping the volume of the business deals across the borders. Schneider and Frey(1985) reported that for cross-border firms to have effective practices in the host countries, they needed to take into consideration the national culture's social rules, beliefs, and value systems.

A given country's societal system developed from 'shared understandings and meanings that are embodied in the national culture'(Yiu and Makino, 2002)(p.671). The country social legitimacy was known as the organisation's acceptance within its new environment(Zaheer, 1995), and 'the degree of cultural support for an organisation'(Meyer and Scott, 1983)(p.201).

One of the country's social features that show the cultural support for the activities of cross-border firms is how extended the local culture is open to the other foreign cultures and that it has not ethnocentric orientation.

Cultural Ethnocentrism is considered a barrier to international strategy and is known as the extent to which the host culture was not in favour of foreigners(Yiu and Makino, 2002). The scholars reported that when the local culture is not opposed to foreigners, the country is trouble-free for the cross-border firms to be existing in the host country or vice versa. In this case, the international firms might take advantage of this unrestricted environment and enter the target country through whether M&As or greenfield, instead of adopting JV strategy. Furthermore, later on, the international firms could benefit from the social advantage of the target country through accumulating its social capital to form an intangible resource at absolutely no cost(Yiu and Makino, 2002).

On the contrary, in the case of high ethnocentric society, the adoption of JV strategy with the local partners overcome the drawbacks of the constrained social institutions (Yiu and Makino, 2002; Kostova and Zaheer, 1999; Coleman, 1988).

The international business studies reported several examples of how the cultural ethnocentrism could pose threats to the FDI activities. The first example was the collapse of the merger between Matsushita and MCA due to the culture clash between the two firms (McGarvey, 1997). The second example was the Japanese 'anti-hysteria' that took place throughout Nintendo's acquisition of the Seattle Mariners-the US professional baseball team-(National Review, 1992). From 38, 000 worldwide FDI practices, Noland(2005) reported that because of anti-western or anti-capitalism, the public attitudes towards foreign cultures affect negatively the foreigners' safety. This was reflected in the attacks against foreign enterprises in Europe, the United States of America, South Africa and the Middle East. In this case, FDI' staff and facilities were targeted by the locals' violent behaviours, which ranged from anger to further deadly attacks. In this case, cross-border firms were very weak in facing the locals' attacks and, also, in comparison to local firms, in dealing with the target country's dissimilar values and norms.(Kostova and Zaheer, 1999; Kostova, 1999). As a result, this increased troubles and risks between the locals and foreigners (Portes and Rey, 2005).

Within this context, Kostova(1999)justified that the greater the difference in the social structures between the home country and the target country, the greater the chances of a mismatch between the foreign management and the locals. This might result in subsequently in troubles or even the collapse of these firms. Thus, the transfer of firms' practices between the United States of America and Canada was more trouble-free than the transfer of business between the United States of America and Malaysia. This was due to the similarities between the American and Canadian social features as compared to the differences between the American and Malaysian normative institutions. Thus, Cartwright and Price(2003) reported that when the international firms selected the target country to invest in it, foreign firms preferred to invest in the countries that had the closest economic, linguistic and cultural ties.

Another country social aspect that shows the cultural support for the activities of cross-border firms was the local society's positive attitudes towards globalization settings and ideas.

It is noteworthy that cross-border firms were considered the *'movers behind globalization', which entails the removal of tariff and non-tariff barriers, liberalising the local financial and culture systems, promoting hi-tech modernization and the advent of new products and services within the host country*(Eden and Lenway, 2001). Rodrik(1997)declared that globalization settings might create pressures in the host countries, which might cause excessive reactions against the activities of cross-border firms. Accordingly, this could cause collapses within and amongst the countries.

Noland(2005) tried to investigate how worldwide investors made their investment decisions. For that reason, Noland surveyed 38, 000 respondents in 44 countries about their attitudes towards globalization and the flows of FDI. He concluded that in the studied countries there was a positive relationship between increases in FDI and the local societies' positive attitudes towards globalization. The study also found that FDI had faced significant resistance due to anti-globalization attitudes and protection against foreign beliefs, values, and lifestyles. Furthermore, the study discovered that FDI increased in the countries with increasing local acceptance of globalization within their host environments. Therefore, the study concluded that the host country's attitudes towards globalization and its implications were considered one of the country's legitimate standards that responsible for approval of the FDI within the host countries (Noland, 2005). As the locals views act as a signal of the host country's potential risks to foreign businesses, which are sensitive to anti-globalization countries. Within this context, Moeller et al.(2014) found a positive relationship between a country's socio-cultural development in terms of population, size, population growth and education level and labour skills and M&A activity. However, the role of socio-culture developments, which drive M&A activity, appeared considerably in the mature market.

According to the previous Figure-3.3- that Egypt considered one of the unstable countries politically. Within this context, Rothaermel et al.(2006) referred to that the country's political instability reflects societal tension and unrest that may create an uncertain business environment of a country, which can damage foreign business deals, in spite of that, several of M&As strategies adopted in this period. This urged the current researcher to verify the new view of Dunning of L-advantage, which took into consideration the county's social institutions and their roles for adopting the entry strategies in terms of M&As.

3.1.1.4 The country's infrastructure features

The recent view of Dunning of L-advantage took into consideration the county's infrastructure features as the motivation for adopting the entry strategies.

The infrastructure features of the country work as enterprise mediators, which make the economic activities of an organisation achievable, so, it is responsible for facilitating or restricting the firms' activities (North, 1990, Chan et al., 2008).

Scholars of international business studies investigated the quality of the country's infrastructure features and the flow of FDI activities within countries. Orru et al.(1997) pointed out that according to the countries' preparations for their infrastructures for FDI, there were significant differences between countries in the international firms' management practices. This was due to the fact that countries with better-developed infrastructure features provide much more encouraging environments for cross-border firms' operations and profitability(Bergara et al., 1998).

The country's infrastructure features divided into physical, human, and technological infrastructures. ***Physical infrastructure features*** involve the fundamental services, facilities and installations required to enable the economic system to operate properly, such as roads, railway lines and ports. ***Human infrastructure institutions*** involve experienced labour and expert systems whereby organisations can do their daily operations efficiently (Saxenian, 1994). ***Technological infrastructure institutions*** entail the home-base for the advancement of technology from which organisations can define their own viable benefits in specific markets(Porter, 1990). These prior infrastructures are interacted together to operate economically to produce suitable operations and to transfer valuable information that contributed effectively to expanding and developing the firm's activities and business.

Concerning the country's human resources, Meier(1995) pointed out that the country's education system build up the country's location advantage through supplying the local market with skilled labour. As that indicates labour productivity and competence(Demirbag and Yaprak, 2015). The country's skilled human resources are responsible for resolving any difficulties related to transferring information in the organisation, which reduced the transaction costs of the firm's activities(Khanna and Palepu, 2000a). Alternatively, unskilled labour indicates a little range for an enterprise development(Appadu et al., 2014) since employing unreliable labour within an organisation results in higher processing costs for its inputs (Khanna and Palepu, 2000b).

In the literature, there is an inconsistency about the role of the skilled human resources and the flow of FDI activities within countries, whereas(OECD, 1998; UNCTAD, 1994; WB, 1999) reported that the country's most attractive features to FDI were its human resources, which can affect the volume of FDI inflows to the country(Zhang and Markusen, 1999).Dasgupta et al.(1996)found a significant relationship between the skilled labour of Asian countries and FDI flows into these countries. Another study, by Noorbakhsh et al.(2001)concluded that liberalisation policies and the availability of skilled labour and other infrastructures explained greatly the inflows of FDI to the developing countries. So, the country's policies, skilled labour and other infrastructures considered to be a highly encouraging environment for FDI. In confirmation of that, the studies of (Cheng and Zhao, 1995, Chen, 1996, Hill and Munday, 1995, Woodward, 1992, Wheeler and Mody, 1992, Smith and Florida, 1994, Huallacháin and Reid, 1997, Hines, 1996, Head et al., 1995, Mody and Srinivasan, 1998)concluded that the countries' availability of high-quality human resources and other infrastructures attracted FDI activities inflows.

Conversely, Root(1979)found that, for 58 countries, a country's skilled labour force was not considered a significant determinant of FDI inflows. In confirmation of that, Schneider and Frey(1985)found that in the years 1976, 1979, and 1980 the skilled labour force was not considered a significant variable in 54 countries. Cheng and Kwan(2000)found also that between 1985 and 1995 the country's human resources did not have a significant effect on the FDI inflows into China. However, these results related to a particular period when the skilled labour force was not considered as an advantage to the country's location.

A further L-advantage affected FDI inflows was the countries' technological infrastructures and other country infrastructures(Blomström et al., 1999; Dunning, 2006a) since the host countries' technological capabilities increased the 'fit' between the host and foreign firms, through completing each other's technical capabilities. As the technological capabilities of the host countries weighted them up that caused them to be hosts for the FDI activities (Head and Ries, 1996, Cheng and Kwan, 1999, Cheng and Kwan, 2000). Bhasin and Jain(2015) referred to that FDI were significantly attracted to the countries that have high-quality technological capabilities, and other infrastructures. Narula(1996)studied the countries' determinants of FDI and found out that both the countries' skilled labour and technological capabilities had highly significant effects on the developed countries in attracting FDI. The same study was done, also, across developing countries and Narula found, on one hand, within the developing countries that the skilled labour had an insignificant positive effect on FDI inflows, however, on the other hand, the countries' technological capabilities levels had a highly significant negative effect on FDI' inflows, processes and performance. Narula(1996) found that countries with poor technological and other infrastructure institutions represented inadequate environment to FDI since the transfer of overseas operations into poor infrastructure countries increased the costs of international transactions. Later, Appadu et al.(2014) concluded that in the transitional stage of development, economic, financial, political and mostly technological advancements have been discovered to explain the differences in M&As activities between countries. The scholars mentioned that without support for the country's technological improvement or R&D, the country will deteriorate internally and be unable to sustain M&A activity (Appadu et al., 2014).

Concerning physical infrastructure (Asiedu, 2002, Sekkat and Veganzones-Varoudakis, 2004, Quazi, 2007; Globerman and Nielsen, 2007) investigated the countries' institutional determinants in terms of government effectiveness[4], legal and political institutions and the flow of American FDI to particular countries. It is noteworthy that government effectiveness of the countries measured by their quality levels of infrastructure features(roads, transportation, education, public services and facilities, electricity, etc…). They concluded that the flow of American FDI to the countries varied according to countries' variations in government effectiveness institutions. Furthermore, the enhancement of countries' infrastructure institutions encouraged the inflows of FDI into the countries, especially the developing countries. They also concluded that countries were unlikely to receive FDI when they failed to provide acceptable levels of government effectiveness and legal and political institutions.

It is noteworthy to mention that the countries' economic and infrastructure institutions were investigated under the World Bank broad concept 'government effectiveness'of the countries in general and of Egypt in particular(Kraay et al., 2010, Kaufmann et al., 2010). Figure 3.4 showed Egypt's government effectiveness level between 1996 and 2010. According to the figure, Egypt's government effectiveness approached the medium level between the years 2004 and 2010, which fluctuated between a slight rise and a slight drop.This period had witnessed the foreign acquisitions of the local banks.

In analysing the general trend of the country's infrastructure institutions, Loayza and Odawara(2010) analysed the trends of general infrastructure in Egypt between 1995 and 2007. According to the findings, Egypt's infrastructure performance achieved what was expected(or exceeded the expectations in some cases) at a given level of development in comparison with a number of fast-growing countries. In confirmation of

[4]The country infrastructure aspects were investigated under the World Bank's broad concept of 'government effectiveness'. Conceptually, the government effectiveness captured the individuals' perceptions about various facets of the country's facilities and services, such as quality and availability of general infrastructures(education, transportation, public services, roads and highways, basic health, telecommunication, electricity etc.); quality of bureaucracy, quality of public administration and budget management; the quality of public services; the quality of civil service and the degree of its independence from political pressures; the quality of policy formulation and implementation; and the credibility of the government's commitment to such policies which were calculated by the World Bank(Kaufmann et al., 2010)

that, Srinivasan(2005) in his working paper about Egypt's economic reform challenges, he reported that unlike developing countries, Egypt's physical infrastructure and labour force were fairly good. Empirically, by using panel data on(13)countries of MENA region(Middle East & North Africa)between the period 1985-2008, Agenor et al.(2005) studied the impact of country's arrangements for its infrastructure institutions on private investment in three countries(Egypt, Jordan, Tunisia)in the MENA region, and they concluded that the infrastructure in Egypt has positive effects on the private investments in Egypt.

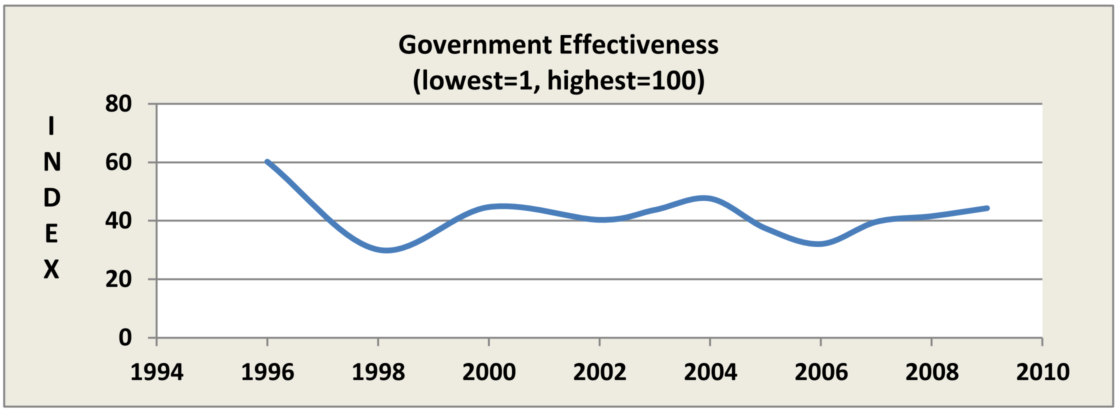


Figure 3.4: The level of government effectiveness in Egypt between 1996 and 2009. *Source* : (Kaufmann et al., 2010, Kraay et al., 2010).

Such prior discussions urged the current researcher to verify the recent view of Dunning of L-advantage, which took into consideration the economic and infrastructure institutions of the county with regard to the motivations for adopting the M&As within the country.

3.1.1.5 The country's transparency features.

Dunning's new development of L-advantage took into consideration the county's transparency institutions as the motivation for adopting the entry strategies.

In the literature, there are studies related to the transparency level within the country and the entry of FDI into the country. Mavrinac and Fiorillo(1997) mentioned that a country's transparency institutions attract foreign investments, which usually compare transparency between countries and firms in order to invest in more transparent settings. (Blonigen, 2005, Furman and Stiglitz, 1998, Florini, 1999) pointed out that poor transparency of countries leads to poor FDI decisions towards these countries since FDI decisions usually required transparent, accurate, and trustworthy information in order to assess the quality and risks for their investment portfolio.

Thus, countries have to be transparent in order to attract investments(Vishwanath and Kaufmann, 2001).

One of the determinants for the country's transparency is the accessibility of information(Kaufmann et al., 2010). As access to information provides transparency in formulating the strategies and policies of the firms(Alt and Lassen, 2006 , Armstrong, 2005, Broz, 2002, Ciborra, 2005, de Jong and de Vries, 2007, Grigorescu, 2003, Larbi, 2007). Empirically, Islam(2006) performed cross-sectional research in which a transparency index was employed to determine whether or not nations with levels of transparency were governed best. The study concluded that access to information had a positive influence on firms' governance forms.

Alternatively, the attempt to reduce the flow of information caused the country to have a low level of transparency (Kaufmann et al., 2002). Within this context, Relly and Sabharwal(2009)referred to that the unavailability of information could establish ambiguity of the firm's corporate governance. In this regard, Kaufmann et al.(2002) added that further difficulties might arise if the firm's strategy parameters are hidden since a low level of transparency indicated a high level of corruption.Within this context (Furman and Stiglitz, 1998, Florini, 1999) referred to that the outstanding and obvious information leads to a reliable assessment of the investment decisions and, in turn, leads to accurate investment decisions.

Concerning M&A activity, Buch and DeLong(2004) declared that M&As activities tend to be less frequent in countries with high-cost information, and this supports the hypothesis that a more transparent business environment encourages M&As. Therefore, this requires the target countries and firms to provide foreign investors with timely, accurate, and full information (Vishwanath and Kaufmann, 2001). Galindo et al., 2003)showed that foreign banks enter the host countries that characterized by less corruption and greater faithfulness to the rule of law. DeLong and Buch(2001) found that mergers tend to be less frequent if information costs are high, which supports the hypothesis that a more transparent business environment fosters M&As strategies. Within the banking sector (Buch and DeLong, 2004, DeLong and Buch, 2001) concluded that increasing the transparency of the countries prepared their local banks to be attractive targets for acquisition by foreign banks.

Egypt's transparency institutions were investigated under the World Bank broad concept 'control of corruption 'of the countries in general and of Egypt in particular(Kaufmann et al., 2010). Figure 3.5 shows Egypt's control of corruption level between 1996 and 2010. According to the figure, Egypt's control of corruption was decreased in the 2000s more than in the 1990s. This may be attributed to a decline in Egypt's political system in the 2000s(See the previous Figure 3.3). Rosendorff(2004) pointed out that there is a relationship between the countries' political features and their transparency levels, seeing that politicization of a country caused poor transparency and economic distortion (Menes, 1999). (Rose, 1993; Crook and Manor., 1998) concluded that there was a negative relationship between the individuals' power of speech and the country's level of corruption, because the more the individuals' participate in the country political system(the country democracy system), the lower level of corruption is there.

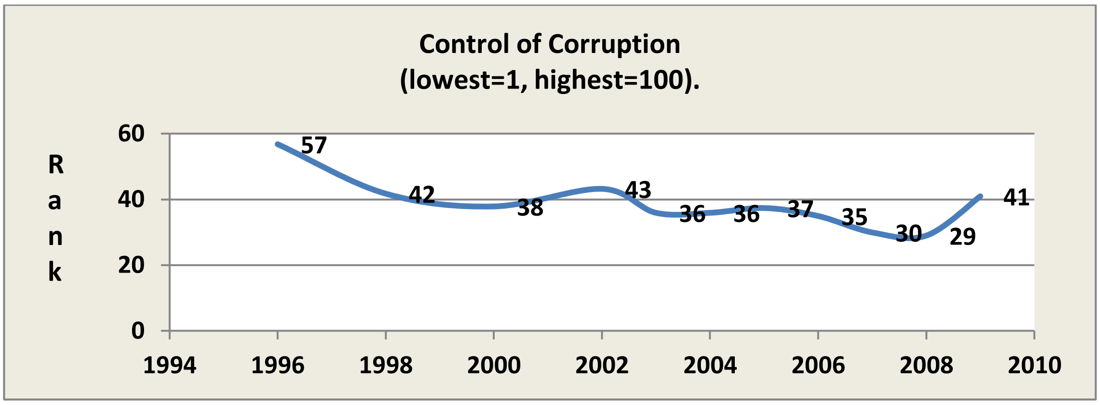


Figure 3.5: Control of corruption level within the country between 1996 and 2009.
Source : (Kaufmann et al., 2010).

In spite of that, this period has witnessed the foreign acquisition of the local banks. That has urged the researcher to verify the new view of Dunning of L-advantage, which took into consideration the county's transparency institutions regarding the motivation for adopting the entry strategies in terms of M&As.

By reviewing the definition and measurement of transparency in the literature, Florini(2007) referred to the fact that there was no common agreement on the definition of 'transparency'. That created difficulties in the transparency measurement (Grigorescu, 2003; La Porta et al., 2002). On the other hand, the international reports tried to find out a specific definition of 'transparency', for instance, Porter and Schwab(2009) measured 'transparency', by obtaining secondary data from(125)countries, by using the variable ‘clarity’. However, this definition of transparency was at the executive levels. Alternatively, at operational levels, Kaufmann et al.(2002) tried empirically to construct and measure the transparency of actions and activities. They applied an in-depth survey to measure the transparency of activities in Bolivian public institutions. Kaufmann et al. measured transparency by using different items, they are ‘the political and parties’ connections within the institution’; ‘individuals' voices’ and ‘the transparency of activities and actions within the institution’ (Kaufmann et al., 2010, Kaufmann et al., 2005, Kaufmann et al., 2002). ‘The transparency of activities and actions’ was involved in the current study to indicate to what extent there was a transparency in the activities and actions within the institutions by using the variable items ‘applying obvious procedures of the activities within an institution’; ‘full understanding of institution's activities and actions’ (Kaufmann et al., 2002). These determinants of transparency harmonized with the World Bank definitions.

Based on the preceding arguments of the prior dimensions stated in the points: [3.1.1.1]; [3.1.1.2]; [3.1.1.3]; [3.1.1.4] and [3.1.1.5], the first research proposition is suggested as follows:

(*P1*):*‘A foreign bank’ motivation to acquire the local bank encouraged positively by a number of criteria related to the host country’s determinants, they involved the country’s regulatory quality features, legal protection, social features, infrastructure features and transparency features’.*

3.1.2 Drivers of the local-partners(specific Ownership-advantage)

Barney et al.(2001) referred to that ‘hosts’ are developed their ‘resources’ to be attractive to the international firms. However, the process by which local firms can make themselves attractive to the potential foreign partners is less well understanding. Therefore, the current section will explain that in detail.

According to the RBV, there are two interrelated motives for firms to merge their resources with others, which are(1) to obtain others’ resources; and(2) to retain and develop one’s own resources by merging them with others’ resources (Das and Teng, 2000). So, firms use alliances or mergers/acquisitions to obtain resources possessed by other firms that are valuable and essential to achieve a competitive advantage. Scholars referred to that international firms may enter foreign markets and merge their resources with others to utilise the local-partner’ resources such as local facilities, knowledge, relationships (Beamish, 1987, Yan and Gray, 1994) and technological capabilities and expertise (Teece, 1992).

Within international business (Glaister, 1996, Tatoglu and Glaister, 2000) found a high-level relationship between the partner-firms owning of specific resources and the engaging in collaboration strategies across the borders, as firms are merged across borders to exchange tangible resources such as financial resources, management skills, and technology applications or to exchange intangible resources such as tacit knowledge(Gomes-Casseres, 1988, Glaister and Buckley, 1998). Within this context, Eisenhardt and Schoonhoven(1996) mentioned that firm' owning specific resources abroad reflect its quality.

In the service firms, Merrett(2002) found that having access to others’ resources, especially, the cheapest resources, was considered one of the Australian banks’ motivations to expand into new markets. That view is consistent with the resource-based view, which highlights the essential role of owning valuable resources in adopting international strategies(Sun et al., 2012). Barney et al.(2001, 629-630) stated that

> *'RBV contributes to foreign entry mode research by suggesting that such strategies are forced by the resource capabilities of firms abroad as well as by the firm-specific advantages possessed by the MNC'.*

The following part is a review of the local-partner resources that attracted the foreign-partner to combine its resources with the local one.

3.1.2.1 The general status of the local-partner

Usually, the acquiring firms search for the overall status of the acquired firm, which involved its reputation and financial performance whether the acquired firm is profitable or non-profitable.

Concerning the local-partner's reputation, recent evidence proposes that a firm's reputation plays an important role in selecting potential partners in international strategies((Hitt et al., 2000). As the target-firm's reputation increases trust in the local firm because it provides more details about the firm's history, which reduces the other partner-firm's perceived transaction costs (Rao, 1994, Bigley and Pearce, 1998, Suchman, 1995, McAllister, 1995). Firms from emerging and developed markets preferred the partners that have a strong positive reputation(Hitt et al., 2000). This is because target-firm's reputation is expected to provide more dynamic human capital and to increase the technical capabilities of the investing firms (Cattaneo et al., 2014). Furthermore, reputation was discovered to be a significant indicator of M&As performance(Chalençon et al., 2016).

In the service firm, Buch(2000) found that by acquiring an existing bank, the entrants do not need to build their reputation in the local markets, as they can exploit the acquired banks' reputation and their existing deals and relationships. This shows why banks choose acquisition strategy rather than setting greenfield operations. Nielsen(2003) referred implicitly to the role of reputation in forming cooperation strategies with others when he concluded that a previously experienced local-partner is chosen to collaborate with an international partner since a previously experienced partner indicates its reputation and local knowledge.

Concerning the target-firm's financial status and performance, scholars referred to the importance of the financial performance of the acquired banks. According to (Wheelock and Wilson, 2000) that highly profitable banks are apparently being acquired. They added that highly profitable banks are usually with small capitals.

3.1.2.2 Owning of competitive strength criteria

It is noteworthy that local firms are selected according to specific indicators that could achieve competitive advantages for the new entrants in the new environment in a short time. Nielsen(2007) referred to the fact that achieving competitive strength criteria is considered one of the main objectives of adopting coalition strategies, which decided by the local partner's size and its high-quality assets.

Concerning the local partner small size, the scholars referred to the fact that small-sized banks are preferred in merger strategies, thus, they are considered targets to engage in M&As since small sizes banks enable the merger to achieve economies of scale (Wheelock and Wilson, 2000). This demonstrated why the acquiring banks achieved abnormal returns as soon as announcing their acquisitions of small firms rather than the acquisitions of large firms(Moeller et al., 2004). Furthermore, large-size firms are considered much more difficult to properly monitor than small ones(Choi et al., 2010). However, a small size firm could cause acculturation problems after the acquisition, because of its small number of employees (Larsson and Lubatkin, 2001). This owes to that the foreign acquirer tends to underestimate the value of the target-firm's slight volume of human resources, and this in turn causes acculturation problems(Walter, 1985). Thus, it is important to link the target-firm's size to the acquiring firm's size in order to avoid post-M&As' acculturations problems(Hambrick and Cannella, 1993).

Concerning the local-partner' assets, the scholars referred to that through only equity strategies, the firm's assets could be more accessible when one firm provides essential assets to the other firm, especially, the financial assets. These assets are very important for the other firm(Hennart, 1988, Borys and Jemison, 1989). Based on 121 firms(63 Chinese firms, and 58 Russian firms), Hitt et al.(2004) related the host country's institutional settings to the selection criteria of the other partner-firm in the transition and emerging economies. They concluded that in more supportive institutional settings of the country, firms focus more on the other firm that owned intangible assets, technological and managerial capabilities. In contrast, in less supportive institutional settings, firms focus more on the other firm that owned financial and complementarities assets to cope with the unstable environment.

In the service firms, Pasiouras and Kosmidou(2007) pointed out that the financial assets of the other firm are one of the main motivations for the banks' merger because having access to the tangible assets would reduce output costs(Glaister and Buckley, 1998).Akhigbe et al.(2004)reported that there is a greater likelihood of a bank being acquired when the acquired unit had a higher capital-assets ratio and a higher ratio of core deposits to assets. Their conclusions were drawn from data on 254 acquisitions, which took place between 1987 and 2001. However, (Moore, 1997, Wheelock and Wilson, 2000) found that capitalized-banks would be less attractive to the potential of being taken-over because they would achieve minor gains even, from the better management of these resources.

3.1.2.3 Owning of technical capability criteria.

Technology and know-how capabilities considered essential elements when firms combined their resources with others (Simonin, 1997). (Angwin, 2001, Nielsen, 2003) referred to the common motivations for entering into international merger strategies for European cross-border deals. That revolves around gaining access to expertise and/or to tacit knowledge of the local partner-firms. That enables firms to build and increase their market shares in the new environment. Within this context, Glaister and Buckley(1998) pointed out that international merger strategies are formulated mainly to manage the lack of knowledge, because access to the local knowledge and regulatory factors enable the international firms to gain access to the local market. In confirmation of that, Glaister(1996) referred to the fact that the larger firms take advantage of smaller one for its tacit knowledge for the local market.

Within this context, Hitt et al.(2000)found that while firms, especially from the developed countries, usually search potential firm-partners that could provide tacit knowledge about the local markets. Firms, from emerging countries, usually search potential firm-partner that could provide technological competences in order to balance the shortage of their economies and infrastructures. This is owing to that the local-partner’ degree of knowledge and technology capabilities, after the merging, will affect their abilities to match with the recent technology and mechanisms of processing the knowledge.

According to the resource-based view and organisational learning the outcomes of merger strategy can be realised by operating the partner-firms’ resources whether tangible or intangible (Simonin, 1997, Simonin, 1999). While gaining access to the tangible resources could reduce output costs, gaining access to the intangible resources such as tacit knowledge could assist the cross-border firm to access the local market and regulatory (Glaister and Buckley, 1998).

3.1.2.4 Owning of positive prior experience with the foreign partner.

(Khanna et al., 1998; Kogut, 1989) mentioned that when expanding globally, the international firms prefer to cooperate with previous partners to reduce the merger costs and risks. This is due to that the recurring relationships with the host firm and country enable the international firms to build trust between members of the merging firms. This facilitates the effective management of the merger and sustains the long-term strategies(Doz and Hamel, 1998, Gulati, 1995b). Barkema et al.(1997) mentioned that in an overseas environment, recurring operations in the same country inform the overseas investors about the host firm and its markets. Therefore, the overseas investors gain what the scholars called 'double-layered acculturation'.

Nielsen(2003) concluded that previous experience with the local-partner' operations was more significant in equity strategies than in non-equity strategies. Confirmed with that AL-Khalifa and Peterson(1999)concluded that a previous partner considered a fundamental feature in shaping an international equity strategy. Within this context, Nielsen(2003) justified that previous experience with the other firm partner facilitates the control of any potential risks that might arise from others' behaviours in the new hierarchical system because a previous experience with the other firm partner reduces the uncertainty and cultural differences between the potential partners' members. Merging with 'old friends' could reduce effectively the merger's internal risks and also reduces miscommunication between organisations' members(Axelsson and Johanson, 1992). Sabel(1993) pointed out that a previously related partner builds social capital criteria, which creates trust amongst the individuals of the merged parties.

In the equity strategies, for instance, joint ventures with Western European firms, Danish firms favoured a previous partner that grants trust between the member teams (Nielsen, 2003). In confirmation, other studies by(Haleblian et al., 2006; Nadolska and Barkema, 2007) referred to that previous experiences with host countries create recurring actions such as acquisitions in the same country. In contrast, in a study of M&As between American and Swedish firms across borders, (Larsson and Lubatkin, 2001) found that American mergers depended more on unrelated partner-firms than in the case of Swedish firms.

A study by Collins et al.(2009)discovered that mergers strategies were based mainly on past experiences with the host country because learning through past experience with the host country could provide supplementary experiences of the host country and its firms. This considered a tool for international firms to repeat other strategies in the same country rather than existence in new or inexperienced environments. Furthermore, the study concluded that the potential acquisition strategy is likely to take place in the previously known countries because the acquiring firms had already internalized local information in the host environment, which makes it easier for them to deal with the host country's intellectual routines.

In confirmation of that, Hitt et al.(2004) referred to the fact that experiencing with a particular environment provides an insight for the firm's future activities in the same country. For example, learning about Germany's legal system through previous international strategies was much more supportive in doing subsequent acquisitions in Germany rather than in Mexico where the legal system was quite different and obscure. Therefore, gaining experience in a particular environment was most predictive for any firm's future activity in the same country (Hitt et al., 2004, Barkema et al., 1997). Li and Ferreira(2008) referred to the fact that the selection of 'old friends' was considered a salient driver in the emerging countries to reduce the risks of increasing costs from the country's ineffective institutions.

By that view, previous experience supports both the transaction-cost view and the resource-based view since positive prior experience reduces the uncertainty of the project and environment(transaction-cost)and helps to gain access to the local cultural routines and regulatory framework by means of merging with a pre-known partner(Nielsen, 2003).

Based on the prior arguments mentioned in [3.1.2.1; 3.1.2.2; 3.1.2.3; 3.1.2.4], the second research proposition is suggested as follows:

(P2):'A foreign bank's motivation to acquire the local banks in the Egyptian context was encouraged positively by a number of determinants related to the local banks; they involve the general status of the acquired banks, competitive strength criteria, technical capability criteria and an existing of a positive experience with the local bank'.

3.2 Drivers of the home country: the international-partners' ownership of specific resources and strategic orientation(Ownership-advantage).

This section focuses on the first part of the study's second main question; the role of foreign partner' Ownership of specific resources, and strategic capabilities with respect to the adoption of international strategies.

First, the next section explains the role of the foreign-partner' taking advantage of its ownership of specific resources to adopt M&A activity.

3.2.1 The international-partner's Ownership-advantage of specific resources

Resources are very important for firms to grow since resources can drive the firms' strategies and expand internationally(Luo, 2000). When firms own specific resources to be exploited externally, so, the firm has an ownership-advantage. It is noteworthy that the key precondition to engaging in foreign investments is that a firm must possess some unique competitive advantage, or firm-specific advantages. Firm-specific advantage, at the simplest level, is non-location-bound, easily transferable across borders, it can be either a functional, production-related proprietary asset, typically technological, manufacturing, or marketing know-how, or an organisational capability to efficiently coordinate and control the multinational company's asset base. Hence, the firm-specific advantage concept covers a very broad set of unique company strengths of competencies and capabilities(Filippov and Settles, 2011).

That view confirmed by the earlier scholars, firms must have specific advantages of an exact product/service over other firms to enable them to invest these advantages in distant countries. Examples of such advantages are having superior manufacturing and distributing functions and negotiation expertise responsible for having production factors at lower prices, having specific knowledge and technology capabilities responsible for managing the firm's activities efficiently, or having superior distribution facilities or differentiated products. In this case, a firm with specific advantages may realize that it is profitable to merge its production/services in a foreign country. This is decided according to the imperfect degree of the firm's resources in the target market(Hymer, 1976). Thus, specific advantages of the international firms can facilitate their international strategies.

In the service firms, (Miller and Parkhe, 1998; Sabi, 1988)referred to that banks must own specific Ownership-advantage that enable them to extend their operations into other national markets, and, hence, make profits. Madhok(1998) referred to the fact that cross-border banks may exploit their Ownership-advantage to enter the foreign markets mainly as FDI or hierarchies where control is high. Examples of such Ownership-advantage are bank size, international experience, reputation, technology edge and having the capability to offer distinguishing services. These resources help the firms to exploit the emerging opportunities in both home and host markets. Especially when firms, from the emerging markets especially, lack tangible financial, human, and physical resources(Luo, 2000).

Here are more details about the firms' Ownership-advantage:

3.2.1.1 Bank size.

Firm size is considered one of the firm's Ownership-advantage that the international firm may exploit to enter the foreign market. Firm size is an approximate indicator for the firm's value (Valkanov and Kleimeier, 2007); it has different implications about the adoption of international strategy, whereas Hannan and Rhoades(1987)found out an insignificant relationship between foreign firm' size and the adoption of merger strategies across borders. Wheelock and Wilson(2004) found out that the firm's size increases the possibility of entering into merger strategies. In confirmation of that, O'Keefe(1996) discovered that engaging in mergers increases with firm size.

Within the services firms, Carnerio(2006) referred to the fact that a firm's size is considered an explanatory variable influencing the internationalisation of services. In confirmation of that, Focarelli and Pozzolo(2001)discovered that bank size is a substantial factor in cross-border M&As. Valkanov and Kleimeier(2007) added that the bank size was considered one of the most significant determinants of merger activity for both acquirers and targets. However, the buyers are significantly larger in size than the target-firms. Within this context, Vander Vennet(1999)found out that the acquiring banks tend to be larger and more competent than their targets. Valkanov and Kleimeier(2007) referred to that the acquir134ing firms are usually larger because they have more funds to afford the acquisition strategy, whereas the acquired firms are smaller than the acquiring firms, and, thus, they are cheaper and easier to purchase, Tschoegl(2004) discovered that most of the largest subsidiaries of foreign banks in the

USA were the largest banks among other banks in the local markets. It is noteworthy that large size entities enable banks to transfer their scale efficiencies to the host markets at a lower cost and to compete with local organisations.

Furthermore, the international banks can make use of their large size to be selected as partners in cross-border coalition strategies. Wheelock and Wilson(2002)pointed out that the larger acquiring banks with a recent history of rapid growth tend to be as attractive acquirers in the mergers strategies. This is due to the fact that larger acquiring banks tend to achieve better diversification in the local market (Choi et al., 2010) since the banking system composed of few large-size banks will be less risky than that banking system composed of various small size banks. Furthermore, a few large-size banks are easier to be monitored than many small size banks (Allen and Gale, 2000). The bank's size measured by the bank's total assets or total employee volume (Wheelock and Wilson, 2004).

3.2.1.2 International experience.

(Gulati, 1995) mentioned that international experience of operations is considered an essential factor in selecting the international partners in the international strategy since experienced firms of international activities create trust and reputation. Furthermore, according to the resource-based view and organisational learning perspectives, involving in international activities considered as a vehicle to develop a new firm's knowledge and skills(Mothe and Quelin, 1998) that contributes to shaping firms' international experiences(Mohr and Spekman, 1994). Additionally, an experience is considered a complementary resource that reflects the knowledge quality of the firm's management team. It is a firm-specific intangible resource that facilitates firm's international operations(Barney et al., 2001; Mothe and Quelin, 1998; Mohr and Spekman, 1994). In the literature, international experience is defined as accumulations of years of experience in decision-making and is measured as to how greatly the bank's managers have functional experiences of international operations(Barney et al., 2001).

In the literature, there are arguments about the importance of international experience in adopting M&A activity. (Davidson, 1983) concluded that high control strategies such as M&As or greenfield relate to internationally experienced firms as they are more confident, more known to markets and more willing to take risky strategies. A study by (Barkema et al., 1997) have related the existing mergers to the existing prior experience of merger activities. In confirmation of that, (Hitt et al., 2000) found out that previous experience of international activities considered a significant predictor factor related to the selection of potential partner-firms in emerging and developed markets. When selecting international partners in partnership strategies, Nielsen(2003) concluded that firms, with no prior international experience, may prefer the other partner with international experience of previously collaboration strategies.

Anand and Khanna(2000) concluded that firms with previous experiences in managing various mergers activities are more successful firms than those firms that do not have prior experiences. This is because the accumulation of previous experiences of mergers will enable firms to create value and generate higher market returns. Anand and Khanna argued that the previous experience is a pointer to the merger's future success, as previous experience helps the merging firms to coordinate their resources and internal processes accurately and quickly. Lei and Slocum(1992) ascribed the merger's failure to the lack of prior experiences of the merger activities.

In contrast, Zejan(1990) pointed out that cross-border M&As are not related to experienced firms. In confirmed with that, Kale et al.(2002) referred to that international experience is only necessary for creating a merger's competencies in the long-run, and therefore, it could not be considered an indicator for forming and managing the mergers' strategies. This is because, without any existing prior international experiences, many firms could be involved in mergers' activities across the borders. In confirmation with that when Powell et al.(1996) pointed out that prior experience of international mergers' strategies is actually important to handle the portfolio of the mergers since it accumulates specific capabilities to get the planned results.

3.2.1.3 Technology edge and the ability to develop new services.

Firms may exploit their Ownership-advantage of technology capabilities to adopt international strategies (Tschoegl, 2001). A firm's innovation performance can be enhanced, in international strategies such as M&As, through expanding their technical and technological knowledge (Ahuja and Katila, 2001). According to firm-level economic theories of technical change that a firm’s productivity growth is an outcome of expanding technological knowledge (Griliches, 1986).

In service firms, Qian and Delios(2008)referred to the fact that superior technology and know-how are considered bank’s Ownership-advantage that enable the bank to compete in foreign markets at a low cost. (Carnerio, 2006) referred to that cross-border firms exploit their technological capabilities to offer a rather complicated service capable of competing severely in the local market. Furthermore, when selecting international partners , (Nielsen, 2003, Nielsen, 2007) referred to that in equity strategies, firms emphasize the technological capabilities and applications of the other international partner to harmonize with the most advanced and promising technology applications. This progressive technology strengthens the technological capabilities of the firms in a host country(Sun et al., 2012). Within this context, Glaister(1996)mentioned that smaller firms are usually merged with the larger firms in order to exploit the larger firms’ technology edges and patents.

3.2.1.4 Reputation

According to RBV, a firm’s reputation is considered one of the main assets of the firm that granted the firm’s Ownership-advantage to be exploited in foreign markets (Qian and Delios, 2008). The firm’s reputation is socially constructed through the firm's legitimacy. This legitimacy emerged from *external and internal sources. The external sources* involved the business press and the news articles about the firm, which reflects its past actions, capabilities, and stability. *The internal sources* involved the firm’s staff experiences, qualifications, and professional qualifications. These internal and external sources help to build the firm’s reputation as to both outsiders and insiders(Bigley and Pearce, 1998; Bigley and Pearce, 1998; Suchman, 1995).

In the service firms, scholars identified a number of features of reputable acquiring banks, and it is those high-quality banks that make a good reputation by being profitable (Peristiani, 1993)and better capitalized (Wheelock and Wilson, 2000). Others identified a relationship between the cross-border firm’s prior international experiences and its reputation. Gulati(1995) concluded that firms with greater prior experiences of merger activities certainly create trust and reputation.

When selecting the international partners, a firm's reputation is considered an implicit asset that provides trust between the partner-firms and determines the extent to which the firm is trusted(Williamson, 1975, Das and Teng, 2000). (AL-Khalifa and Peterson(1999) found , from the sample of 42 cross-border alliances in Bahrain, that the selection criteria of the international partner-firms in alliances strategies were linked to the partner's related criteria rather than the task-related criteria. The partner-related criteria were associated to reputation, experience, knowledge of the local market, and the features of CEO. In this context, Bigley and Pearce(1998) mentioned that a firm's reputation increases trust about the partner-firm since others knew about the firm's features and behaviours which reduced the ambiguity about the partner-firm's behaviours.

Based on the prior arguments of the sub-points [3.2.1.1, 3.2.1.2, 3.2.1.3, and 3.2.1.4], the third research proposition is suggested as follows:

(P3)'A foreign bank's motivation to acquire the local banks encouraged positively by the banks'exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation.

3.2.2 The foreign-partner having specific strategic capabilities and orientations.

As seen prior that the host country's institutional features considered a significant motivation for the firm's adoption of strategic actions across the borders(Lau and Bruton, 2011). In this case, firms employ their tangible and intangible resources to attain these available opportunities in order to achieve enduring growth and gain high returns. A part of the firm's strategic intent is that the firm's cognitive analysis should discover the opportunities of the external and internal environments(Hitt et al., 1997). Morgan and Strong(2003) referred to that any new strategy of a firm is not formed autonomously but is developed as part of the firm's strategic orientation. The strategic orientation of a firm works according to the premise that a firm's strategic action reflects its main strategic beliefs and attitudes in its field(Hitt et al., 1997). At the international level, scholars (Nummela, 2004; Lau and Bruton, 2011; Bruton et al., 2010; Zhou, 2007; Pittino and Visintin, 2009; Venkatraman, 1989; Li and Li, 2009) referred to that the firms' strategic orientations are considered behind the firms' adoptions of cross-borders strategies since the firm' strategic orientation can provide firms with dynamic capabilities to engage in cross-border activities(Hitt et al., 2002).

Thus, the current section focuses on the second part of the study's third main inquiry that is the role of strategic orientation and capabilities and the adoption of international strategies.

3.2.2.1 *The foreign-partner having a specific Ownership-advantage of entrepreneurial behaviour.*

Knight and Cavusgil(2004) referred to that a firm' strategic approaches that contributing profoundly to building a firm strategy, and to creating appropriate firm behaviours to interact within its environment to survive and to grow across the borders, they are as follows. The first approach is "***1.defensiveness***", which reflects the firm's strategy of defence of its own products and markets through cost reduction and efficiency. The second is "***2.aggressiveness***", which is opposite to defensiveness and refers to the firm's inclination to take actions that enhance its market position faster than competitors do, whether through developing its product, market share, competitive position or high investment in the short-term. The third is "***3.analysis***", which considers the most important feature of decision-makers by getting deeper into the roots of the firm's problem to create possible options that can achieve the chosen goals by focusing more on the internal consistency of the firm's resources. The fourth is ***"4.riskiness",*** which represents the extent of riskiness that the firm tolerates in resource allocation decisions as well as in selecting products and markets. The fifth is ***"5.futurity"*** of the firm, which focuses on the long-term concerns rather than short-term concerns and the preferred future that the firm plans for, so it pays attention to environmental trends as well as customer choices. Finally, the ***"6.pro-activeness"*** approach, by which the firm keeps searching for the market opportunities, and possible responses to the shifting environment are at hand(Venkatraman, 1989).

It is noteworthy that the above-mentioned strategic approaches are more relevant to a firm's entrepreneurial capability (Autio et al., 2000). In detail, while the strategic approaches: *'aggressiveness'*, *'analysis'*, *'futurity'*, *'pro-activeness'* and *'riskiness'* regard as straight signs of the firm's entrepreneurial orientation(EO)(Sarkar et al., 2001) to exploit market opportunities and to take proactive actions whether locally or internationally(Li and Li, 2009; Zhou, 2007). The other strategy *'defensiveness'* is related more to face severe competition in the market. Knight and Cavusgil(2004)mentioned that entrepreneurial firms create organisational capabilities responsible for developing these strategic approaches, which leverage a collection of intangible capabilities that promotes the earlier adoption of international strategies.

Nummela(2004) found a relationship between the firm's entrepreneurial orientation(EO) and the adoption of entry strategy. In confirmation of that, various scholars referred to the significant role of a firm' entrepreneurial behaviour in shaping a firm's international strategy, where EO facilitates a firm' willingness and capability to embark on global strategies(Toyne, 1989; Matsuno et al., 2002; Dimitratos et al., 2004). Zhou(2007) referred to that engaging in international strategies requires a firm's EO for motivating them to engage in the global stage, without considering uncertainties and risks(Liu et al., 2011). Seeing that EO enables firm in exploiting opportunities in the external environment, to take proactive actions and then, to take risks of strategies across the borders(Zhou, 2007; Li and Li, 2009).

From the Ownership-advantage view, it is believed that a firm' Ownership-advantage is interpreted to be a measure of the net wealth occurring from past entrepreneurial activities; thus, EO has a dynamic role in Dunning's eclectic paradigm(Casson, 1986). In confirmation, (Barney, 1991; Dunning, 2006a) mentioned that a firm' EO reflects its intangible capability, which might increase its ability to involve in any entry strategies. Thus, Zhou(2007) reported that the extent to which the firm had EO is what makes it more driven to adopt international strategies. As EO is responsible for the development of a firm' organisational values, which revitalising a firm's strategic orientation, and promotes for adopting strategies across borders(Guth and Ginsberg, 1990; Zahra and Dess, 2001, Hayton et al., 2002).

The scholars have distinguished between the limited and broad definitions of entrepreneurship. While a narrow definition of entrepreneurship involved the formation of a new venture with an expansionist orientation in small and micro enterprises(Bhide, 2000). A broad definition of the entrepreneurial firm is about the renewal of a firm's strategic orientation and the development of organisational values promoted strategies across borders(Guth and Ginsberg, 1990**;** Zahra and Dess, 2001**;** Hayton et al., 2002). The current study adopts the broad meaning of entrepreneurship, which defined by Zhou(2007) as

> *'the firm's inclination to engage in the entrepreneurial process, practice and decision-making characterized by pro-activeness, innovativeness and risk-taking'(283)*.

The mechanism of entrepreneurial behaviour and its relation to the adoption of international strategies can be clarified through two main routes: *the first route* is about a firm' reacting continuously to its market, so, in this case, a firm shapes its environment(Sarkar et al., 2001). *The second route* is the firm's willingness and capability to learn dynamically by searching for new knowledge across national borders, such activities facilitate early entrepreneurship(Oviatt and McDougall, 2005). For instance, entrepreneurial firms keep searching for environmental opportunities, and at the same time, possible responses to the shifting environment are on hand (Venkatraman, 1989; Lau and Bruton, 2010; Lau and Bruton, 2011, Liu et al., 2011).
The following is more explanations of the entrepreneurial behaviour and its components.

3.2.2.1.1 Having a risky capability

(Toyne, 1989; Zhou, 2007; Lau and Bruton, 2011) concluded that entrepreneurial behaviours such as being proactive, taking risks, aggressive and being innovative enable firms with the dynamic capabilities to cope with the internal and external environment settings, and then to embark on global strategies. Zhou(2007) investigated the entrepreneurship role and the adoption of strategies across borders. The study applied the factors: *being proactive, risk taking, and innovativeness* as measurements of an organisation's entrepreneurial role in the adoption of merging strategy in the global market. Zhou concluded that the extent to which managers are proactive, risky, and innovative determines the extent managers adopt early international strategies.

In this context, Lau and Bruton(2011) referred to that like other entrepreneurial traits: aggressiveness and analysis; riskiness behaviour could strengthen the firm's intangible capabilities in adopting international strategies such as JV and M&As. Riskiness strategy reflects the firm's willingness in taking risks regarding global strategies(Zhou, 2007). And it reveals that to what extent the firm tolerates the risks of allocating resources to a new strategy and taking risks in its actions(Venkatraman, 1989; Miller, 1979; Covin and Slevin, 1989; Lau and Bruton, 2011; Zhou, 2007; Liu et al., 2011). Thus, riskiness traits considered to be one of the firms' unique capabilities(Autio et al., 2000). These findings were confirmed by Liu et al.(2011)'s conclusions that both being proactive and riskiness helped firms, especially from emerging economies, to have unique capabilities to engage in the global stage without considering uncertainty and risks.

Usually, the risk-taking firms preferred to engage in risky strategies rather than to only survive(Zahra, 1996). This is because the risky firm is more likely to undertake risky strategies in an uncertain environment since the risky firm tolerated the potential risks related to uncertain gains(Lau and Bruton, 2011; Zhou, 2007; Liu et al., 2011). Alternatively, usually, the conservative firms challenge the adoption of risky decisions in risky environments, hence, that challenges any unusual strategic decisions such as cross-border strategies(Lau and Bruton, 2011; Zhou, 2007; Liu et al., 2011).

3.2.2.1.2 Having an innovative capability.

Scholars have suggested a number of reasons for M&As: (*1)to expand into new markets,(2)to extend new products/services,(3)to form a substitute location for a R&D, (4)to exploit industry settings through formulating a business,(5)to handle overcapacity in a mature industry, and(6)to move back competition*(Bower, 2001). The initial three reasons demonstrate that the acquisition of another firm considers as a strategic tool to accelerate the firm's innovation by gaining access to new products/services, resources, expertise and knowledge(Shuen et al., 2014). Seeing that, an innovative firm, as a part of its entrepreneurial traits, looks for new opportunities across its borders to exploit its new products/services(Kumar et al., 1998). Accordingly, adopting international strategy and acquiring another firm can enhance firm innovation whether its process or product(Adner and Levinthal, 2001).

- *Concerning the process*, an acquiring of another firm allows the two firms' resources to be merged, and that creates synergies between complementary resources, which reduces production costs since scale and scope economies achieved(Singh and Montgomery, 1987).

- *Concerning the product,* an acquisition can foster new organisational models and gaining access to the research and innovation capacity of other firms easier, and allowing it to access new knowledge that leads to a faster introduction to the market(Ferraris et al., 2017).

The current study depends on Zhou(2007)'s measurements of the EO that is composed of three elements: *being proactive, innovativeness and riskiness.* It is noteworthy that originally are being proactive and innovative and risk-taking were developed by Venkatraman(1989) and Miller(1979) who measured initially a firm's strategy through six dimensions, namely being proactive, aggressiveness, riskiness, analysis, futurity and defensiveness, which were afterward examined by various scholars (Covin and Slevin, 1989; Morgan and Strong, 2003; Lau and Bruton, 2011; Liu et al., 2011; Zhou, 2007). However, the current researcher employs only the two variables *'innovativeness' and 'riskiness'*, as riskiness and innovativeness have the characteristics of proactive orientation.

It is noteworthy that the key aim of a firm's entrepreneurial behaviour is to create appropriate actions to interact within its environment both locally and globally, in order to survive, to improve its performance, and then to grow globally (Knight and

Cavusgil, 2004). This is because a firm' expansion and growth consider as one of the main strategic tools for enhancing innovative capacity and sustaining competitive advantage(Ahuja and Katila, 2001).

3.2.2.2 ***An orientation to enhance the coalition performance.***

Often, the acquisition of another firm is the quickest and practical strategy for firm growth(Ahuja and Katila, 2001). This is because undertaking partnership strategies across the border give organisations the advantages of the speed to positioning, the speed to market, and the speed to form a competitive firm, instead of building them internally in a slow process (Carey, 2001). Within this context, Nielsen(2007) referred to that involvement in partnership strategies across the borders mainly enhances the firm's performance through building its competencies and knowledge capabilities.

Within the service firms, in order to maintain the banking firms' performances, they need either to raise the return rates on their capitals or to lose extra financial resources(Harper, 2000). Thus, (Harper, 2000) stated that 'the key driver for coalition strategies is the industry's needs to rationalize its uses of capital'(68)because the banking firms face financial risks in their markets. Within this context, Wheelock and Wilson(2000) pointed out that when service firms merged, their performances are getting improved by strengthening the coalition' assets(Pasiouras and Kosmidou, 2007, Borys and Jemison, 1989, Gulati, 1995, Harper, 2000, Wheelock and Wilson, 2000) and by improving the coalition's economies of scale (Berger et al., 2000, Altunbas et al., 1997, Radecki et al., 1997). The economies of scale are efficiently enhanced by increasing the coalition's market share(Berger et al., 2000) and decreasing the merger's costs of producing the products/services(Brouthers et al., 1995). It is noteworthy that there are differences among the banks in efficiently improving the economies of scale. These attribute to the banks' sizes, as the medium-sized banks achieve more efficient economies of scale, compared to large and small banks (Hunter and Timme, 1986). However, recent research indicates that involvement in equity-based strategies across the borders would achieve efficiencies in the economies of scale(Berger et al., 2000), even at the level of the largest banks(Berger and Mester, 1997), which contribute to enhancing the bank performance in general.

The current study measures '*improving performance'* through enhancing the bank growth, market share, and shareholders' profits(Knight and Cavusgil, 2004c, Knight and Cavusgil, 2005).

Based on the arguments of the points [3.2.2.1.1, 3.2.2.1.2], [3.2.2.2], the fourth research proposition is suggested:

(P4) :'A foreign bank' motivation to acquire a local bank within a country encouraged positively by a foreign bank' having specific Ownership-advantages of entrepreneurial traits in terms of having risky and innovative capabilities, and have an orientation to enhance the bank performance'.

The current research has set the prior proposed research propositions, *P1, P2, P3 and P4,* in the following figure to demonstrate the current study's theoretical pattern that needs to be examining(see Figure 3.6).

The proposed theoretical framework of the study

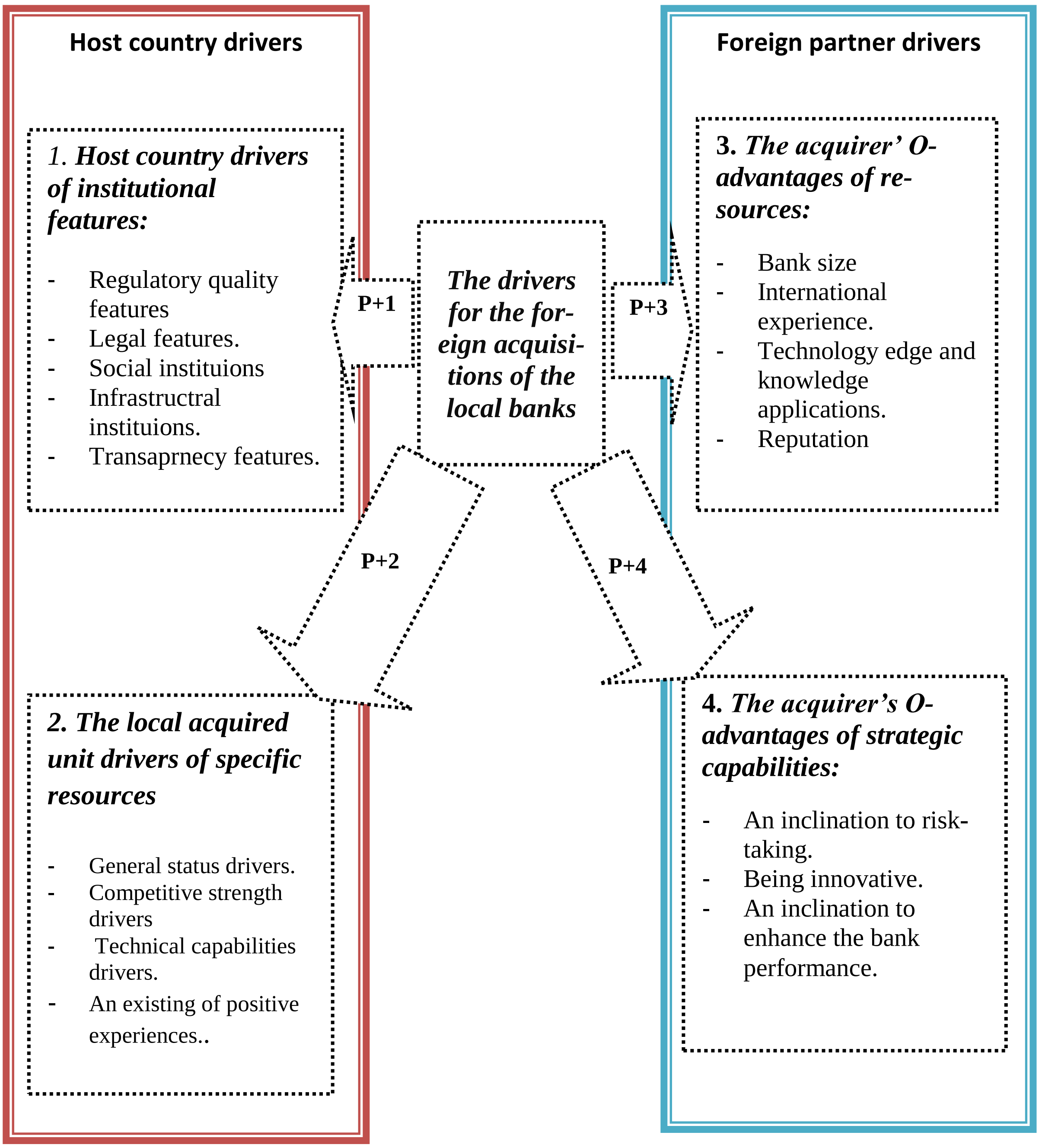


Figure-3.6-The study's theoretical-pattern.

3.4 Chapter summary

Globalisation has made the costs of transportation and communication between countries at the lowest level; so any international transaction costs has no longer been of importance in the adoption of international strategies(Dunning, 2006a). Thus, priority has been given to the countries' institutional features and to the firms' resources(Dunning 2006a). So, this study depends on its investigation of the foreign acquisition of the Egyptian banks on the country's institutional features and on the firms' resources. And that shaped the main drivers for the foreign banks' acquisitions of the Egyptian banks-under the study-.

The study's first driver is about an extension of the old view of the L-advantage to involve the country's institutional features instead of depending on the country's risk and market size in examining L-advantage(factors of the old view of L-advantage)(Dunning, 2006a). This recent view involves the host country institutional factors in terms of regulations, legal, social, infrastructure, and transparency features; in view of that, the current study' first research proposition is suggested.

Not the country's institutional features have only influenced the foreign banks' decisions of adoption of international strategies; but the local banks' owning specific criteria can also influence the foreign banks' adoption of M&As in the country. Since Ownership-advantage of assets is not restricted to the foreign firms, but they have extended to the local firms since the local partner's resources(transactional Ownership-advantage) can be employed to strengthen and boost the competitive and market position of the foreign-partner(Dunning, 2001). The local banks' owning transactional Ownership-advantage involve basically the general status of the local banks, owning the competitive strength drivers, their technical capabilities conditions, and also if there is a prior positive prior experience in order to have trust amongst the merging banks, in view of that the current study' second research proposition is suggested.

As well, adoption strategies across the borders required specific criteria related to the foreign-partners. Thus, the third and fourth drivers revolve around the international banks' having of Ownership-advantage of specific resources and strategic capabilities. The foreign banks' ownership of specific resources involve their bank sizes, international experience, reputation and technology edge and the firms' strategic intent involved some of the entrepreneurial traits in terms of riskiness and being innovativeness, besides the intent to improve the coalition performance. In view of that, the current study' third and fourth research propositions are suggested.

Chapter 4: Research Methodology

4.0 Introduction

According to Chapter One, the current study' main objectives are introduced as well as the research questions as follows:

Research main objective and main question:

- The study' main objective is that 'to investigate the main drivers and factors behind the foreign M&As of the Egyptian banks between 2005-2010?'. The study's main research question is that 'why did Egypt become unexpectedly a host country to the foreign banks, which decided to be existing in the country to acquire its local banks between 2005-2010?'.

Research questions:

- *(RQ1.1): Why did Egypt' institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?*
- *(RQ1.2): How did the local banks encourage the international banks to be existing in the country to acquire them between 2005-2010?*
- *(RQ1.3): How did the international banks go abroad and adopt international strategies in another country? And why?*

While the first and second research questions link to the host country's institutional determinants and the local-partner characteristics respectively; the third research question relates to the specific criteria of the international-partner.

Then, according to the study's adopting theories in **Chapter two**, the thesis has set a number of research propositions in **Chapter three**, they are as follows:

Research propositions

- ***(P1):****'A foreign bank' motivation to acquire a local bank within a country encouraged positively by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality, legal protection, social, infrastructure, and transparency features'.*
- ***(P2):****'A foreign bank's motivation to acquire a local bank within a country encouraged positively by a number of Ownership-advantage related to the local banks; they are the general status of the acquired banks, competitive strength*

determinants, technical capability determinants and an existing of a prior positive experience with the local bank'.

- **(P3):** *'A foreign bank's motivation to acquire a local bank within a country encouraged positively by the banks' exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation'.*

-**(P4)**: *'A foreign bank' motivation to acquire a local bank within a country encouraged positively by a foreign bank' having specific Ownership-advantages of entrepreneurial traits in terms of having risky and innovative capabilities, and have an orientation to enhance the bank performance'.*

In order to answer the research questions and to validate the study's predeterminedpropositions and theoretical framework, as illustrated in Chapter 3, the current study followed the steps of the research design process as will mention next.

4.1 Design process of the research.

Creswell(1998) defined the research design as

> *'...the entire process of research from conceptualizing a problem to writing the narrative, not simply the methods, such as data collection, data analysis and report writing. Thus, the design is a logical sequence that connects the empirical data to a study's initial research questions and, finally, to its conclusions.'(p.2)*

So, in the research design, the researcher tried to find answers to the research questions (Kumar, 2005). Thus, the current study followed the steps of Saunders et al.(2009)'s for the research design process, which uses the imagery of *'an onion'* that consists of several layers; the choices made at each layer depend on the research philosophy. *Research philosophy refers to the whole process used to find answers to the research questions; the research design process includes the research paradigms, research approach, research strategy, data collection, and data analysis* (Saunders et al., 2007). They are as follows.

4.1.1 Research paradigms

A research paradigm is

> *'a cluster of beliefs and dictates, which for scientists in a particular discipline, influence what should be studied, how research should be done, and how results should be interpreted, and so on'(Bryman, 1988:p.4).*

Thus, research paradigm acts as a theoretical framework of how the research should be planned. Mainly, it depends on people's thinking and judgments about the nature of knowledge(Mintzberg, 1987). So as to achieve that, the researcher should take into consideration a group of common theoretical assumptions of a paradigm (Eisenhardt and Zbaracki, 1992), including, *ontology, epistemology, methodology, axiology, and rhetoric* (Saunders et al., 2009; Creswell, 2007). But the attention of this section is made upon the two main assumptions: *ontology and epistemology.*

- ***<u>Ontology</u>*** is the part of the research philosophy concerned with the researchers' assumptions about the world and its existence. Thus, it deals with the existence of reality (Saunders et al., 2009). It addresses the question of whether social entities can be considered as already having external existence or are constructed from the perceptions and actions of social actors(Hollis, 1994).
- ***<u>Epistemology</u>*** relates to the inquiry of 'what is regarded as acceptable knowledge in a discipline' (Bryman and Bell, 2011). This raises the question of 'whether or not the social world can and should be studied according to the same principles, procedures, and ethos as Natural Sciences' (Bryman and Bell, 2011:15). Furthermore, it also involves an assessment of the relationship between the researcher and what is being researched (Collis and Hussey, 2014).

Accordingly, when the social world may imitate Natural Science in considering social phenomena as'objects', the epistemological stance of this social phenomenon is ***'positivist'***(Saunders et al., 2009). Since the social phenomena's objects can be measured and quantified and the researcher is detached from what is being investigated, and then concluded by generalisation, in a similar way to Natural Science laws(Saunders et al., 2007, Saunders et al., 2009).

In contrast, social phenomena may not imitate the principles of Natural Science but considered views, attitudes, and feelings of certain individuals. Accordingly, the epistemological stance of this social phenomenon is ***'interpretivist'***. Here, there is no external reality of the social phenomena, as the reality cannot be measuring or quantifying directly, rather it can be observed through the social actors as the researcher is not separate from what is being investigated(Bryman and Bell, 2007, Bryman and Bell, 2011, Saunders et al., 2009). Further essential discussion to these two main paradigms is provided next.

4.1.1.1 Positivism* paradigm:** is a philosophical research paradigm by which the positivist scholars assume that there is a particular external reality of the studied phenomenon, to which the researchers should direct their attention(Bryman and Bell, 2011). Thus, researchers begin with ***an existing theory by which the research hypotheses are built-up and tested(Saunders et al., 2007). Thus, this paradigm is considered to be ***theory testing***; giving explanations for the studied phenomenon(Bryman and Bell, 2011). So, this paradigm reflects the orientation of deductivism(Bryman and Bell, 2011). Collis and Hussey(2003) defined the deductive approach as

> *'a study in which a conceptual and theoretical structure are developed, which is then tested by empirical observations; thus, particular instances are deduced from general influences'(p.15).*

Hence, the deductive stance goes from theory to facts/observations(Bryman and Bell, 2007). Another aspect of the positivist paradigm is that because of the researcher's objectivity of what is researched, the research is undertaken in a *'value-free'* way(Saunders et al., 2009: 114), where *'the researcher is independent of and neither affects nor is affected by the subject of the research'* (Remenyi et al., 1998: 33). That makes data collection and its analysis distant from the researcher's bias (Saunders et al., 2009).

Methodologically, positivists collect data through quantified methods and apply statistical techniques for investigating the phenomenon's questions (Collis and Hussey, 2003; Bryman and Bell, 2011).

The key features of the paradigm and its application of quantitative data are that it allows broad and quick coverage of a situation and possible generalisation, and it can also be used to provide explanations for the causal relationships of the study variables. However, its limitation is that it is considered unnatural because it ignores the human meanings attaching to events and actions, resulted in offering unclear inferences of actions(Bryman and Bell, 2011; Saunders et al., 2009). For this reason, the interpretivist paradigm is suggested.

4.1.1.2 Interpretivisim paradigm: in contrast, the interpretivist paradigm reflects the views of scholars who criticise the use of scientific models in social studies(Bryman and Bell, 2007). Within the interpretivist paradigm, there is not a singular external reality to the researchers, as reality is hidden in the individuals' perceptions, behaviours, experiences, and attitudes(Saunders, et al., 2009; Holstein and Gubrium, 2003), which would not appear until a researcher becomes an *'insider'* (Holstein and Gubrium, 2003). Thus, this paradigm looks for understanding and interpreting events and behaviours from the social actors' perspective rather than quantifying the social phenomena(Bryman and Bell, 2007). Consequently, the researcher should consider the meanings attached to the social phenomena through being deeply involved in what is being investigated to facilitate the *inductive* collection of rich information(Harrison, 1987; Saunders et al., 2009; Holstein and Gubrium, 2003).

The inductive approach defined as

> *'a study in which theory is developed from the observation of reality, thus general inferences are induced from particular instances'* (Collis and Hussey, 2003:15).

So, contrary to the deductive stance, the inductive stance goes from facts/observations to theory(Bryman and Bell, 2007). Consequently, the interpretivist paradigm contributes to *emerging new theories* which could be an introduction to quantitative research.

Methodologically, the interpretivist paradigm applies qualitative research methods to investigate *'how change processes over time'*(Easterby-Smith et al., 2008:72), and this is considered to be one of the main strengths of the interpretivist paradigm. Therefore, this paradigm focuses on understanding people's meanings and catching the emergence of new ideas, policies, and issues.

The key feature of the paradigm is that it is considered natural and not artificial as in quantitative research, but its limitation points are as follows. Its findings are more subjective, thus, there is a greater chance of bias from respondents and from researchers' interpretation. Accordingly, it requires a higher level of interpretative skills. Furthermore, its small sample size reduces statistical accuracy and is therefore difficult to generalise from. Finally, research replication is difficult(Easterby-Smith et al., 2008; Ghauri and Gronhaug, 2005).

From the above discussion, it is clear that positivism and interpretivism are two main opposite extremes of the research paradigms that view reality in a different way. Table

4.1 shows a brief comparison between those main paradigms in different research assumptions.

Table 4.1: A comparison between the two paradigms: positivist, and interpretivist in different research assumptions.

Assumptions	Positivism	Interpretivism
(1)Epistemology: what constructs the acceptable knowledge?	-Only observable phenomena can provide generalizing of facts. -Focus on causality and law.	-Subjective raises actions. -Focus on the particulars of the reality's situation.
(2)Ontology: What is the relationship between the researcher and the researched?	-Objective, independent	-Subjective, constructed
(3)Axiology: what is the role of value?	-Research is value-free. -The researcher is independent.	-Research is value bound. -The researcher is a part of the research. -Subjective.
(4)Rhetorical: what is the research language?	-Formal	-Informal
(5)Methodology: what is research process?	-Large samples with profoundly structured quantitative measurement. -Qualitative can be applied.	-Deeply examination of qualitative small samples

Source: (Saunders et al., 2009; Creswell, 2007).

4.1.1.3 Other research paradigms between these two extreme paradigms:

It is noteworthy that few researchers adopt the pure forms of the prior main paradigms (Collis and Hussey, 2014) since the positivist researchers, for example, should apply a highly structured methodology and statistical analysis in order to facilitate replication (Saunders et al., 2009). So, with the two extremely paradigms, the characteristics and assumptions of one paradigm have gradually been loosened and replaced with a further less rigid paradigm (Collis and Hussey, 2014). Thus, it is possible to apply some features of the two extremely paradigms, positivism and interpretivism, which yield other forms of paradigms, including realism and pragmatism(Saunders et al., 2009)(see Figure 4.1).

Figure 4.1: Two extreme research paradigms and a continuum of paradigms {Collis, 2009 #541; Collis, 2014 #238}.

- *Realism*

Realism has emerged as a result of the researchers' dissatisfaction with over-deterministic positivism and overly contextualised interpretivism(Saunders et al., 2009). The realism paradigm has two facets; (*1)direct realism* that tends to-ward(*2)critical realism*. <u>*Direct realism*</u> agrees with the positivism paradigm' concepts in considering that Social Science is similar to the Natural Science that has a singular external reality(Bryman and Bell, 2011). By that view, realists posit that reality is portrayed through the researchers' senses of the external world, in which their sensations show that world' objects have an external existence, independent of human meanings. So, '*what you see is what you get: what we experience through our senses portrays the world accurately*'(Saunders et al., 2009:p.114).

However, the realists argued that reality is insufficient unless it is investigated through the social actors involved in the knowledge derivation process(Dobson, 2002). As there is an insufficient reality since *'what we experience are sensations, as the images of the things in the real world, not the things directly'*(Saunders et al., 2009:115). Thus, world' objects should be interpreted through social actors, because our reality is a result of social conditioning(Saunders et al., 2009). That facet labelled as *'critical realism'* that agrees with the view of interpretivism in considering that reality is constructed socially. As a consequence, *the realism* paradigm matches elements of both positivism and interpretivism(Saunders et al., 2009).

- ***The ontology*** of the realism paradigm agrees with the positivist stance that reality exists independently of human thoughts but at the same time, similar to the interpretivist stance, reality needs to be interpreted through social conditioning(Saunders et al., 2009). Thus, when positivism represents a particular solid reality and interpretivism draws multiple perceptions of reality, realism stands for multiple realities, each has a special case in a unique context.

Basically, realism supposes that reality is influenced by human conditioning and thus, a researcher is *value-aware*(Denzin, 2005). Hence, ***epistemologically,*** rather than being theoretically value-free, as in the positivist paradigm, or value-laden as in the interpretivist paradigm, realism is where the researcher is aware of the values of the human schemes and the researcher. Accordingly, realism affirmed that research objects are subjected to *value-aware* observations, by which the researcher is influenced by world views, experiences and backgrounds(Saunders et al., 2009).

Methodologically, the realism paradigm can employ both quantitative and qualitative research methods in collecting data(Bryman and Bell, 2011). Therefore, methods such as case studies, unstructured, structured and semi-structured interviews are appropriate for use within the paradigm(Saunders et al., 2009).

4.1.1.4 The paradigms for the current thesis and why?

The current study adopts a positivism paradigm that tends toward realism for the following reasons:

Deciding the current study's paradigm and its research philosophy related to the *epistemology and ontology* of the current study. In order to decide the current study's epistemology and ontology, it is important to review both the current research's main problem, aim and its related literature review. *According to the preceding background in the introduction Chapter, the current research main aim is to investigate the main drivers and the factors that are behind the phenomenon of occurring the foreign banks' acquisitions of local banks within the host country –Egypt– and to clarify the dynamic roles of these factors in explaining the current phenomenon.*

According to the literature review in Chapter 2 and Chapter 3, it makes clear that there are prior theories that suggested a number of explicit factors and accordingly, suggested a number of theoretical propositions explaining the entry strategies in general and M&As in particular. As seen earlier that the current study's factors are straightforwardly identified in the literature. So, the current study's topic has an external existence and reality which considers free of human thoughts. *Hence, the current study's first stance is the positivist stance that considered as an objective stance to the knowledge derivation by identifying a priori theory from the literature and proposes a number of factors influencing the phenomenon –under the study-*(Saunders et al., 2009). This stance resembled Natural Science's mode of investigation, in that it depends on prior studies and theories to generate the current research' theoretical propositions that needed to be investigated to facilitate the explanations of occurring a specific social phenomenon.

However, that first stance of the current research may be insufficient to explain deeply the phenomenon understudy, owing to the absence of the participants' judgments and thoughts of other realities, as the phenomenon understudy could not understand separately from the social actors who involved in the knowledge derivation. Thus, in order to recognize and interpret the phenomenon understudy in detail, social actors will be interviewed, seeing that there may be other contextual realities and factors which may be come to light(Blaikie, 1993) and that may be identified through the participants' and researcher's awareness; and this places the current research closer to realism paradigm, considering it as the second stance of the current research. Within this context, Saunders et al.,(2009) mentioned that understanding the phenomenon understudy cannot be independent of the real actors who involved in the knowledge process since the researcher will only be able to understand what is roughly in the social world if the researcher tries to understand the social structures that have given a rise to the phenomenon, which the researcher is trying to understand(Bhaskar, 1989).

Thus, the ***epistemology*** for the current study is that although it assumes a scientific approach to the knowledge derivation process, it considers also that there may be other contextual realities (Blaikie, 1993) that can be identified and interpreted through social actors(Saunders et al., 2009). ***The ontology*** for the current study is that while there is a singular external reality, reality cannot be identified independently of the participants' and researcher's awareness.

To conclude, the current study adopts the positivism paradigm that tends to realism paradigm, in order to verify the current research theoretical propositions. In view of that, methodologically, the current study adopts a mixed quantitative and qualitative research method and a case study as a research approach, which closely related to realism.

4.1.2 The research methods.

In general, the research methods are classified into two common methods: *quantitative and qualitative.* The selection between the two main strategies depends on how the chosen strategy should enable the researcher to answer the research questions and to fulfill the research objectives(Saunders *et al*., 2009). These two research methods refer to double facets of how the researchers think about and manage the research. *The first facet* refers to a distinction about the people's assumptions about the world, the nature of the knowledge and how they can understand it. *The second facet* refers to the way of data collection techniques and data analysis procedures. These two approaches are explained in detail as follows:

4.1.2.1 Quantitative method*:* is based mainly on the positivism paradigm, in which researchers assumed that knowledge is produced by an 'academic agenda' where the researchers should build upon it in a linear route, seeing that the scholarly community is known as the makers for knowledge(Easterby-Smith et al., 2008). Accordingly, the reality is presumed external and objective to the researcher(Bryman and Bell, 2011). Thus, within quantitative research, the researcher maintains an objective and independent stance, which is not affected by the subject of the research. This leads to value-free and unbiased research(Saunders et al., 2009) and use a deductive approach, in which the emphasis is placed on the testing of the theories (Bryman and Bell, 2007: 25). According to that, the researcher employs an existing theory to develop hypotheses/propositions that will be confirmed or refuted(Saunders et al. 2009)in an attempt to have generalizable results(Saunders et al., 2007). Quantitative research emphasises quantification in data collection and analysis(Bryman and Bell, 2007). Thus, quantitative data seeks to express information numerically(Remenyi et al., 1998) using data collected from surveys, experiments (Collis and Hussey, 2014). Furthermore, a case study can be also included within the explanatory research category since it enables the researcher to answer the questions '*what' and 'how'*, similar to the survey strategy(Saunders et al., 2009).

4.1.2.2 Qualitative method*:* is based mainly on the interpretive paradigm, which seeks to understand human behaviours from participants' minds(Collis and Hussey, 2003). Seeing that knowledge is produced from the single disciplines where practitioners set their experiences to build knowledge and facilitate a better understanding of the research context(Bryman and Bell, 2011). Thus, there is no objective reality, but there are multiple realities constructed by individuals' minds that practiced a specific phenomenon(Denzin and Lincolin, 2005). Therefore, *'considerable regarding is paid to the subjective state of the individual'* (Collis and Hussey, 2009: 572). That research method emphasises the ways in which individuals interpret their social world, by underlining the use of words rather than numbers(Bryman and Bell, 2007). Accordingly, qualitative research leads to understanding human behaviours through words and texts, which suits the nature of interpretivist paradigm. (Bryman and Bell, 2007) state that qualitative research adopts an inductive approach in which the emphasis is placed on the formation of theories**.** In addition, Denzin and Lincolin (2005) demonstrate that qualitative research associates with meanings that are not experimentally examined. Hence, it applies non-mathematical analytical procedures from data collection, mainly using interviews, observations (Strauss and Corbin, 1998), and case studies(Saunders et al., 2009).

4.1.2.3 The research methods for the current thesis and why?

For the purpose of the current study, this thesis *will adopt quantitative and qualitative research methods,* in order to enable the researcher to have an in-depth understanding of the factors that influence the decisions and perceptions of the participants in the studied phenomenon –the foreign acquisition of the local banks. Within this context, scholars note that mixed research methods are frequently applied in business and management research to provide reliable research findings(Adamson, 2004; Saunders et al., 2009). Furthermore, mixed research methods enable the researcher to gain additional perspectives of the phenomenon being studied(Saunders et al., 2009), and achieve triangulation of the research data(Bryman and Bell, 2007). By adopting a mix of quantitative and qualitative data, case study research goes beyond being simply qualitative research.

First, the current study applied the quantitative research method to verify a number of extracted factors from the prior studies, relating to definite theories that might influence the decision of cross-border M&As within the host country. But what the current researcher sees is only a part of the bigger picture since the study's theoretical framework did not give a sufficient answer to the study questions and the current study seeks to have a deep and rich understanding of the phenomenon understudy. Therefore, parallel with the quantitative research, qualitative research is used, where participants' awareness of knowledge of contextual realities is provided. This phase tends to investigate the decision of M&A strategies contextually through thoroughly understanding and sharing the actual social actors of the phenomenon understudy (Yin, 2003; Creswell, 2002), as understanding the phenomenon understudy cannot be independent of the actual social actors who involved in knowledge derivation process. But, qualitative research may or may not be interpretive, as the scholars claim that qualitative research may be used without adopting an interpretive standpoint. This is based on the philosophical assumptions of the underlying study (Dubé and Paré, 2003). Within this context, *(Gephart, 2004: 455)* referred to the focal role of using qualitative research in management research and adopted in the current study, he stated that

> *'...it can provide the thick, detailed description of actual action in real-life context'.*

4.1.3 Research strategy

The research strategy reflects the core assumptions of the current study paradigm, which indicates how the researcher will answer the research questions(Collis and Hussey, 2009). It is a strategy of inquiry, which moves from the assumptions of the studied phenomenon to research design and data collection. Bryman and Bell(2003) defined research strategy as the

> *'... general orientation to the conduct of business research ....'(p.25)***.**

(McGrath, 1982) categorised research strategies into a number of types: *formal theory, sample survey, laboratory experiments, judgment tasks, computer simulations, experimental simulations, case studies and field experiments*. According to McGrath, in ***(1)formal theory***, researchers summarise the literature in the research area so as to conceptualise models for empirical testing. In ***(2) sample survey***, a representative sampling of the population units is studied as a trial to neutralise research context. Concerning(***3) laboratory experiment***, it creates an artificial setting for research purposes(Meltzoff, 1998). Then, (***4) experimental simulation*** attempts to maintain some realism of context through simulated situations or scenarios(Brinberg and McGrath, 1985).(***5) Case study*** investigates behaviours in its natural setting, thus, it involves evident data. Case studies can use primary data and secondary data. Case studies that use primary data considered unmistakable data because it involves data that are collected by researchers. Case studies that use secondary data considered archival studies that collected by a person, agency, or organisation other than the researchers.(***6) A field experiment*** involves collecting data of systematic rather than representative data in a field setting but manipulating behavioural variables. Finally, (***7) computer simulation*** involves artificial data creation or simulation of a process of random sampling(McGrath, 1982).

4.1.3.1 The research strategy for the current thesis and why?

This thesis adopts a case study as a research strategy. (Welch et al., 2010) note that case studies have become broadly applied in Social Sciences as there is an increase dependence on its applicability as an ideal research strategy in its own right. (Yin, 2009)mentions that there are different reasons for conducting and writing case studies, ranging from the simple presentation of individual cases, to broad generalisations across multiple cases, without presenting any of the case studies individually. The following is further details about why the current study adopts a case study as a research strategy.

- Firstly, regards to the thesis' main objective, as mentioned formerly in Chapter(1) that the study's main objective is to understand deeply the whole process of the foreign M&As and to identify and discover the main constructs and factors that influencing them. However, this objective could not be reached until the current researcher gets a contextual and in-depth understanding of the phenomenon understudy. The current study objective matches with the objective of using of a case study since the scholars demonstrate how a case study can help the researchers to understand the phenomenon understudy contextually. Within this context, Eisenhardt(1989) pointed out the aim of a case study when stated that

> '*the case study is a research strategy which focuses on understanding the dynamics present within single settings'(p. 534).*

Also, Creswell(2002) clarified the role of a case study by stating that

> *'a case study is a problem to be studied, which will reveal an in-depth understanding of a 'case' or bounded system, which involves understanding an event, activity, process, or one or more individuals' (p. 61).*

- Secondly, regards to the thesis' questions, this thesis will investigate the phenomenon understudy using *'what' and 'how'* questions making it ***an explanatory study.*** And that matches the case studies' questions and types respectively. Within this context, Saunders et al.,(2009) assert that case studies have the ability to answer research questions concerned with *'how?', 'why?' and, 'to a lesser extent', 'what?'*(Yin, 1994). Based on that, a case study takes one of three forms: *exploratory, descriptive, and* *explanatory*(Yin, 2003; Zainal, 2007; Saunders et al., 2009). (1) *An exploratory case study* is undertaken when the researcher wants to explore any phenomenon in the data (Ryan et al., 2002; Zainal, 2007). In these case studies, prior fieldwork and small scale data collection may be conducted before proposing the research questions and hypotheses (Zainal, 2007). (2) *Descriptive case study* is considered when the researcher used descriptive theory(Tellis, 1997) to describe the natural phenomenon which occurs within the data. Thus, they may take a narrative form (Zainal, 2007). *(3) An explanatory study* is undertaken when there are explicit theories that the researcher can be used to clarify what is happening within a phenomenon (Zainal, 2007; Yin, 2003). These explicit theories lead to research questions appropriate to the propositions that need to be tested and refined. In this case, case studies are considered to be a tool to

> '*report and interpret only a single measure on any pertinent variable' (Eckstein, 2002: p.124).*

And this is adopted within the current study since there are explicit theories and factors that need to be verified. One of these theories is a new development of a theory(the new development of OLI-paradigm)that did not ever verify in other contexts and there is a need to verify the new development of the OLI-paradigm. This besides that explanatory case studies is also used for casual studies(Zainal, 2007).

- ***Thirdly, regards to the first philosophy of the current study–positivisit-,*** one of the main aims of the current study is to verify the new theoretical view of OLI-paradigm(the new development paradigm)in order to confirm the applicapbility of the new extension as suggested by the OLI-paradigm' original author. In view of that, the thesis' first stance of positivist, as the first paradigm, and the thesis' first stance of collecting quantitative data, as the first research method, are well suited to a case study philosophy. As, Dubé and Paré(2003) clarified the case studies' philosophies by referring to that,

> *'a case study in its versatility, can be used with any philosophical perspective, be positivist, interpretivist or critical'*(p.598).

Thus, a case study is considered when the researcher wants to create, verify, or extend a theory (Stake, 2005; Eisenhardt, 1989). To do that, the case study uses quantitative method(i.e questionnaire), qualitative method(I.e. interviews), observations, documentary analysis(Collis and Hussey, 2014; Saunders et al., 2009). However, deciding on one of these philosophies based on the underlying philosophical assumptions of phenomenon understudy(Dubé and Paré, 2003).

In view of that, for the reason that the phenomenon under-being studied relates to existing prior theories and studies. Thus, it may involve constructs that are based on theoretical deduction rather than from observations or experiences. Furthermore, it emphasises the detection of previous research questions, the desired theoretical contribution and the analysis unit(Yin, 2003:p. 21); the current thesis' positivist stance matches with the positivist case study.

- ***Fourthly, regards to the current study' second philosophy – tends to realism stance-, as*** previously explained, the thesis identified a number of theoretical factors and a number of propositions related to a definite development of a theory which will need to be verified through the first stance of the current study(*positivism stance*). However, there may be other contextual realities and factors that cannot be discovered without the participants' and researcher's awareness. And this reflects the second philosophy of the current study, which is to investigate an existing phenomenon in a real-life context by giving more awareness to the organisational and managerial perspectives(Saunders et al., 2009); this takes the research towards the realism stance. So, that aim of the current thesis matches the same aim as that of case studies. In this context, Yin(2003) referred to that a case study aims to investigate a phenomenon and understand it contextually. Saunders et al.,(2009) confirmed that, if the researcher wishes to gain a deep understanding of the research context and the processes being done, a case study is the most appropriate tool to look at the contextual settings relating to the studied phenomenon. Furthermore, although case study differs from surveys in that the research context in the case study is limited to the participants for which data can be collected (Saunders et al., 2009), it provides rich information and understanding of the research context since, the boundaries between the phenomenon –under studied- and the context within which it is being studied are undistinguished (Yin, 2003; Saunders et al., 2009).

4.1.4 Case study design

(Yin, 1994:p.19) stated that

> *'in the most elementary sense, the design is the logical sequence that connects the empirical data to a study's initial research questions and, ultimately, to its*

conclusions. Colloquially, a research design is an action plan for getting from here to there, where there may be defined as the initial set of questions to be answered, and there is some set of conclusions(answers)about these questions'.

For case study, there are five main elements of its research design (Yin, 1994 :p.20):

- *a study's questions,*
- *its propositions, if any,*
- *its unit(s)of analysis,*
- *the logic linking the data to the propositions, and*
- *the criteria for interpreting the findings*.

4.1.4.1 A study's questions.

Yin(1994) mentioned that the research questions form, in terms of *'who', 'what', 'where', 'how', and 'why'*, present an important indication regarding the most relevant research strategy to be adopted. The current thesis' research questions rotate around *'why' and 'how'* questions. Within this context, Yin(1994) assured that a case study' strategy is likely to be suitable for 'what' and 'why' questions.

4.1.4.2 A study's propositions.

Although *'what' and 'how'* questions guide the researcher to initially considering that case study is a fitting strategy, the research question will not indicate precisely what the researcher wants to investigate, until, the researcher states a number of theoretical propositions that guide the study toward the correct route. Seeing that research propositions reflect an important theoretical concern, they inform the researcher from where to seek the relevant data (Yin, 1994). In this context, Chapter three of the current thesis provides a number of theoretical propositions that needed to be verified or falsified.

4.1.4.3 A study' unit of analysis.

The unit of analysis of the case study is initially related to the way the research questions are defined(Yin, 1994). This means that the current researcher should identify what the *'case'* is (Yin, 2009), which involves individuals, groups, organisations, decisions, policies or events (Yin, 2003). In this context Merriam(1988) defined a case study as *'an examination of specific phenomena, such as a program, an event, a process, an institution, or a social group'*(1988, p. 9). According to that, the phenomenon under-studied relates to *the strategic decision of foreign banks' acquisition of the Egyptian banks and the factors influence it*. Within this context, Yin(2009) referred to that the mainstay of a case study is that it tries to shed light on a decision or a set of decisions, thus, 'decisions' are considered to be the major focus of case studies. Taking into consideration that a poorly defined analysis unit may lead to a lack of rigorous results that are more descriptive than explanatory(Yin, 2003). It is noteworthy that the desired case should reflect a real-life phenomenon rather than an abstraction(Yin, 2009). The analysis unit of the case study involves the selection from one or several cases as follows.

4.1.4.3.1 Deciding single or multiple cases.

Once the researcher decided to make use of a case study and decided which type is most appropriate (explanatory or exploratory or descriptive), the researcher should decide the cases that the current study should be adopted. Yin(2009) emphasised that case selection considered is an important aspect of case study research since it responsible for maximising the researcher' knowledge about the phenomenon understudy at a specific time(Dubé and Paré, 2003). Eisenhardt(1989) mentioned that cases may be selected to extend or develop emergent theory, fill theoretical categories or replicate previously selected cases.

A case study research can investigate either through *single or multiple cases*. ***A single case study** is considered for critical/unique, typical or opportunist cases*(Collis and Hussey, 2014; Saunders et al., 2009). In detail (*1) a critical case* is selected when it covers the issues that the researcher is interested in.(*2)An opportunist case study* is adopted when an opportunity is available for the researcher because of his/her ability to access a particular organisation, group and so on, for examination(Collis and Hussey, 2014). (*3)A 'typical' case* is hardly any researcher investigated. Collis and Hussey(2014) clarified where researchers apply a single case study when they are not intending to generalize the study findings from one case to another case. However, scholars generally consider single-case research as rarely having significant value(King et al., 1994) unless researchers triangulate the study with other methods, so as verifying the validity of the study(Zainal, 2007).

Alternatively, ***multiple case studies*** are adopted in order to replicate findings or to generalise the theoretical results across a number of cases(Saunders et al., 2009; Yin, 2003). Yin(2009) mentioned the reasons for applying multiple case studies by stating that

> *'... the cases should serve in a manner similar to multiple experiments, with similar results(a literal replication)or contrasting results(a theoretical replication)predicted explicitly at the outset of the investigation...'(p. 60).*

Concerning the number of cases that a study should undertake, the scholars argued that there is not an exact rule regarding that, as it is depending on the aim of a study, the research questions, and the confidence level in the results. Thus, it is suggested that the number of cases within a study is based on a researcher's affirmation of fulfilling the study aims from considering a range of cases. Indeed, owing to their strength in providing theoretical generalisation; multiple-case studies are much more preferable than single-case studies(Eisenhardt, 1989; Yin, 2003). Within this context, Collis and Hussey(2014) mentioned that, so long as the researcher is challenging the theoretical generalisation, more than one case may be employed by which the researcher can verify the theoretical generalisation from one case to another case, and when the theoretical results of the research are fully covered, the researchers should stop including any further cases(Eisenhardt, 1989).

4.1.4.3.1.1 Single or multiple case studies for the current study, and why?

Based on the pre-discussions, multiple cases of international banks that acquired the Egyptian banks will be included in the current study. Selecting multiple-cases of international banks enables the researcher to verify firstly, the theoretical propositions of the current study that have been suggested in Chapters Two and Three. Then, these multiple cases can facilitate the theoretical generalisation of the study results amongst the chosen cases. In confirmation with that, Yin(2003) mentioned that case studies are appropriate for generalising a particular set of results through theoretical propositions.

Moreover, it is pointed out that employing multiple case studies rather than a representative case is necessary when the researcher wants to verify and generalise the theory(Collis and Hussey, 2014). The current study's cases are the foreign banks that acquired state, joint and private banks in Egypt. It is noteworthy that the phenomenon under study is about the acquired Egyptian banks, which are different in the type of ownership since they are state-, joint-, and private banks. Within this context while Collis and Hussey(2014) argued that while similar cases show whether the theory can be generalised or not, dissimilar cases show whether the theory can be modified or extended.

4.1.4.4 The study analysis: the logic linking data to propositions

There are standard strategies for analysing case study evidence: *relying on theoretical propositions, thinking about rival explanations, and developing a case description*. Any of these prior analytical strategies depends on a number of techniques for analysing a case: pattern-matching, explanation building, time-series analysis, logic models and cross-case synthesis(Yin, 2003:p.111-115); and other opposed techniques: categorical aggregation and direct interpretation(Stake, 2005).

The components of these analysis strategies may include *'examining, categorising, tabulating, testing or otherwise recombining both quantitative and qualitative evidence to address the initial propositions of the study'*(Yin, 2003:109).

The current study adopted the *theoretical propositions and thinking about rival explanations*, as analytical strategies, by applying *pattern-matching*, as a technique for analysing, by which the study factors have been preset and the study's theoretical propositions have been stated. Applying the pattern-matching technique enables the current researcher to relate the empirical data to the study's theoretical propositions(Yin, 1994). To do that, both primary data(quantitative and qualitative evidence), and secondary data will recombine to examine the initial theoretical propositions of the study. According to that, these initial theoretical propositions will be accepted or rejected (Yin, 2003) and then, the possibility of exploring rival propositions will be emerged(Baxter and Jack, 2008).

The pattern-matching of case study data is applied through *cross-case analysis,* and this adopted within the current study. In this context, Collis and Hussey(2014) mentioned that cross-case analysis is employed when the researcher wants to spot shared patterns across the cases. Alternatively, *within-case analysis* is employed when the researcher is able to form a separate conclusion of events, opinions, or phenomena, which results in having a unique pattern of each case that can be generalised across other cases (Collis and Hussey, 2014; Eisenhardt, 1989), and facilitating cross-case comparisons(Eisenhardt, 1989). The main condition of applying within-case analysis is that the researcher should be capable of being entirely familiar with each case as a separate entity, as it requires a thorough description and write-ups of each case study (Eisenhardt, 1989).

In an explanatory case study, pattern matching might be possibly related to the study's dependent or independent variables or both (Trochim, 1989). Within the current study, pattern matching related to the study's independent variables.

Trochim(1989) defined a pattern-matching as *'any arrangement of objects or entities'(p. 356)*. The main principle of pattern matching is to link the two patterns: the theoretical-pattern and the predicted or operational pattern, to decide whether the considered theories can predict the observed-pattern(see Figure 4.2)(Trochim, 1989).

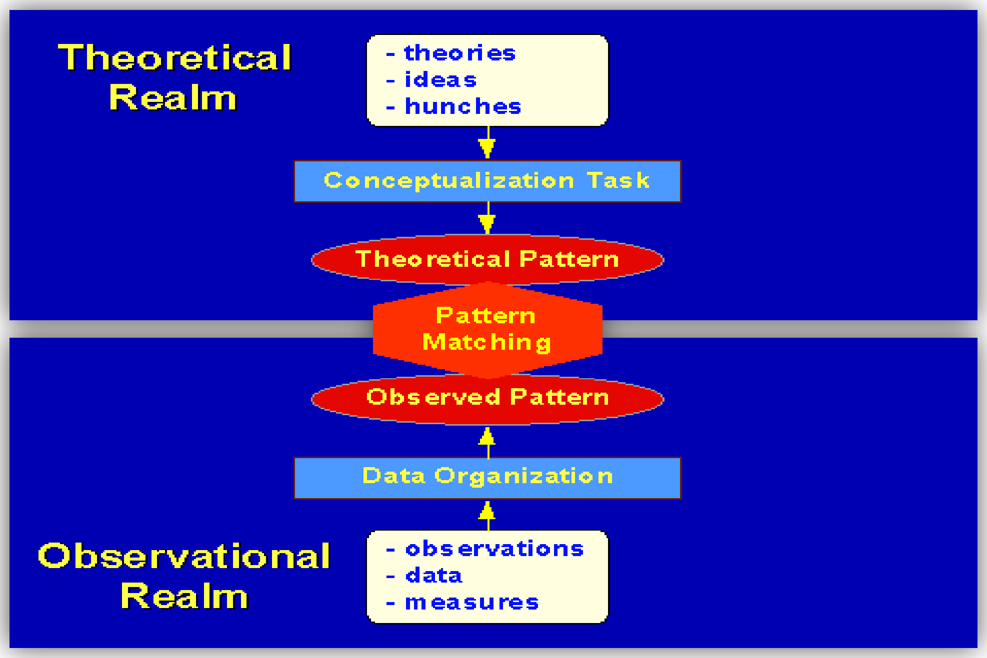


Figure 4.2: The basic pattern-matching model.
Source: (Trochim, 1989: p. 356).

Figure 4.2(above) consists of two divisions: the top division of the figure shows the theory realm that originated from the theory's practice and expansion forms, ideas, or even "hunches" of the researcher, or a mix of these. So, while the top part of the figure indicates the theoretical-pattern which reflecting the study's conceptualisation and theoretical ideas, the bottom of the figure shows the observational realm consisting of the data that is used to examine the theoretical realm, and the field notes and direct observations. It is noteworthy that all research can employ these pattern-matching principles.

Trochim(1989) mentioned that in quantitative research, pattern-matching forms the basis of generalisations across different concepts or populations smaller groups, which is accomplished by a test of significance such as the *t-test or ANOVA*. Alternatively, in qualitative research, pattern-matching lies at the heart of any attempt to conduct thematic analyses (Trochim, 1989). Thus, it will be possible to estimate the overall construct validity for a set of measures in a specific context.

4.1.4.5 Reporting a case study: the criteria for interpreting the findings

Interpreting the findings of a case study is not an easy task for any researcher since the researcher may find difficulties in reporting the findings of a complex phenomenon in a concise style that can be understandable by others(Baxter and Jack, 2008). There is not a correct way to write a case study, but there are a number of principles that the researchers should be considered when reporting a case study. They are as follows (Baxter and Jack, 2008:p. 555):

- the case study researcher should describe the study's phenomenon in a comprehensive way to enable the readers to feel as though they are a dynamic participant in the study,
- the case study researcher should describe the phenomenon within its context and as it occurred,
- the researcher should report a case study like a story is being told, addresses the propositions within a case study that draw others' attention, and makes the report being focused and answered the research inquiries.
- the case study researcher should compare and contrast the case study evidence to what is in the literature in order to set the new data into pre-existing data, and
- the researcher must ensure that the data are converged in an attempt to understand the overall case.

4.1.5 Data collection

4.1.5.1 Selecting the thesis' case study sampling

A research sampling is based on two main rules: *probability and non-probability*. *Probability sampling* is *when 'each unit of the population has an equal probability of inclusion in the sample'*(Bryman and Bell, 2007: p.186), where the whole population is known to the researcher (Bryman and Bell, 2007). This includes *simple random sampling, systematic sampling, stratified sampling, and cluster sampling*(Saunders et al., 2009). On the contrary, *non-probability sampling* defined as *'a sample that has not been selected using random selection method'(Bryman and Bell, 2003:p. 93)*, thus, some cases in the population may have more chance of being chosen than others (Saunders et al., 2009). This includes five techniques: *quota sampling, purposive sampling, snowball sampling, self-selection sampling, and convenience sampling* (Saunders et al., 2009).

Although Saunders et al., (2009) argued that non-probability sampling is not applicable to answer the research questions of a case study and a survey, Welch et al., (2010) debated that sampling for a case study is mainly non-probability. This is because single or multiple case studies tend to be replicated rather than sampled cases(Tellis, 1997) since the generalisation of results, from either single or multiple cases, is made to generalise theoretical propositions rather than to generalise sampled cases results to the population of interest(Yin, 1994). Within this context, Yin(2009) mentioned that multiple cases resemble multiple experiments, so the researcher needs replication logic, not sampling logic, for multiple-case studies since the case studies' replication logic is different from the sampling logic commonly used in surveys. Thus, the researchers may be mistaken when they adopt statistical generalisation rather than theoretical generalisation as a method for generalising the results of a case study. This is because the cases are not *'sampling units'* and they should not be selected according to that(Yin, 2009). As a result, a case study tends to be selective; focusing on one or two issues that are essential to understand the phenomenon understudy(Tellis, 1997).

Based on that, the current study applied initially *a purposive sampling* to select the cases of the Egyptian banks that acquired by the foreign banks, between 2005-2010. Within this context, Short et al.,(2002) stated that there are a number of strategic management topics that suit purposive sampling, such as 'mergers' and 'bankruptcies', because of their dependencies on event occurrences. Then, the selection of the studied cases based on the accessibility of collecting data of each bank case. And because of time limitations, this thesis targeted six cases from a total of fourteen foreign acquisition cases that occurred between 2005 and 2010. Within this context, Yin(2009) asserted that conducting 6 or 10 cases within a multiple-case design resembles conducting 6 or 10 experiments on the research of interest. Then, within each of the six selected cases, by using snowball sampling, the current researcher will be able to target the acquiring banks' representative staff who be familiar with their banks' M&As decisions. Those participants took part in the formation process of their banks' M&As strategies; thus they are familiar with their banks' strategies and decision-making process; including the foreign banks' top management teams: executive managers, chief executive officers, and general managers.

4.1.5.2 Data collection and the study instrument of data collection.

Robson(2002) defined a case study as

> '*a strategy for doing research, which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence'(p.178).*

In detail, Baxter and Jack(2008) referred to these possible multiple sources of evidence for the case studies by stating that,

> *'Potential data sources may include, but are not limited to documentation, archival records, interviews, physical artefacts, direct observations, and participant-observation. Unique in comparison to other qualitative approaches, within case study research, investigators can collect and integrate quantitative survey data, which facilitates reaching a holistic understanding of the phenomenon being studied'(554)*

In view of that, within a case study research, multiple sources of evidence are assembled together, rather than handled these sources independently(Baxter and Jack, 2008). The evidence may be quantitative(e.g., numbers), qualitative(e.g., words), or both, besides other evidence such as observation and gathering of documents and artefacts (Eisenhardt, 1989; Yin, 2003). Within this context, the scholars referred to that when researchers employ a broad spectrum of evidence sources; the findings' creditability are improved (Patton, 1990; Yin, 2003).

Although there are many scholars who have efficiently taken advantage of one method, combining two or more methods, known as triangulation, can be a helpful choice for research. This is because the researchers can use one evidence to support another and accordingly, enhancing the data quality. In this context, Yin(2003)referred to that the benefits of each of the data collection methods can be maximised when it uses and processes combined with other evidence. There is a range of types of triangulation:(*1)theoretical triangulation*: combining different theories; (*2)methodological triangulation*: combining different research methods; (*3)investigators triangulation*(combining various investigators); and(*4)data triangulation*: combining different data sources at different periods. Within this context, Yin(2003)referred to that the most important benefit of combining different data sources is the development of converging lines of inquiry, arguing that multiple data sources allow for triangulation and enhance construct validity.

This thesis achieved a good deal of triangulation of the same phenomenon since the thesis adopted multiple perspectives of theoretical, methodological, and data triangulation. ***Theoretical triangulation*** achieved through the thesis' adoption of a mixture of theories: RBV, institutional theory, transaction costs, and that by adopting the recent view of OLI-paradigm. ***Methodological triangulation*** achieved through the thesis' adoption of quantitative and qualitative methods to investigate the theoretical propositions that have been developed from different theories. And finally, ***data triangulation*** achieved by using primary and secondary data sources to gather the study's data. While primary data refers to the data gathering from Likert-scale questionnaires and interviews; secondary data refers to the data gathering from different sources involving international and local reports. Within this context, (Yin, 2003) referred to that employing multiple sources of data in a case study provides accurate and reliable findings besides it creates research triangulation.
Following is the techniques tools used in the data collection, namely the questionnaire and semi-structured interviews.

1. The primary data collection:

i. Likert-scale questionnaire

The questionnaire data are a common tool for collecting data in management and business studies, as it can be used for descriptive, explanatory, and exploratory research(Saunders et al., 2009), where the participants are asked to answer the same sets of questions(DeVaus, 2002).

<u>For the purpose of this study,</u> in the first phase, the researcher used a survey-questionnaire through *'an interviewer administrated questionnaire'*as the basic method for collecting quantitative data within the current study in order to verify the study's theoretical propositions and factors, and consequently, to verify the study' multiple theories through verifying the recent development of OLI-. It is noteworthy that a questionnaire is an appropriate tool for the current study's initial phase since the current study's factors are measurable and quantifiable(Collis and Hussey, 2003), also, it reduces the scope for the researcher's bias to encroach on the study's findings , and increasing the research's reliability(Saunders et al., 2009).

a. A rationale for adopting a multi-scale questionnaire

(Churchill, 1979) mentioned that, when there were difficulties in capturing the study's characteristics in a direct way, a multi-item scale was suggested as a way of capturing the characteristics of the study's constructs. (Churchill, 1979; Peter, 1979) delineated the reasons for applying multi-scales. ***Firstly***, they reduce the chances of missing the concept's essential content. ***Secondly***, individual measurement error would be avoided since the multi-scales constrained the overall measurement error by summating all the items' values. ***Thirdly***, rather than a single-item approach, the multi-scales generated more differentiated categories between the objects.

- ***For the purpose of the current study*** since the key focus of the study's interest, presented in the proposed framework, cannot be accessed directly, the current study employs a multi-item scale to measure the study phenomenon. Within this context, (Easterby-Smith et al., 2008) pointed out that, when, it was difficult to directly measure the study characteristics which the researcher intended to investigate, researchers may combine a number of items into a particular scale. This *'allows greater richness in measurement, capturing nuances of a construct'(p.276)*. So, the current researcher adopted a multi-item Likert-scale, as it is widely adopted in international business studies(Brouthers and Nakos, 2004) rather than the use of other collecting data, such as dichotomous data, which yields less information than the Likert format(Singh et al., 1990). Furthermore, the use of the Likert-scale proved to be very reliable(Saunders et al., 2009). And within the multi-scale category, the current researcher applied a five-point Likert-scale, as it was one of the most common scales in the literature in measuring attitudes and opinions(Malhotra and Peterson, 2006). In doing so, and compared to other scales such as nine-point or more, the five-point Likert-scale overcomes the respondent' bias, enhances the response rate and enhances the accuracy of answers(Hulbert, 1975). And compared to other inadequate scales such as two or three-point scales, a five-point Likert-scale was expected to be better at expressing inconsistencies in responses (Dawes, 2002), and in giving better reliability and validity(Alwin, 1997). The applied five-point scale in this study ranges from 'strongly agree' to 'strongly disagree'(see study' questionnaire in Appendix 1). The following is a description of the sources of the questionnaire variables.

b. *The questionnaire's variables description and measurement*

Questionnaires can be a reliable tool for collecting quality and large-scale data if it is built and managed properly(Van der Stede et al., 2005). Within this context, (Benbasat et al., 1987) refer to that by stating:

> '*a clear description of data sources and the way they contribute to the findings of the research is an important aspect of the reliability and validity of the findings'(381)*.

Therefore, there are a number of procedures that the current researcher applied to proper build and design the current study' questionnaire(Van der Stede et al., 2005), they are:

First, to ensure the reliability of the questionnaire and the precise collection of quantitative data, the current researcher designed the questions carefully, as the study questionnaire questions were derived mainly from the literature and then, they were designed to be both clear and short(Saunders et al., 2009).

Second, the current researcher avoided bias on the part of the participants through depending on closed rather than open questions. Within this context, (Albuam and Oppenheim, 1993)mentioned that closed questions were recommended when the study measured certain concepts.

Third, prior to designing the research questionnaire, the current researcher conceptualize her own research variables through reviewing the literature carefully in order to shed light on the study variables and the potential relationships(Ghauri and Gronhaug, 2005).

Fourth, in developing the study's final questionnaire, the current researcher assured that the questionnaire variables were developed according to the research questions and propositions in light of previous studies, and linked to the knowledge gap(Saunders et al., 2007).

Following is a description of the data sources of the study's questionnaire, firstly, the questionnaire' key constructs are:

1. The host country institutional factors to signify the L-advantage with new development(involving five main dimensions),

2. The local banks' specific resources to signify to the resources of the local-partner –RBV-(involving four main dimensions).

3. The foreign banks' Ownership-advantage of specific resources to signify to Ownership-advantage(involving four main dimensions), and

4. The foreign banks' entrepreneurial orientation to signify to Ownership-advantage of the strategic capabilities(involving three main dimensions).

1. ***The host country's institutional factors(Dunning's recent view of L-advantage).***

This is the first section of the study's questionnaire that answering the first research question and investigating the first research proposition. The current section investigates the role of the host country's features in adopting international strategies. This section was made to verify Dunning's recent view of L-advantage, when referred to the important role of the host country's institutional features in providing a competitive environment for FDI(Dunning, 2006a). This competitive environment can influence the performance of firms whether at home or abroad.

Following is the definition of each factor of the country's institutional factors employed within the current study. These definitions adopted from international reports such as the World Bank Institute(WB), Institute for Management Development(IMD), and World Economic Forum(WEF), which produced reports about the countries' institutional determinants and their abilities for arranging competitive environment for cross-border firms.

1. ***The country's regulatory quality institutions*** capture the individuals' perceptions about the host country's ability to provide sound policies and rules that benefit the private sector, and operationally, measured through several items adopted from (WB, 2009)and is supported by other previous studies(see Table 4.2).
2. ***The country's social institutions*** capture the individuals' perceptions about the extent to the local culture' values and beliefs encourage foreign direct investment(FDI)within the country, and operationally, measured through a number of items adopted from(World Competitiveness Report –WCR-, 1995) and is supported by previous studies(see Table 4.2).
3. ***The country's legalized institutions*** capture the individuals' perceptions about the extent the host country's legal features in particular the country arrangements of

protecting the investors rights promote for the FDI within the country, and operationally, measured through a number of items adopted from (WB, 2009), and is supported by other studies(see Table 4.2).

4. ***The country's infrastructure institutions*** capture the individuals' perceptions about the ability of institutions of the host country's infrastructure to formulate the enterprise mediators of performing the enterprise economic activities, and operationally measured through a number of items adopted from (WB, 2009), and is supported by other studies(see Table 4.2).
5. ***Finally, the country's transparency institutions*** capture the individual perceptions about the extent the host country transparency level promoted for FDI, and operationally, measured through a number of items adopted from (Kaufmann et al., 2002; WB, 2009), and is supported by prior studies(see Table 4.2).

Table 4.2: The components of the host country's institutional features.

1. The institutional features	The items	Origin source	Previous studies
1.1 The regulatory quality institutions.	1.1.1 Deregulated the restrictions on foreign ownerships. 1.1.2 lowering restrictions on the business activities. 1.1.3 Government-owned local banks' assets did not hinder the bank's strategy. 1.1.4 Strength of authority supervision of the local banks. 1.1.5 Orientation towards fair competition.	WB(2009).	Kaufmann(1992; 2005); Guillen and Tschoegl(1999); Aziz and Lilti(2015); Zhou et al.(2017); Forcarelli and Pozzolo(2001, 2005); Contractor(1990), Kobrin(1988)and Gomes-Casseres(1990), Pasiouras et al.(2006; 2007; 2011); Barth et al(2001, 2004; 2009); Caprio & Martinez(2000); Yiu & Makino(2002); Thormpson(2005); Krivoy(1998, 2000); Bush & Delong(2004), Okeahalam(2004); Clements(1994), Haque(1996), Rentoul(1987), GCR(2008-2009).
1.2 The country's legalised institutions.	1.2.1 The property rights laws over the investors' financial assets. 1.2.2 The government arrangements for protection of investor property rights. 1.2.3 The government arrangements for enforcement laws. 1.2.4 The government's arrangements against expropriation.	WB(2009).	Nee(1992); Aron(2000); La Porta, et al.(2000, 1999); Rodrik(2000); Milles, et al.(2006); Kaufmann et al.(1999, 2002); Rondinellia and Behrman(2000); GCR(2008-09); Libby(2008); Ng & Yeats(1999); Pasiouras et al.(2011); Knack and Keefer(1995, 1977); Barro(1996); Clague et al.(1995, 1996); Hassan and Sarna(1996); Knack(1996); Lane and Tornell(1996); Basley(1995); Diop et al.(2010), Roy & Oliver(2009); Johnson et al.(2002); WCR(1995).
1.3 The country's social institutions	1.3.1 The local culture's treatment of the foreigners. 1.3.1 The local culture's treatment of the foreigners. 1.3.1 The local culture's treatment of the foreigners.	WCR(1995)	Kostova(1999); Kostova and Zaheer(1999); Dacin et al.(2007); Bianchi and Arnold(2004); Yiu and Makino(2002); Noland(2005); Eden and Lenway (2001); Rodrik(1997)..

1.4 The country's infrastructure institutions.	1.4.1 Country public infrastructures. 1.4.2 Country's human resources. 1.4.3 Country's technological infrastructure.	WB(2009)	Chan et al.(2008); Rothaermel et al.(2006); Alvarez & Marin(2006); Nielsen(2007); Globerman & Nielsen(2007). Dunning(1993); Zhang and Markusen(1999). Alvarez & Marin(2009); Blomström et al.(1999).
1.5 The country's transparency institutions.	1.5.1 Transparency of the country's policies and procedures.	WB(2009)& Kaufmann et al.(2002)	Islam(2006); Pallot(2010); Heald(2003); Mahoney & Webley(2004); Yildiz(2007); Finel & Lord(1999); Classens & Fan(2002); Kaufmann & Kraay(2002); Rosendroff(2004); Florini(1999); Montoya & Trillas(2007); Relly & Sabharwal(2009).

2. *The local-partner' Ownership-advantage of specific resources*

This is the second section of the study's questionnaire that is intended for answering the second research question and verifying the second research proposition. This includes the criteria of selecting the local-partner: the general status criteria, the competitive strength criteria, the technical capability criteria and an experience criteria(Nielsen, 2007). The first criterion, in selecting the local-partner bank in merging strategies, is the firm's general status. This includes the local bank's reputation and financial status. The next criterion is the determinants of the competitive strengths criteria; and measured through the firm's financial resources and firm size. Then, the other criterion, in selecting the local-partner bank in merging strategies, is its technical capabilities, and measured through the local bank's tacit knowledge and its technical level capabilities. The last criterion, in selecting the local-partner bank in a merging strategy was the local bank's positive prior experience with the foreign banks, and measured through an existing real experience with the other bank and an existing trust between the management teams of the merging banks. Table 4.3 illustrates the studies that referred to the selection criteria of the potential local partners.

Table 4.3: The criteria of selecting the local-partner

2.Local partner criteria	***The variable's items***	***Origin source***	***Previous studies***
2.1General status	2.1.1 Reputation 2.1.2 Financial status	Nielsen(2003)	Erramilli(1995); Donnelly(2000).
2.2 Competitive strength determi-	2.2.1 firm size 2.2.2 Financial resources.		Wheelock and Wilson(2000); Wheelock and Wilson(2004); Hannan and Rhoades(1987); Focarelli et al.(1999); Pasiouras and

nants			Zopounidis(2006); Reuber and Fischer(1997); Johanson and Vahlne(1977); Child & Yan(1999).
2.3 Technical capabilities determinants	2.3.1 Familiarity with technology applications		Glaister and Buckley(1996); Hitt et al.(2000); Tatoglu and Glaister(2000).
	2.3.2 Having a tacit knowledge		
	2.2.3 Having a specific knowledge.		
2.4 Prior positive experience.	2.4.1 Prior actual experience		AL-Khalifa and Peterson(1999) and Peterson(1999); Larsson and Lubatkin(2001).
	2.4.2 Trust		

3. *The foreign banks' Ownership-advantage of specific resources.*

This is the third section of the study's questionnaire that answering the first part of the third research question and investigating the third research proposition. This refers to the international banks' ownership of advantages(Ownership-advantage) that enable these banks to exploit any opportunity that appeared abroad. It includes the bank size, international experience, technical capabilities(technology and developing new service/product capabilities), and reputation(see Table 4.4 for the dimension factors and source).

Table 4.4: The elements of the bank's Ownership-advantage of resources

3.Foreign bank's Ownership-advantage of specific resources	Origin source	Previous studies
3.1 Bank size	Wheelock and Wilson(2004)	Wheelock and Wilson(2004); Vander Vennet(1999); Valkanov and Kleimeier(2007); (Allen and Gale, 2000).
3.2International experience	Mohr and Spekman(1994)	Barney et al.(2001); Mothe and Quelin(1998); Gulati(1995);
3.3 Technology and developing new knowledge capabilities.	Nielsen(2003; 2007)	Qian and Delios(2008); (Carnerio, 2006); Glaister(1996).
3.4 Reputation.	(Peristiani, 1993)	(AL-Khalifa and Peterson(1999)

4. *The foreign-partner' Ownership-advantage of strategic capabilities*

This is the fourth section of the study's questionnaire that answering the second part of the third research question and investigating the fourth research proposition. (Lau and Bruton, 2011; Bruton et al., 2010; Li and Li, 2009; Pittino and Visintin, 2009; Zhou, 2007) found that a firm that had a strategic orientation, such as an entrepreneurial proclivity and an orientation to enhance the coalition performance, drove it to adopt international strategies. The current section involves three main variables to reflect entrepreneurial behaviour: innovativeness(Mueller and Thomas, 2001; Lau and Bruton, 2011; Liu et al., 2011); risk-taking(Covin and Slevin, 1989; Lumpkin and Dess, 1996; Knight and Cavusgil, 2004); and enhancing coalition' performance (Lumpkin and Dess, 1996; Morgan and Strong, 2003; Sarkar et al., 2001; Venkatraman, 1989). See table-4.4-for the sources of the factors of the international banks' strategic orientation.

Table 4.5: The elements of the international-partner's specific O-advantage of specific strategic capabilities.

4.Foreign banks' strategic orientation.	Origin source	The previous studies
1. Being innovativeness.	(Zhou, 2007)	Mueller & Thomas(2000); Steenkamp et al.(1999); Lau and Bruton(2010); Liu et al.(2011); Park & Jun(2003); Roehrich(2004); Covin & Slevin(1989); Lumpkin & Dess(1996); Knight & Cavusgil(2004).
2 Being riskiness..		
3. An orientation of enhancing the alliance's performance.	Lumpkin &Dess(1996).	Morgan &Strong(2003); Venkatraman & Ramanujam(1986); Sarkar et al.(2001); Venkatraman(1989).

c. *The questionnaire' participants.*

The quantitative research project targeted the acquiring banks' representative staff members, who work in Egypt and are responsible for executing their banks' strategies in the host country –Egypt-. So, those representative staffs of the acquiring banks, as part of their responsibilities, were considered responsible for shaping the acquisition strategies within the banks in Egypt, so, they know about their banks' strategies. Their positions are located at the top levels in the hierarchy structure of the banks, such as the Chief Executive Office, Vice president of the bank, Executive Managers of the banks who attended the acquisition process of the local banks in the country.

Owing to the time limitation of the top management team, the current researcher firstly determined by telephone or visiting the bank, the convenient time to meet the top management teams of the acquiring banks. Then, at the exact time, the current researcher attended the distribution and filling in the questionnaire. Those participants will be directed to fill all the questionnaire sections(See Chapter 5 for more details about the participants' titles).

ii. Interviews.

Concerning the second technique, the interview considered the main method of collecting data for qualitative research since it is considered a powerful tool for gathering information concerning individuals' behaviours, opinions, and intentions. Consequently, it enables the researchers to understand the individuals' practices, perceptions and meanings behind their behaviors(Bryman and Bell, 2007). King(2004) referred to the purpose of the qualitative interview as it is a way to represent the interviewee's world with reference to their explanations of the meanings of the described phenomenon. Thus, it aims to inspect the study topic from the interviewee's viewpoints by finding out 'how' and 'why' they arrived at this viewpoint.

Interviews can be structured, semi-structured, and unstructured. In ***structured interview***, the interviewers depend on a preset of questions; that should be asked exactly to the interviewees as prepared and written. In this case, structured interviews are known as *'interviewer-administrated questionnaires'*. Within that type of interview, the researcher is not allowed to ask any further questions, and the interviewees are not allowed to express any extra opinions beyond the given list of questions.

On the contrary, ***unstructured interview*** is an in-depth interview in which the researcher and interviewees do not follow any question list since there are no preset questions. Therefore, the interviewees have opportunities to give their opinions and the interviewers can do, as well.

Finally, a ***semi-structured interview*** includes questions found in the interview guide(structured)and also, questions not included in the guide(unstructured); the questions can be varied from interview to interview depending on the flow of the interview(Collis and Hussey, 2003). This means that in each interview, the researcher can omit or add some questions to explore the research question and objectives(Saunders et al., 2009). Consequently, each interview has its own list of questions and themes depending on the participant's answers to the questionnaire. Thus, that type of interview combines the structure and flexibility since the nature of the questions enables the interviewees to respond without limitations. Furthermore, the researcher was not restricted to the pre-set questions; this helps the researcher to answer the research questions and to discover any unexpected further questions which did not exist in the questions list(Collis and Hussey, 2003). That type of interview is adopted within the current thesis.

The key advantages of applying that type of interview within the current study are as follows. Besides, this phase verifies and validates the study's quantitative data phase (Bryman, 2006), these semi-structured interviews can address any disadvantages of the initial phase of data collection, such as a biased sample, inadequately phrased questions, and misinterpreted quantitative results (Malhotra, 2006). Additionally, these interviews enable the researcher to gain further insights into the participants' practices to interpret the phenomenon understudy from the social actors who experienced the social phenomenon first-hand. Within this context, (Malhotra, 2006) referred to that the researcher has to rely mainly on the respondents' self-reports about the studied phenomenon in order to investigate what they actually experienced. Moreover, these interviews enable the researcher to discover any new factors that were not covered by the questionnaire. In this context, (Tashakkori and Teddlie, 1998) assert that semi-structured interviews may be used to extract and explain the themes that can be emerged from the use of a questionnaire.

The techniques of doing the study' interviews involve tape recording and taking of notes. Before recording the interviews, the current researcher asked for permission(Saunders et al., 2003).

By utilizing both a questionnaire and interviews, the researcher achieved the study's methodological and data triangulation(Scandura and Williams, 2000).

a. Preparation for the interview questions

At first, preparation of the interview questions started initially by carefully setting the questionnaire questions, seeing that setting the questionnaire questions will initially supply the relevant data before asking the interview questions. The questionnaire's questions by 'interviewer-administrated questionnaire' provide the study's initial themes to produce the required information for the interviewees to be verified. Within this context, Saunders et al.,(2009) mentioned that providing participants with an initial set of the study's themes will increase its validity and reliability by enabling the interviewee to consider the information needed. *Accordingly, semi-structured interview questions start with the study's themes in order to reflect the factors being referred in the previous studies.* This enables the researcher to obtain as much detail from the participants and discover the full picture of the studied phenomenon. The researcher employed ‘open questions’(see Appendix 2)to enable the participants to provide wide-ranging responses that may be used to fully grasp the actual picture and gain an insight into other realities about the phenomenon understudy (Grummitt, 1980). Additionally, the current researcher provides each interviewee with standard preset questions to ensure that the same issues are covered. This is an acceptable in multi-case studies research as an appropriate level of structure to ensure cross-case synchronization (Bryman and Bell, 2007). See Appendix-2-for interview questions for the studied banks’ representative staff.

b. The interviews’ participants

To gain contextual insights into the phenomenon understudy, after doing the questionnaire, semi-structured interviews were conducted with the acquiring bank members’ staff who participated in the initial phase of the study. Those participants knew more about their banks’ strategies. See Chapter(5) for more details about the designation of interviewees.

2. Secondary data collection

Secondary data refers to the data collected in other studies and for other purposes and which the researcher can utilise to improve the quality of the research. These sources of data, which are found in firms’ archives and documents and online databases and websites, provide faster and cheaper information than primary data (Zikmund, 2000). Secondary data may be classified as either *internal or external*. *Internal data* are ‘those generated within organisation for which the research is being conducted’ (Malhotra, 2006: 117). This *internal data* may be available in a ready-to-use format or may be required extensive processing before used by the researcher. On the other hand, *external data* ‘*are those generated by sources outside the organisation’* (Malhotra, 2006: 117). These data may be available in the form of published material, computerised databases and syndicated services.

Through the current study, the current researcher took advantage of the secondary data, if possible, which gathered from multiple sources; both internal and external. Within this context, Malhotra(2006) stated that while it is rare for depending on secondary data to provide the answers to nonstandard research questions, secondary data can be used to insightfully interpret and support the primary data.

4.1.6 Data analyzing strategies

4.1.6.1 Analysing route of the quantitative data(questionnaire data)

The analysis phase of the case study is considered to be the least developed area and thus, it is considered the most difficult. Therefore, researchers suggest simple analytic techniques to facilitate analysis such as rearranging the arrays, placing the evidence in a matrix of categories, creating flowcharts or data displays, tabulating the frequency of different events, using means, variances and other such techniques (Tellis, 1997). However, a number of researchers have noted that if the case study was made to conduct an exact statistical analysis, its analysis process would be more acceptable, but that type of analysis may not be accessible to all case studies (Tellis, 1997). Chapter –Five- shows more details for the ways of analysing the current study questionnaire data.

4.1.6.2 Analysing route of qualitative data(the interview data)

Yet, as the researcher still has a number of enquiries about the study's questions, these enquiries can be clarified by interviews. As mentioned earlier, semi-structured interviews were conducted parallel to the questionnaire to enable the researcher to have more information about the studied phenomenon. The study's interviews were recorded, after which, the researcher transcribed and reproduced them in written format(word-processing). Chapter –Five- demonstrates more details for the way of analysing the interview data of the current study.

In general, during the case study evidence analysis, Baxter and Jack(2008) suggested criteria for analysing the case study's data, they advise the researchers to

> *'...return to the propositions*(*if used); there are several reasons for this. First, this practice leads to a focused analysis when the temptation is to analyse data that are outside the scope of the research questions. Second, exploring rival propositions is an attempt to provide an alternate explanation of a phenomenon. Third, by engaging in this iterative process the confidence in the findings is increased as the number of propositions and rival propositions are addressed and accepted or rejected'(p.555).*

Additionally, the cross-case analysis may lead to false conclusions owing to the researcher's bias caused by the unintentional omission of disconfirming evidence, being influenced by more elite respondents, or leaping to conclusions from limited data (Eisenhardt, 1989). Thus, the key point to get a good cross-case analysis is by looking at various sources of evidence. Accordingly, combining primary data in terms of a questionnaire and interviews with the secondary data shall avoid the researcher's unintentional bias of the current study (see next section 4.1.5).

However, Baxter and Jack(2008) warned the researchers of a number of troubles that may occur during the case study analysis in order to be avoided,

> *'...that each data source would be treated independently and the findings reported separately. This is not the purpose of a case study. Rather, the researcher must ensure that the data are converged in an attempt to understand the overall case, not the various parts of the case, or the contributing factors that influence the case'(Baxter and Jack, 2008, p. 555).*

4.1.7 Procedures for achieving trustworthiness in case study research

In general, the trustworthiness of a study is

> *'the extent to which the researcher can draw meaningful conclusions from collecting data' (Leedy and Ormrod, 2005: p.31).*

Practically, research trustworthiness is achieved through construct validity, internal validity, external validity, and reliability. It is noteworthy that the eight research strategies(mentioned in advance)result in maximise or minimise as follows :***(1)generalizability to the population*** that supports external validity(Sackett and Larson, 1990), (***2)precision in measurement and control of the variables***, affecting both of internal and construct validity(Sackett and Larson, 1990), and(***3)realism of context*** (Scandura and Williams, 2000). Table 4.6 summaries how each of research strategies balances each other limitations of reliability and validity.

Table 4.6: Levels of trustworthiness within the research strategies types.

Max/Min **Research Strategy**	**(1)** **Generalisability to the population***	**(2)** **Precision in measurement and control of variables****	**(3)** **Realism of context**
1. Formal theory	***-Greatest***	***-Lowest***	***-Lowest***
2.Sample survey	***-Greatest***	***-Lowest***	***-Lowest***
3.Laboratory Experiment	***-Lowest***	***-Greatest***	***-Lowest***
4.Experimental Simulation	***-Lowest***	***-Greatest***	***-Greatest***

5.Case study	***-Lowest***	***-Lowest***	***-Greatest***
6. Field experiment	***-Lowest***	***-Greatest****	***-Greatest****
7.Computer Simulation	***-Greatest****	***-Lowest***	***-Greatest****

*(1)supports external validity
**(2)supports internal and construct validity
***moderately high
Source: (McGrath, 1982; Sackett and Larson, 1990; Scandura and Williams, 2000).

As known, the current study adopts a case study, as a research strategy, where the realism of context maximised, but measurement precision and population generalizability minimised(see above table). However, still, using a case study strategy maximises the research generalisation, which related more to the theoretical propositions generalisation rather than to population generalisation. Furthermore, adopting a case study strategy and a survey within the case study balances the limitations of using a survey strategy only by maximising the realism of the research context.

4.1.7.1 Construct validity

Construct validity is

> *'in essence an operational issue. It asks whether the measures chosen are true constructs describing the event or merely artefacts of the methodology itself'* (Straub, 1989: p.150).

So, the researchers should try to make sure about the construct validity by finding an answer to that

> *'do measures show stability across methodology? That is, are the data a reflection of true scores or artefacts of the kind of instrument chosen?'* (Straub, 1989 : p.150).

More clarification, scholars explained that construct validity is the extent to which the research measurement tool assesses accurately what it is supposed to measure(Collis and Hussey, 2003). It is about spotting accurate operational measures for the concepts being studied(Yin, 2009). For verifying that the research instrument, which measures the concepts being studied, is one-dimensional and achieves adequate levels of reliability(Hair et al., 2010).

Within a case study, Yin(2009) referred to a number of issues to improve the construct validity of research, namely:

1. Use multiple sources of evidence,

2. Establish a chain of evidence, and
3. Have key informants review draft case study report.

- *Concerning the prior first and second points,* Baxter and Jack(2008) referred to that adopting case study research allows the researchers to employ numerous strategies of collecting data, which promoting data triangulation. This is because collecting various sources of evidence along with, making comparison among them improves the data quality, based on the principle of the idea of findings harmonisation and confirmation (Knafl and Breitmayer, 1989). Accordingly, the validity of the study propositions and dimensions are confirmed(Gilbert et al., 2008).

Through the current study, construct validity is ensured through adopting multiple sources of data evidence(I.e. quantitative, qualitative and secondary data)to investigate the phenomenon understudy. Hence, the current study achieved data and methodological triangulation(Yin, 2009; Scandura and Williams, 2000).

- *Concerning the prior third point*, at the end of this chapter, the current study made a review draft case study report as referred before.

4.1.7.2 Internal validity

There are three measures to enhance the internal validity of a case study(Gilbert et al., 2008):

1. A clear research framework,
2. Pattern-matching, and
3. Theory triangulation.

- *Concerning the prior first point*, to have a clear research framework of a case study, Baxter and Jack(2008)referred to that,

> *'(a)the case study research question is clearly written, propositions are provided, and the question is substantiated; (b)case study design is appropriate for the research question; (c)purposeful sampling strategies appropriate for case study have been applied; (d)data are collected and managed systematically; and(e)the data are analysed correctly'(p. 556).*

Through the current study, the prior steps of Baxter and Jack have been followed in the current study. As the current researcher ensured that the case study' questions were written clearly and are fit precisely with the case study design, data collection, analysing and conclusions (Russell et al., 2005). By doing these steps, the current study ensured the face validity, which shows how well the general design of the current study is (Ellis and Levy, 2009).

- *Concerning the prior second point,* the current study adopted pattern matching by which the constructs and factors of the study were set and defined prior to the data collection, and then comparing to the observed and practical data.

- *Concerning the prior third point* since the current study adopts multiple theoretical perspectives: Institutional theory, RBV and transaction costs through the OLI-paradigm recent development; so theoretical triangulation achieved in the current study.

4.1.7.3 External validity

In general, external validity defined as

> *'generalisability of sample results to the population of interest, across different measures, persons, settings, or times. External validity is important to demonstrate that research results are applicable in natural settings, as contrasted with classroom, laboratory, or survey-response settings'* (King and He, 2005: p. 882).

Also, (Leedy and Ormrod, 2005) referred to external validity as

> *'the extent to which the research results apply to situations beyond the study itself... the extent to which the conclusions drawn can be generalised to other contexts'(p. 105).*

So, external validity requires that the research findings should be able to report for a phenomenon in other settings rather than the settings, where they are studied.

Within a case study, external validity refers to establishing the domain to which a study's findings can be generalised(Yin, 1994). Within this context, (Yin, 2003; Eisenhardt, 1989) referred to that external validity can be achieved at a higher level in multiple-case studies than can be in a single-case study. Seeing that although single-case or multiple-case studies cannot show statistical generalisability, they still show rather a theory generalisation, especially, multiple-case studies(Gilbert et al., 2008).

Also, Scandura and Williams(2000) referred to another way to achieve the case study' external validity through

> *'the use of a variety of methods to examine a topic might result in a more robust and generalisable set of findings(higher external validity'(p.1250).*

Through the current study, higher external validity has ensured through two issues. *The first one* related to the current study's adoption of multiple cases that achieved generalisability and replication. *The second issue* related to the current study's adoption of a variety of methods(quantitative, qualitative and secondary data)that also verified generalisability, and accordingly this attained higher external validity.

4.1.7.4 Reliabiltiy

Research reliability refers to the ability to arrive at the same findings and conclusions if the same research procedures are followed exactly, so as to minimize the errors and biases in a study (Yin, 1994).

Within this context, (Gilbert et al., 2008) stated that formal protocols are required to ensure that procedures are consistent across case studies. (Yin, 1994) noted that one prerequisite of research reliability is its need to document the research procedures as, without documenting the research steps, the study could never be repeated. Accordingly, Table 4.7 shows the current study's documentation of research procedures adopted from(Dubé and Paré, 2003).

Table 4.7: The procedures framework of the current case study adopted from (Dubé and Paré, 2003).

Formal procedures of good positivist case study	**The procedures of the current study**
Area 1 :Research design	***Area 1 :Research design***
- A priori specifications of constructs and clean theoretical slate(internal validity).	- A prior set of constructs and variables were specified and theories set.
- Clear research questions(internal validity).	- Research questions were suggested
-Theory of interest, predictions from the theory and rival theories(internal validity).	- The New development OLI-paradigm(O-, L-, & I-advantage) was employed to describe the concepts and state propositions.
- Multiple case study design(validity)	-The thesis adopted six cases.
- Nature of single case design(internal validity) - Replication logic in multiple case design.	-The thesis adopted replication logic path
-Unit of analysis	- The decision of the foreign acquisition of the local banks.
- Team based research	- N/A
- Different roles of multiple investigators(reliability)	- N/A
Area 2 : Data collection	***Area 2 : Data collection***
- Elucidation of data collection process(reliability and validity)	-Variables' measurements and sources were stated.
-Data collection method: Qualitative method(reliability)	- Quantitative and qualitative data were adopted.
-Triangulation.	-The study employed theoretical, methodological and data triangulation.
-Case study protocol and data base(reliability, replicability)	-The study set a case study protocol.
Area 3 : Data analysis	***Area 3 : Data analysis***
-Elucidation of analysis process	-The analysis process of the study was documented in Chapter 5.
-Coding, pattern matching, data displays, comparing of data with theory(replication and internal validity)	-Pattern matching was adopted to compare the theoretical framework with the predicted one.
-Logical chain of evidence(internal validity)	-The thesis adopted chain of evidence.
-Empirical testing and time series analysis(internal validity)	-Empirical data was adopted to test the theories to verify the study propositions.
-Cross case comparison(internal validity)	-Cross-case analysis was adopted
-Use of natural controls(internal validity)	-The study variables occurred naturally.
-Quotes	-Quotes from academic literature, firm's documents and other sources were adopted
-Project review	-The thesis reviewed by peers, supervisors and examiners.
-Comparison with literature	-The findings were compared with the prior studies to investigate the study's propositions.

4.2 Chapter Summary

As illustrated earlier, the current research' design was based mainly on positivists that tending to realism as a research philosophy in order to verify the factors influencing the foreign acquisition of the Egyptian banks and then discover the new factors. The current study adopts the case study as a research strategy, which balances the limitations of using each of the questionnaires and interviews independently. Since adopting a case study strategy maximizes the realism of context and maximizes the theoretical propositions generalisability rather than populations' generalisability. In order to maximize theoretical proposition' generalization, the first stage of the study will apply a questionnaire survey to a purposive sample of banks that adopted M&A strategies within the host country. Then, in order to maximize realism, the researcher will conduct a number of semi-structured interviews to get insights into the participants' experiences and awareness that can support the first stage of the study. Both of the two stages contribute to achieving the study's triangulation. Along with these tools, secondary data, if possible, were employed to prove/disprove the primary data. Then, pattern matching will be adopted, where the results of both questionnaires and interviews, as well as the secondary data will be set in an observed-pattern to be compared with the theoretical-pattern(as an illustrated in Chapter 3), by which the study's theoretical propositions will be confirmed or falsified. All construct validity, reliability and internal and external validity of the thesis case studies ensured.

Chapter 5 : The studied banks' overview & data analysis and findings of the first and second research propositions(the host-country drivers).

5.0 Introduction

According to ***Chapter 1,*** three main research questions were suggested as follows.

- *(RQ1.1): Why did Egypt' institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?*
- *(RQ1.2): How did the local banks encourage the international banks to be existing in the country –Egypt-to acquire them between 2005-2010?*
- *(RQ1.3):How did the international banks go abroad and adopt international strategies in another country? And why?*

Then, in order to answer these research questions, four research propositions were suggested in-***Chapter 3***-as follows.

- ***(P1):****'A foreign bank' motivation to acquire the local bank was encouraged positively by a number of criteria related to the host country's drivers; they involved the country's regulatory quality features, legal protection features, social features, infrastructure features and transparency features'.*
- ***(P2):****'A foreign bank's motivation to acquire the local banks in the Egyptian context was encouraged positively by a number of drivers related to the local banks; they are the general status of the acquired banks, competitive strength criteria, technical capability criteria and an existing a prior positive experience with the local bank'.*
- ***(P3):****'A foreign bank's motivation to acquire the local banks was encouraged positively by the banks' exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation.*

-***(P4):****'A foreign bank' motivation to acquire a local bank within a country encouraged positively by a foreign bank' having specific Ownership-advantages of entrepreneurial traits in terms of having risky and innovative capabilities, and have an orientation to enhance the bank performance'.*

Then, ***Chapter 4*** illustrates the research design, which depends mainly on positivism, tending toward realism, as a research paradigm, in order to validate the factors that motivated the foreign acquisition of the local banks within Egypt as well as to identify new ones. A multiple case studies were employed to cope with the adopted paradigm. A questionnaire and semi-structured interviews were chosen to a purposive sample of banks that adopted M&As strategies within the host country. Parallel to the primary data, secondary data were also employed to validate the data in the primary data stage. Accordingly, research triangulation achieved.

While the current chapter attempts to prove/disprove the first and second research propositions, the next chapter is going to prove/disprove the third and fourth research propositions using both primary and secondary data. Concerning the primary data, the researcher distributed a questionnaire to multiple case studies of the acquiring banks and conducted semi-structured interviews with acquiring banks' top management staff members. In conjunction with that, secondary data is employed, if available. To begin the analysis chapter, an overview of the research sample is presenting as follows.

5.1 Overview of the thesis's population and sample

Contrast to the previous periods in the 1970s, 1980s, 1990s that witnessed the emergence of foreign banks in the form of joint banks and branches of the foreign banks; the period 2005-2010 has witnessed a wave of foreign mergers and acquisitions of the Egyptian banks(see Table 5.1). Table 5.1 demonstrates the total population of the foreign bank M&As of the Egyptian banks during the period 2005-2010.

Table 5.1: The foreign acquisitions cases of the Egyptian banks, 2005-2010.

Acquiring banks	Home country	Acquired banks	Pre-strategy of the acquired banks.	Year of acquisition
1. Piraeus bank	Greece	Egyptian Commercial bank	Joint bank	2006
2. Credit Agricole Group(Calyon)	France	American-Egyptian bank	State Joint bank	2006
3. Blom Bank.	Lebanon	Misr-Romanian Bank	State Joint bank	2005
4. National Société Générale Bank(NSGB)	France	Misr International bank	State Joint bank	2005
5. Arab International bank	Group of countries	Seuz Canal bank	State Joint bank	-
6. Ripplewood-led Consortium	USA	Commercial International Bank	Joint bank	-
7. Audi Bank	Lebanon	Cairo Far East Bank	Joint bank	2006

8. Union National Bank of Emirates	Eimrates	Alexandria Commercial and Maritime Bank	State Joint bank	2006
9. Abou-Dhabi Islamic Bank	Eimrates	National Bank for Development	State Joint bank	2008
10. National Bank of Kuwait	Kuwait	Al-Watany Bank of Egypt	Private bank	2005
11. Intesa Sanpaolo Bank	Italy	Alexandria Bank	State bank	2006
12. The British Barclays bank	Britain	Bank du Caire Barclays	Joint bank	-
13. Ahli-United Bank	Eimrates	International Delta Misr	Joint bank	2006
14. PNB Paribas Bank.	Greece	Commercial National Bank.	Egypt	-

In this study, based on the data collection facility and availability, six banks were selected by the researcher to participate in the primary data collection; the following section presents an overview of these six banks.

5.1.1 Intesa Sanpaolo Bank of Italy acquired Alexandria Bank.

In 1957, the Egyptian government established the public bank, Alexandria Bank, to take over Barclays Bank DCO's Egyptian operations. In 1964, Alexandria Bank acquired the Nile Bank and Egypt's Import-Export Bank, both of which were local banks. In 2006, Intesa Sanpaolo, an Italian bank, acquired Alexandria Bank and, in order to be the bank's major shareholder, it agreed to pay $1.6 billion for 82% of Alexandria Bank, whilst the Egyptian government maintained ownership of 18%. Nowadays, Alexandria Bank is one of Egypt's largest banks.

5.1.2 National Societe General Bank –NSGB- of France acquired Misr International Bank –MIB-

The acquired bank *the Misr International Bank*(MIBank) was established in 1975 as a joint state bank by the Egyptian government and other shareholders. The Egyptian government owned 51% of the total shares of MIBank. MIBank's shareholders consisted of Misr bank(25.5%), Di Roma International Bank(10%), British Arab Commercial Bank(8.5%) and Euro Partners Holding(7.875%). The acquiring bank *National Société Générale Bank*(NSGB)was one of the largest private banks and was established in 1978 by *Société Générale*(SG) as one of Europe's largest financial services groups in the Eurozone. In 2005, the French Bank NSGB acquired MIBank, owning 77.20% of MIBank's assets.

5.1.3 Union National Bank –UNB- of Emirate acquired Alexandria Commercial and Maritime Bank.

In 1981, the acquired bank *Alexandria Commercial and Maritime Bank* was established as a joint state bank in Alexandria, Egypt. Union National Bank, the acquiring Emirati bank, was established as a public joint-stock in 1982 and was considered to be one of the United Arab Emirates' chief domestic banks. As a part of the bank's vision to be 'a key player in the region', UNB entered the Egyptian banking sector through its successful acquisition of the Alexandria Commercial and Maritime Bank in 2006, by obtaining 95% of the bank assets.

5.1.4 Abou-Dhabi Islamic Bank –ADIB- of Emirate acquired National Bank for Development –NBD-.

The acquired bank *National Bank for Development*(NBD)was established in 1980 as a joint state bank with the goal of developing Egypt's private sector economy by supporting and financing start-up businesses in various sectors. During this period, the Egyptian government owned 51% of the bank's total shares. The bank's branches (70) were spread across all Egyptian governorates and worked as a dependent headquarters. The acquiring bank *Abu Dhabi Islamic Bank*(ADIB) was established in 1997 and claims to operate in accordance with Islamic Sharia rules with the goal of becoming a leading Islamic banking institution, offering Islamic Sharia products and services. In the last quarter of 2007, ADIB, an Emirati bank, acquired NBD, owning 62% of the bank.

5.1.5 Blom Bank of Lebanon acquired Misr-Romanian Bank.

The acquired bank *Misr-Romanian Bank* was established in 1977 as a joint state bank owned by both the Egyptian government and a number of Romanian banks. The Egyptian government owned 51% of the bank's total shares, whilst the Romanian banks owned the rest. The acquiring bank *Blom Bank* was established in 1951, in the Lebanese Republic. It was considered to be a leading Lebanese Bank. In 2005, Blom Bank acquired Misr-Romanian Bank, owning 99% of the bank. The bank's domination of the local bank's assets is entirely designed to protect the bank from inappropriate actions by its shareholders.

5.1.6 *Kuwait National Bank –KNB-of Kuwait acquired Al-Watany Bank of Egypt.*

Al-Watany Bank(AWB)was founded in 1980 as a joint private bank and was set up by several shrewd businessmen. The bank established itself as one of the chief banks for medium-sized businesses within the market. In 2007, AWB was acquired by the National Bank of Kuwait(NBK), which came to own 94% of the bank in order to begin operations in Egypt and the Middle-East, marking a new milestone in the regional expansion of NBK.

Table 5.2 summaries the overall information about the studied banks.

Table 5.2: The main features of both the study's sample: the acquiring and acquired banks.

Acquiring bank	Home country	Acquired bank	Acquisition year	Acquired bank type	Acquisition %
1. Intesa Sanpaolo Bank	Italy	Alexandria Bank	2006	State bank	82%
2. National Soceittee Generale Bank	Frence	Misr-Internatonal Bank	2005	State-private bank(joint bank)	77.5%
3. Union National Bank	United Arab Emirates	Maritime Alexandria Commercial Bank	2006	State-private bank(joint bank)	95%
4. Abou-Dhabi Islamic Bank	United Arab Emirates	National Bank for Development	2007	State-private bank(joint bank)	62%
5. Blom Bank	Lebanon	Misr-Romanian Bank	2005	State-private bank(joint bank)	99%
6. National Bank of Kuwait	Kuwait	Al-Watany Bank(National Bank of Egypt)	2007	Private bank	94%

5.2 Administration of data collection

In order to answer the research questions by proving or disproving the research propositions, the present study's data collection has two main stages. The first stage utilises survey data directed to the representative's decision-makers of the acquiring banks. Parallel to this stage, the second stage was carried out by conducting semi-structured interviews with them. Additionally, secondary data is employed in the study, if available, to glean further insights into the primary data.

5.2.1 Stage 1: Administration of the quantitative data.

5.2.1.1 Questionnaire sections

In general, the study's questionnaire consisted of 4 sections(A, B, C, and D)and was directed toward the representative staff of the acquiring banks. The following is the components of the questionnaire:

- **Section A:** attempts to prove/disprove the first research proposition that related to Dunning's recent view of the L-advantage. To do that, this section collects the participants' opinions regarding the role of the host country's institutional features on motivating for the adoption of acquisition strategy within the country. This section comprised of five main dimensions examined by 18 statements in total to evaluate the role of the host countries' institutional features on the adoption of banks' M&As. This section is directed at the representative senior's staff of the acquiring banks, in order to explore the extent to which the countries' institutional features that encouraged their banks' strategies to adopt M&As strategies within the country. The countries' institutional features are defined as the countries' promoting institutions that facilitate the existence of international banks in the local market. These institutional features include five main dimensions, as follows:
    1. *The country's regulatory quality features;*
    2. *The country's legal protection features;*
    3. *The country's social features;*
    4. *The country's infrastructure features; and*
    5. *The country's transparency features.*
- **Section B:** attempts to prove/disprove the second research proposition that related to the acquired banks' having specific resources. In view of that, this section consisted of four main criteria examined by 8 statements to explore the extent that the acquired banks' having specific features encouraged the foreign acquisition of these banks. These four criteria are as follows
    1. *The acquired banks having competitive strength criteria;*
    2. *The acquired banks having technical capability criteria;*
    3. *The acquired banks having general status; and*
    4. *The acquired banks having a positive experience*.
- **Section C:** attempts to prove/disprove the third research proposition that related to the foreign banks' Ownership of specific resources. In view of that, this section consisted of four main factors examined by 4 statements to explore to what extent the acquiring banks' specific resources encouraged the foreign acquisition of the local banks. These four factors are as follows

1. *The acquiring bank's size;*
2. *The acquiring bank's international experience;*
3. *The acquiring bank's technical capability; and*
4. *The acquiring bank's reputation.*

- **Section D:** attempts to prove/disprove the four research propositions that related to the foreign banks' Ownership of specific strategic capabilities. In view of that, this section consisted of three main factors examined by 13 statements to evaluate the acquiring banks' strategic capabilities on encouraging them to adopt M&As. The three main factors are as follows

    1. *The international bank having innovative and customer orientations;*
    2. *The international bank having a risk capability; and*
    3. *The international bank's orientation of maintaining and expanding the business.*

- **Section E:** is about the demographic characteristics of the participants from the acquiring banks. The demographic characteristics included the date of the M&A, the participants' working experiences, and the participant's designations and gender. It is noteworthy that the study questionnaire was accompanied by a covering letter that identified the study's purpose and objectives and further involved information regarding respondents' confidentiality. Table 5.3 summaries the main sections of the study questionnaire.

Table 5.3: A summary of the main sections of the study's questionnaire and their components.

Main sections of the questionnaire	***Section components***
A. The country institutional features:	*- The regulatory quality features;*
	- The social features;
	- The legalised features;
	- The economic features; and
	- The transparency features.
B. Specific criteria related to the acquiried banks:	*- The general status;*
	- The competitive strength;
	- The technical capability;
	- The existence of positive prior experience.
C. The acquiring bank'specific strategic capabilities:	*- Having an innovativeness capability;*
	- Having the risk capability; and
	- The intent to expanding the business.
D. The acquiring banks' specific resources:	*- The bank's size;*
	- The bank's international experience;
	- The bank's technical capability; and
	- The bank's reputation.

5.2.1.2 Strategies to improve the questionnaire' participants response rates.

In order to increase the participant's response rate to the questionnaire questions, the researcher took a number of steps, as follows.

First, the researcher made the questionnaire easy and simple; this will enable people to reply.

Second, the researcher gave clear details about the study, so that the participants could understand the study's value.

Third, the researcher convinced the bank's representative's staff that their efforts in replying to the questionnaire would be beneficial to the study.

Fourth, the researcher ensured confidentiality.

Fifth, because of respondents' busy work schedules, the researcher ensured that the respondents received the questionnaire at an appropriate time for them(Easterby-Smith et al., 2008).

Finally, the researcher's choice of questionnaire type might affect the respondents' response rate. In this context, Saunders et al.(2009) referred to that there is a higher response rate to interviewer-administered questionnaires than to self-administered questionnaires. For that reason, in order to achieve a high response rate, the researcher presented herself when the data collected by means of the *interviewer-administrated questionnaires*. Furthermore, the interviewer-administered questionnaire enables the researcher also to perform semi-structured interviews to get in-depth into the phenomenon understudy more profoundly.

5.2.1.3 Demographic data of the study's questionnaire participants

Table 5.4 shows the demographic features of the representative staff of the acquiring banks who responded to the questionnaire sections in detail: A, B, C, D and E.

Table 5.4: The demographic data of the participants of the questionnaire.

Element	No.	%
1. Questionnaire distribution within the acquiring banks		
- *Intesa Sanpaolo Bank*	7	21.21
- *National Societe Generale Bank.*	5	15.15
- *Abou-Dhabi Islamic Bank.*	5	15.5
- *Blom Bank.*	5	15.15
- *Union National Bank.*	6	18.2
- *Kuwait National Bank.*	5	15.15
2. Designations of the representative staff of the acquiring banks:		
- *Member of board directors*	2	6.06
- *Top management team*	11	33.33
- *General manager*	10	30.30
- *Executive manager.*	9	27.27
- *Sector manager.*	1	3.03
3. Respondents functional experiences:		
- *From 6-9 years*	5	15.15
- *From 10-19 years*	13	39.39
- *More than 20 years*	15	45.45
4. Gender Distribution		
- *Male*	31	94
- *Female*	2	6
Total number of the participants:		**33(100%)**

5.2.1.4 Analyzing the questionnaire data and the rationale for applying parametric tests(t-test).

It is believed that sample size and normality distribution of the data are considered the two key points that are used to decide which statistics technique, parametric or non-parametric tests, should be applied within the research. Firstly, when the sample size is small and there is a significant departure from normality, a non-parametric test is applied. Otherwise, a parametric test is applied(Elliott and Woodward, 2007). Secondly, while parametric tests were designed to process the data that assumed a specific distribution, usually a normal distribution, non-parametric tests do not depend on any specific distribution(Pataky et al., 2015). In this context, Altman(1991)stated that parametric tests require that the observations of the study should have a roughly normal distribution and if the raw data do not assure this condition, non-parametric tests should be adopted.

Through the current study, there are several ways to check whether the study's quantitative data deviates from the normal distribution or not. These ways start from visual inspection of the study quantitative data, to more sophisticated ways that check statistically whether a distribution deviates significantly from standard normal distribution (Orr et al., 1991). These range from examination of skew(ideally between-0.80 and 0.80; closer to 0.00 is better), kurtosis(closer to 3.0 in most software packages, closer to 0.00 in SPSS)to the examination of P-P plots(plotted percentages should remain close to the diagonal line to indicate normality)and inferential tests of normality, such as the *Kolmorogov-Smirnov* or *Shapiro-Wilk's W test*(p >.05 indicates the distribution does not differ significantly from the standard normal distribution)(Osborne, 2010).

Appendix 3 shows the normality distribution results of the current study's data. According to these results, it can be concluded that the current study's quantitative data did not deviate from normality distribution. Thus, the normality distribution roughly existed within the current study variables. Initially, the visual inspection of the current study data, histogram graph, demonstrated that the current study variables were reasonably distributed normally. Secondly, normality distribution confirmed also by *a Detrended Normal Q-Q plot*, which shows that all points lie reasonably in a straight diagonal line from bottom-left to top-right close to the diagonal line. The Detrended Normal Q-Q plot demonstrates that the points of the scores are assembled around the zero horizontal line and there is no clustering of points.

Then, further sophisticated ways of checking the normality distribution of the current study data confirmed the results of visual inspection of the normality. According to the Kolmogorov-Smirnov(KS)'s result, it is roughly non-significant as it is equal to.05 while the KS test is considered as non-significant exactly when it is more than.05. This is also confirmed by the Skewness and Kurtosis results. While the skewness value is equal to.881, which is still roughly between the acceptable values-0.8 and +0.8 for an indication of data normality. However, the Kurtosis value (.390)was not close to zero as the closer to zero the better it is. Within this context, Tabachnick and Fidell(2007) assert that, in large cases, skewness and Kurtosis do not form a substantive variation in the analysis. In view of that, the current study's data tends to have a normal distribution.

It is noteworthy that regardless of following the previous ways of checking the normality distribution of the data of the current study, the current study's sample size justifies the use of parametric tests. Within this context, (Frost, 2015) argues that if the researchers meet the sample size rules shown in Table 56, parametric tests shall perform well even for continuous non-normal and skewed data.

Table 5.5: Sample size for doing parametric analysis for non-normal and skewed data

Parametric test types	Sample size guidelines for no normal data
One-sample t-test	*Greater than 20*
Two sample t-test	*Each group should be greater than 15*
One-Way ANO-VA	*-If you have 2-9 groups, each group should be greater than 15* *-If you have 10-12 groups, each group should be greater than 20*

Source: (Frost, 2015) Choosing between a non-parametric test, and a parametric test.

According to Table 5.5, parametric tests (e.g., one-sample t-test)can be employed for even non-normal and skew data, on the condition that the study's sample is greater than 20 observations. In confirmation, Chatzaki et al.(2012) mentioned that parametric tests can be applied if the sample size is suitably large(30 or more observations in each sample). On the other hand, non-parametric tests should be employed in a very small sample(defined as N=<5)and when it is better to represent the researchers' area of study by the median and when the researchers used ordinal/ranked data (Frost, 2015). Even a very small sample size(N=< 5)can use parametric tests, especially a t-test since the researchers proved that there are no principle objections to using a parametric test(t-test)with an extremely very small sample size, provided that the population effect size is very large in extremely very small sample size(de Winter, 2013).

From the above discussions, the ways of checking the normal distribution of the data of the current study and its sample size (n= 33 observations) justify using the parametric tests as the general statistics technique. Within this context, Collis and Hussey(2014) stated that parametric tests have greater statistical power than non-parametric tests, where the researchers can identify a significant outcome of the results when a significant result exists. Within the parametric tests, the current study will employ a one-sample t-test since it is commonly known in this statistic method. See Table 5.6 for the statistics tools of parametric and non-parametric tests. Within this context, Chatzaki et al.(2012) claimed that t-tests may be computed on almost any set of continuous data.

Table 5.6: A comparison between parametric and non-parametric analyses tools

Parametric tests(means)	Non-parametric tests(median)
One-sample t-test	*One-sample Sign, One-sample Wilcoxon.*
Two sample t-test	*Mann-Whitney test.*
One-Way ANOVA	*Kruskal-Wallis.*
Factorial DOE with one factor and one blocking variable	*Friedman test.*

Source: (Frost, 2015).

5.2.2 Stage 2: Administration of interviews data(the qualitative data)

5.2.2.1 Demographic data of the interviewees.

Parallel to answering sections A, B, C, D and E of the questionnaire, the acquiring banks' representative staff were required to have interviews in order to obtain in-depth answers. Table 5.7 shows the demographic features of the participants of the acquiring banks who took part in the interviews.

Table 5.7 The demographic features of ten qualitative interviews of the representative staff of the acquiring banks.

Element		No.
1. *Distribution of interviews within each bank:*	- *Intesa Sanpaolo Bank*	2
	- *National Société Générale Bank*	2
	- *Abou-Dhabi Islamic Bank*	2
	- *Blom Bank*	2
	- *Union National Bank*	1
	- *Kuwait National Bank*	1
2. *Interviewee Designations:*	- *Member of Board Directors*	2
	- *Sector Manager*	1
	- *General managers*	3
	- *Executive managers*	4
3. *Interviewee Gender:*	- *Male*	10
	- *Female*	-
4. *Interviewee Age:*	- *46-49*	5
	- *50-54*	2
	- *55-59*	3
5. *Interviewee experience:*	- *From 10-19 years*	4
	- *More than 20 years*	6
6. *Interviewee education Level:*	- *BSc. Degree*	9
	- *Master's Degree*	1
Total qualitative interviews		**10**

5.2.2.2 Analyzing interviews data(the qualitative data).

In analysing the interviews, the researcher followed three activities: data reduction, data displaying, and drawing conclusions (Collis and Hussey, 2014).

Data reduction is 'the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in writing-up field notes or transcriptions'(Miles and Huberman, 1994 : p.10). Thus, the key features of data reduction involve as follows: reducing the data, restructuring the data and detextualising the data (Collis and Hussey, 2014). Reducing the data involves selecting relevant data and discarding ir-relevant data using coding. Then, in restructuring the data, depending on a pre-existing theoretical framework, the researcher re-organises the coded data in categories into which the data can be fitted (Collis and Hussey, 2014). These categories are grouped into core themes. By identifying the core themes, the researcher is able to test and de-velop a theory (Saunders et al., 2009). Next, in detextualising the data, the researcher summaries the data in diagram form (Collis and Hussey, 2014).

Data displaying is a *'visual format that presents information systematically, so the user can draw valid conclusions and take needed action'*(Miles and Huberman, 1994:p. 91). At this stage, researchers can use networks or matrices to present data in an organised way in order to draw conclusion (Collis and Hussey, 2014). Accordingly, to display the study data, the researcher used a simple form of the matrix, by which the data is organised in a table with defined columns and rows. While the column shows the banks being studied, the rows show the variables and the researcher's thoughts and assessments (Collis and Hussey, 2014).

In view of that, the researcher transcribed and reproduced the recorded interviews by word-processing them. Then, the researcher summarised, categorised the meanings, and then comprehend them. Next, the researcher tried to integrate data drawn from different transcripts and notes, which enabled the researcher to identify core themes. By identifying the core themes, the researcher is able to test and develop the theory and draw a conclusion (Saunders et al., 2009).

5.3 Reporting the main findings.

The following section is the investigation of the four research propositions. This shall be conducted using primary data sources and both quantitative and qualitative methods, and through secondary data to get further insight into the primary data to validate them.

5.3.1 Data Analysis and findings of the first and second research propositions: the host country and local bank drivers.

In order to answer the first and second research questions:

- *(RQ1.1): Why did Egypt' institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?*
- *(RQ1.2): How did the local banks' characteristics encourage the international banks to be existing in the country –Egypt-to acquire them between 2005-2010?*

- The first and second research propositions were proposed as follows:
    - (*P1*):*'A foreign bank' motivation to acquire the local bank encouraged positively by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality features, legal*

protection features, social features, infrastructure features, and transparency features'.

- *(P2):'A foreign bank's motivation to acquire the local banks in the Egyptian context encouraged positively by a number of drivers related to the local banks; they are the general status of the acquired banks competitive strength criteria, technical capability criteria and an existing a prior positive experience with the local bank'.*

These research propositions have been investigated through primary and secondary data. While the primary data involves the responses to Sections A & B of the study's questionnaire(see Appendix 1)and the semi-structured interviews that were conducted with the acquiring banks' senior staff to get further insights into the questionnaire answers. Then, Secondary data is about the international and local reports, which employed to further validate the primary data results.

5.3.1.1 Proving/disproving the first research proposition: the role of the host country resources(L-advantage).

In order to answer the first research question, the current researcher suggested the first research proposition (*P1*): *'A foreign bank' motivation to acquire the local bank encouraged positively by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality features, legal protection features, social features, infrastructure features, and transparency features'.*

This first research proposition has been investigated through primary and secondary data. Concerning the primary data, it includes the analysis of Section –A- of the study questionnaire(see questionnaire sections in 5.2.1.1)and analysis of the semi-structured interviews that were conducted to gain further insights into their answers to section –A- of the study questionnaire. Then, secondary data was employed to glean extra insight into the primary data and to get further verification of the prior proposition. Concerning the secondary data, McCaston(2005) mentioned that the secondary data is not used as a substitute for the primary data, rather it is used simply to balance and complement the primary data. Through the current study, the secondary data of the country's institutional features has been used, as well as the institutional features of the other developing and developed countries.

Concerning the analysis of Section –A- of the questionnaire, the researcher employed descriptive statistics, using the *frequency* of the participants' responses of this section. Then, the researcher employed a *one-sample t-test* to identify whether or not the host country's institutional features had a significant role in adopting international strategies within the country. The justification for using a *one-sample t-test* is explained earlier in this chapter.

Table 5.8 shows the frequency of the senior staff members' responses of Section –A- of the study questionnaire in detail. This frequency table was based on a five-point Likert-scale, where 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree with the 18 statements related to the role of the host country's institutional features. Through this section of the questionnaire, the acquiring banks' senior staff gave their opinions about the role of the host country's institutional features in encouraging their banks to adopt M&As within the host country, Egypt. The country's institutional features included as follows: the country's regulatory quality features(from Q1.1.1 to Q1.1.5), the country's legal protection features (from Q1.2.1 to Q1.2.4), the country's infrastructure institutions(from Q3.1 to Q3.3), the country's social institutions (from Q1.4.1 to Q1.4.3)and the country's transparency institutions(from Q1.5.1 to Q1.5.3). Additionally, the table displays the other features of the country's institutional that were not mentioned as being encouraging factors in the main questionnaire, but which were referred to by the participants' answers.

As shown in the table, the senior staff of the acquiring banks approved, on average, all the statements about the empirical evidence of Section –A- of the study questionnaire related to the host country's institutional features. This indicates that the host country's institutional features were considered to be an important part of the acquiring banks' reasons for the adoption of international strategies(M&As)in the developing country, in this case Egypt.

Table 5.8: Frequency table of the Likert-Scale results of encouraging factors of the host country institutonal features and the adoptions of foreign M&As.

1.The country institutional features	The dimension's items	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Total
Q1.1The country's regulatory quality institutions	Q1.1.1: The country's regulation of allowing full foreign ownership of the local banks encouraged the bank M&As.	0	0	2 (6.1%)	19 (57.6%)	12 (36.4%)	33 (100%)
	q1.2: Lowering of restrictions on bank's ctivities/operations encouraged the bank M&A.	0	0	5 (15.2%)	22 66.7%)	6 (18.2%)	33 (100%)
	Q1.1.3: Strength of supervision of the local banks encouraged the bank M&A.	0	2 (6.1%)	9 (27.3%)	20 (60.6%)	2 (6.1%)	33 (100%)
	q1.4: The orientation towards achieving fair competition encouraged bank's strategy.	0	0	4 (12.1%)	27 (81.8%)	2 (6.1%)	33 (100%)
	Q1.1.5*: The government's ownership of the bank's assets did not hinder the bank's new strategy.	0	1 (3.0%)	3 (9.1%)	19 (57.6%)	5 (15.2%)	28* (84.8%)
Q1.2 Legal protection institutions	Q1.2.1: Property rights laws over foreigners' financial assets encouraged our decision.	0	0	5 (15.2%)	27 (81.8%)	1 (3%)	33 (100%)
	Q1.2.2: Arrangements for investor's protection of property rights encouraged our decision.	0	0	2 (6.1%)	31 (93.9%)	0	33 (100%)
	Q1.2.3: Arrangements for law enforcement encouraged our decision.	0	0	17 (51.5%)	16 (48.5%)	0	33 (100%)
	Q1.2.4: Arrangements against investor's property rights expatriation encouraged our decision.	0	0	0	24 (72.7%)	9 (27.3%)	33 (100%)
Q1.3 Infrastructure Institutions	Q1.3.1: The distributed Infrastructure of services and facilities encouraged our decision.	0	1 (3%)	10 (30.3%)	18 (54.5%)	4 (12.1%)	33 (100%)
	Q1.3.2: The country's home base of technological development and application encouraged our decision.	0	1 (3%)	10 (30.3%)	18 (54.5%)	4 (12.1%)	33 (100%)
	Q1.3.3: The country's home base of human infrastructure encouraged our decision.	0	1 (3%)	4 (12.1%)	22 (66.7%)	6 18.2%)	33 (100%)

* This item was not applicable to the private bank: Kuwait National Bank = 6 cases.

Table 5.8: Frequency table of the Likert-Scale results of the host country institutional features and the adoptions of foreign M&As.

1.The country institutional features	The dimension's sub-items	Strongly Disagree(1)	Disagree(2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Total
Q1.4 Social Institutions	Q1.4.1: The cultural value system had a positive orientation towards globalisation.	0	2 (6.1%)	7 (21.2)	20 (60.6 %)	4 (12.1%)	33 (100%)
	Q1.4.2: Compared to native citizens, foreigners are treated equally.	0	0	9 (27.3%	24 (72.7 %)	0	33 (100%)
	Q1.4.3: The national culture was open to other foreign cultures.	0	2 (6.1%)	4 (12.1%)	19 (57.6 %)	8 24.2%)	33 (100%)
Q1.5 Transparency institutions	Q1.5.1: There was transparency in the acquisition rules of the local bank.	0	0	9 (27.3%)	20 (60.6 %)	4 (12.1%)	33 (100%)
	Q1.5.2: The procedures of acquisition were implemented clearly to your bank.	0	2 (6.1%)	10 (30.3%)	21 (63.6 %)	0	33 (100%)
	Q1.5.3: There was a clear understanding of the rules of undertaking M&As strategy.	0	1 (3%)	8 (24.2%)	24 (72.7 %)	0	33 (100%)
Other factors	What other the host country institutional factors that encourgaging your bank to adopt M&As within the country? (A list of the interviewees answers of the other factors) **1. *The geographical location of the country.*** **2. *The host country's large population and market size.*** **3. *Historical reltionships between our allied countries and Egypt.*** 4. ***The country's high interest rate.*** 5. ***The local market was no competition.***						

Table 5.9 shows the one-sample t-test results of the representative' senior staff responses to five main sections of the study questionnaire. Within this context, Collis and Hussey(2014) note that by using the tools of parametric tests, researchers can detect a significant result when one exists. Therefore, by using the one-sample t-test for each statement of the questionnaire statements, it can decide whether the level of agreement or disagreement differs significantly from the cutpoint(=3.4), which represents a 'neutral' response(neither disagree nor agree). The ***'significant'*** result indicates that the average of the respondents' answers was significantly different from the 'neutral' response, which implicitly represents a 'no opinion' response. It is worth mentioning that Mukherjee et al.(2003) followed the same approach in interpreting the one-sample t-test results of their studies, in specific, in deciding the motives for the M&As.

The averages of the responses of the factor/item are placed within the five weighted means categories as follows:

> *(1)**'Very discouraging'** refers to factors/items of the weighted means of which ranged between 1.00 and 1.80;*
> ***(2)'Discouraging'** refers to the factors/items where their total means ranged between 1.81 and 2.60;*
> ***(3)'Neutral'** refers to factors/items where their total means ranged between 2.61 and 3.40;*
> ***(4)'Encouraging'** refers to factors/items where their total means ranged between 3.41 and 4.20; and finally;*
> ***(5)'Very encouraging'** refers to the factors/items where their total means ranged between 4.21-5.00.*

According to Table 5.9, as predicted, except for q1.2.3 and q1.5.2, the respondents, on average, agree with most of the statements of the questionnaire, whereas, the other statements show a positive mean value which is statistically different from cutpoint =3.4, at 0.05 or above using a one-sample t-test. Thus, in general, the host country's institutional factors significantly encouraged the foreign banks' adoption of their international strategies(M&As). The country's institutional factors involved country regulations, legal features, infrastructure, social features, and transparency. Furthermore, the table shows the ranking of responses based on the five-point scale. An explanation for each dimension of the first research proposition and its sub-items follows.

Table 5.9: t-test results of the country's institutional factors that motivated the adoption of M&As [Cutpoint= 3.40].

1.The country institutional features	The statements	N	MEAN	Relative importance (%)*	RANK	Std. Dev	t-test value	*P*-value	Sig. (2-tailed)	Interpretion of the result**
Q1.1 Regulatory quality institutions	Q1.1.1: The country regulations of allowing full foreign ownership of the local banks encouraged the bank M&As.	33	4.30	86%	1	.585	8.860	.000	Significantly greater than the cutpoint at α =.05	Very encouraging
	Q1.1.2: Lowering of restrictions on bank's ctivities/operations encouraged the bank M&A.	33	4.03	80.06%	2	.585	6.184	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.1.3: Strength of official supervision power of the local banks encouraged the bank M&A.	33	3.67	73.4%	4	.692	2.213	.034	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.1.4: The orientation towards achieving fair competition encouraged bank's strategy.	33	3.94	78.8%	3	.429	7.229	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.1.5: The government's ownership of the bank's assets did not hinder the bank's new strategy.	33	4.00	80%	=2	.667	4.762	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Average of the country regulatory quality institutions(1)	*33*	*3.99*	*79.8%*	*1*	*.318*	*10.730*	*.000*	*Significantly greater than the cut point at α =.05*	*Encouraging*
Q2.2 Legal protection institutions	Q1.2.1: Property rights laws over foreigners' financial assets encouraged our decision.	33	3.88	77.6%	=2	.415	6.625	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.2.2: Arrangements for investor's protection of property rights(physical resources, financial, patents, etc.)encouraged our decision.	33	3.94	78.8%	2	.242	12.788	.000	Significantly greater than the grand average at α =.05	Encouraging
	Q1.2.3: Arrangements for law enforcement encouraged our decision.	33	3.48	69.6%	3	.508	.960	.344	Insignificantly greater than the cutpoint at α =.05.	Encouraging
	Q1.2.4: Arrangements against investor property rights expropriation encouraged our decision.	33	4.27	85.4%	1	.452	11.085	.000	Significantly greater than cutpoint at α =.05	Very Encouraging
	Average of the country's legal protection institutions(2)	*33*	*3.89*	*77.8%*	*2*	*.208*	*13.670*	*.000*	*Significantly greater than the cut point at α =.05*	*Encouraging*

* The relative importance =((Mean /5)x 100).** The responses of the items/ factors are ranked within any of the following weighted means categories:(1)'Very discouraging':(1.00)-(1.79), (2)'Discouraging':(1.80)-(2.59), (3)'Neutral encouraging':(2.60)-(3.39), (4)'Encouraging':(3.40)–(4.19), Finally, (5)'Very encouraging':(4.20)–(5.00).

Table 5.9: One-sample t-test Table of the country institutional factors that motivated for the adoptions of M&As[cutpoint = 3.40].

1.The country institutional features	The statements	N	MEAN	Relative importance*	RANK	Std. Dev	t-value	*P*-value	Sig. (2-tailed)	Interpretion of the results**
Q1.3 Infrastructure Institutions	Q1.3.1: The distributed Infrastructure of services and facilities encouraged our decision.	33	3.76	75.2%	2	.708	2.899	.007	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.3.2: The country's home base of Technological Development and application encouraged our decision.	33	3.76	75.2%	=2	.708	2.899	.007	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.3.3:The country's home base of human resources encouraged our decision.	33	4.00	80%	1	.661	5.211	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Average of the country infrastructure institutions(3)	*33*	*3.84*	*76.8%*	*=2*	*.547*	*4.602*	*.000*	*Significantly greater than the cut point at α =.05*	*Ecouraging*
Q1.4 Social Institutions	Q1.4.1: The cultural value system's orientation degree towards globalisation settings.	33	3.79	75.8%	2	.740	3.012	.005	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.4.2: The treatment of the foreigners, compared to the native citizens, encouraged the adoption of M&As.	33	3.67	74.6%	=2	.595	2.574	.015	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.4.3: The degree of openness of the national culture to other foreign cultures encouraged the bank decision.	33	4.00	80%	1	.791	4.360	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Average of the country's social institutions(4):	***33***	***3.81***	***75%***	***3***	***.374***	***6.431***	***.000***	***Significantly greater than the cut point at α =.05***	***Encouraging***

* The relative importance =((Mean /5)x 100).

** The responses of the items/ factors are ranked within any of the following weighted means categories:(1)'Very discouraging':(1.00)-(1.79), (2)'Discouraging':(1.80)-(2.59), (3)'Neutral encouraging':(2.60)-(3.39), (4)'Encouraging':(3.40)–(4.19), Finally, (5)'Very encouraging':(4.20)–(5.00).

Table 5.9: One-sample t-test Table of the country institutional factors that motivated for the adoptions of M&As[cutpoint = 3.40].

1.The country institutional features	**The statements.**	**N**	**MEAN**	**Relative importance***	**RANK**	**Std. Dev.**	**t-value**	***P*-value**	**Sig. (2-tailed)**	**Interpretion of the results****
Q1.5 Transparency institutions	Q1.5.1: There was a transparency in the acquisition rules of the local bank.	33	3.85	77%	1	.619	4.165	.000	Significantly greater than the cutpoint at α =.05	Encouraging
	Q1.5.2: There was a transparency in implementing the acquisition' rules.	33	3.58	71.6 %	3	.614	1.645	.110	Insignificantly greater than the cutpoint at α =.05	Encouraging
	Q1.5.3: There was a full-understanding of the procedures of undertaking M&As strategy.	33	3.70	74%	2	.529	3.222	.003	Significantly greataer than the cutpoint at α =.05	Encouraging
	Average of the country transparency institutions(5)	*33*	*3.70*	*74%*	*4*	*.431*	*4.092*	*.000*	*Significantly greater than the cut point, at α =.05*	*Encouraging*
Average of the host country institutional determinants		*33*	*3.85*	*77%*		*.178*	*14.477*	*.000*	*Significantly greater than the cut point at α =.05*	*Encouraging*

*The relative importance =((Mean /5)x 100).

** The responses of the items/ factors are ranked within any of the following weighted means categories: 'Very discouraging':(1.00)-(1.79), 'Discouraging':(1.80)-(2.59), (3)'Neutral encouraging':(2.60)-(3.39), (4)'Encouraging':(3.40)–(4.19), Finally, (5)'Very encouraging':(4.20)–(5.00).

- *(Q1.1)The 1st dimension of the first research proposition(P1):the role of the host country's regulatory quality features on motivating for the foreign acquisition of the local banks.*

The country's regulatory quality features are considered the first-ranked dimension, amongst the other dimensions of the country's institutional features, in encouraging the foreign acquisitions of local banks since the relative importance of the dimension's five statements was at around 80%(Q1.1.1 to Q1.1.5 in Table 5.8). Using a one-sample t-test(shown in Table 5.9), it can be seen that the total mean is higher than any other dimension in this category(3.99), with a positive mean value which is statistically different from 3.4(neutral opinion) at 0.05 or above since its p-value for t(10.730)was.000. That total's significant mean is located in the *Encouraging* category(which is between 3.41-4.20). The highest significant mean of this dimension was due to the encouraging following statements, '*the host country's rule of removing the restrictions of full foreign ownership of the local banks', 'the host country's rule of lowering the restrictions on the bank's activities', 'strength of officially supervisory power of the local banks' and 'the orientation towards achieving fair and free competition'*.

Following is the clarification for this dimension's statements, in order, along with the qualitative and secondary data – if available – to verify/falsify this dimension.

- ***(Q1.1.1)A rule of allowing full foreign ownership of the local firms***

The first statement(Q1.1.1)'*the country's regulation of allowing full foreign ownership of the local banks*' is considered the first-ranked item amongst the country regulatory quality features that encouraged the foreign acquisitions of the Egyptian banks(see Table 5.9).

According to the frequency results shown in Table 5.8, 57.6% and 36.4% of the respondents agreed and strongly agreed respectively on this statement [Q1.1], which formed a relative importance of 86%. Thus, the first statement is placed within the *Very encouraging* category, achieving a mean of 4.30(the Very encouraging category ranges between 4.20-5.00). Using one-sample t-test results shown in Table 5.9, this statement mean has a positive mean value which is statistically greater than neutral point(=3.4)at α =.05 of significance or above since its p-value for T(8.860)was.000. This statement verified the results of (Kobrin, 1988; Contractor, 1990; Gomes-Casseres, 1990; Kaufmann et al., 2002; Uhlenbruck and Castro, 1998; Guillen and Tschoegl, 1999; Delios and Beamish, 1999; ul-Haq and Howcroft, 2007; Aziz and

Lilti, 2015; Kandilov et al., 2016; Zhou et al., 2017; Forcarelli and Pozzolo, 2001; Focarelli and Pozzolo, 2005). These results found that deregulation of local banks has a huge impact on forming cross-border M&As between local and international banks.

In this context, the qualitative data analysis of this item highlighted a theme that explained deeply how the host country rule of removing the restrictions on full ownership of the local banks had encouraged the foreign acquisitions of the local banks. This theme was the government rule of the foreign entrants to the Egyptian banking sector to fully owning the existing local banks only rather than establishing a new one in the host market. Furthermore, the interviewees explained that in the time of M&As, the policymaker authorised a rule of not issuing any new banking licenses for new entrants into the Egyptian banking sector, only allowing them to fully own the local banks that already existed in the local market. Accordingly, this explains why the foreign banks adopted M&As rather than adopting greenfield strategies. Within this context, a number of senior interviewees of the acquiring banks that acquired state, joint and private banks verified:

> *'…at this time, there was a wave in the local market to permit foreign entrants to fully own local banks….'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

> *'...the only way to enter the Egyptian market was through buying an existing bank according to the CBE regulations rather than establishing a new bank in the local market.'(Interviewee#6, General Manager, Abou-Dhabi Islamic Bank)*

> *'...the only opportunity that was available for foreign banks to enter the Egyptian market at this time was through buying fully an existing license of an existing local bank. Since the regulations of the Egyptian banking sector did not permit any new license for any new entrant to the Egyptian banking sector. Accordingly, the local bank was sold to Kuwait National Bank that had the desire to enter the Egyptian market at this time.'(Interviewee#10, Executive Manager, National Bank of Kuwait)*

As seen previously, the country's deregulation of foreign ownership of local banks encouraged foreign acquisitions of state, partially state-owned, as well as private banks, which consistent with several studies, in specific, a study of (Guillen and Tschoegl, 1999).

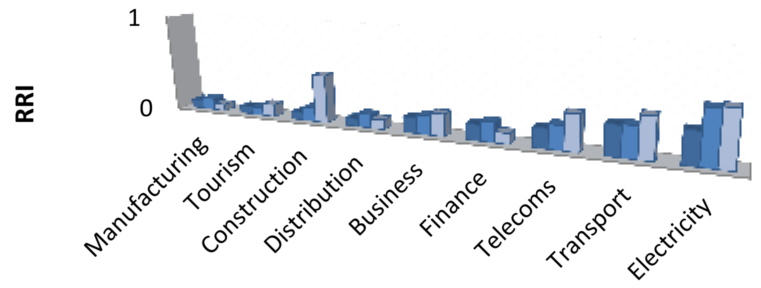
By reviewing the secondary data, it was found that secondary data supported the primary data. The secondary data was sourced through the reports of the OECD and

World Bank about Egypt's restrictive regulations and the volume of FDI that entered the country at this time.

By reviewing the OECD(Organisations for Economic Co-operation and Development) reports about the sound policies of FDI within the countries in the time of the foreign acquisitions of the Egyptian banks. It can be concluded that Egypt was considered the least restrictive country in the financial services sector, from a regulatory point of view, in comparison to other countries. Figure 5.1 shows the Regulatory Restrictiveness Index(RRI[5]) of Egypt and OECD and non-OECD countries(Middle-East and North Africa countries and other developing countries)during the period 2006-07 when the acquisition of the local banks took place. It can be seen that while Egypt's RRI is higher than the OECD average in seven of the nine sectors including tourism, construction, distribution, business services, telecommunications, transport and electricity and is also higher than non-OECD countries' average in all of these sectors, except distribution. Egypt's least restrictive regulative sectors in comparison to the regulatory restrictiveness average in OECD and non-OECD countries are financial services(banking and insurance services), and manufacturing sectors(OECD, 2007).

Within this context, OECD(2007) reported that because of its recent liberalisation policy, in particular the reduction of equity requirements in a number of sectors, Egypt had considerably improved in its ranking in investment regulations. It is noteworthy that by reviewing Egypt's law of foreign equity requirements at the time of the foreign acquisitions of the local banks, the policymaker issued the Investment Incentives Law No.(94)in 2005, removed a previous legal requirement of foreign ownership within the country that *'at least 49 percent of organisation shareholders be Egyptian'*, allowing 100 percent foreign representation on the board of directors. Furthermore, this law strengthens the accounting standards of the banks.

[5]The restrictions are evaluated on a 0-1 scale with '0' corresponding to a completely open sector and '1' to a ban sector to FDI. Given their evident importance, ownership restrictions receive a substantial weight.



	Manufacturing	Tourism	Construction	Distribution	Business	Finance	Telecoms	Transport	Electricity
OECD average	0.09	0.08	0.08	0.08	0.16	0.16	0.195	0.3	0.32
Non-OECD average	0.12	0.08	0.14	0.14	0.19	0.2	0.24	0.31	0.53
Egypt	0.07	0.13	0.485	0.1	0.225	0.11	0.36	0.41	0.545

Figure 5.1: A comparison among OECD, non-OECD countries and Egypt in averages in RRI in nine sectors, 2007(1=closed, 0=open).

Source: (OECD, 2007).

Figure 5.2 shows, for instance, how Egypt became close to the developed countries in terms of removing the restrictions on regulations of their firms in 2009-2010, and Egypt and Morocco are considered exceptional cases in the Middle-East region with regard to openness to FDI. This is a further evidence for considering Egypt as having low levels of FDI regulatory restrictiveness.

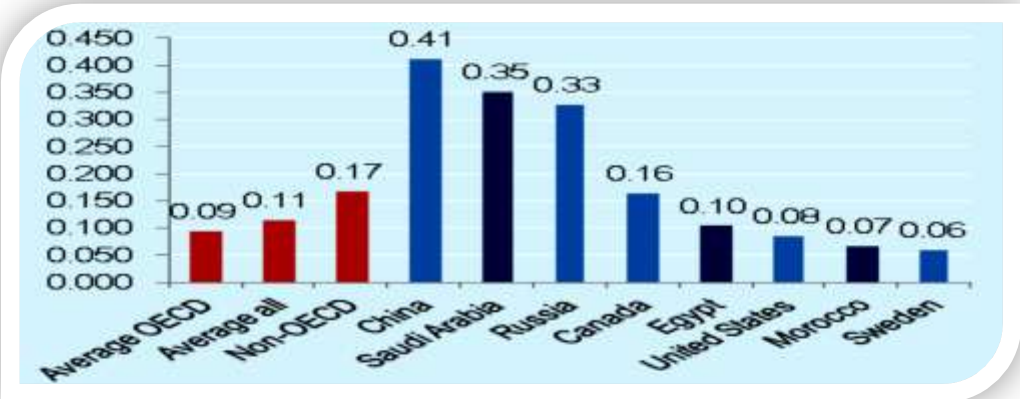


Figure 5.2 Regulatory Restrictiveness Index, 2009-2010(1=closed, 0=open)

Source:(WB, 2009).

Within this context, (WB, 2010)reported that Egypt is one of the most open economies to foreign ownership since the country opened up the majority of its economic sectors to foreign ownership, except for media, construction and air transportation sectors. Thus, Egypt gradually has become an important recipient of FDI among the other developing countries in Africa(See Figure 5.3).

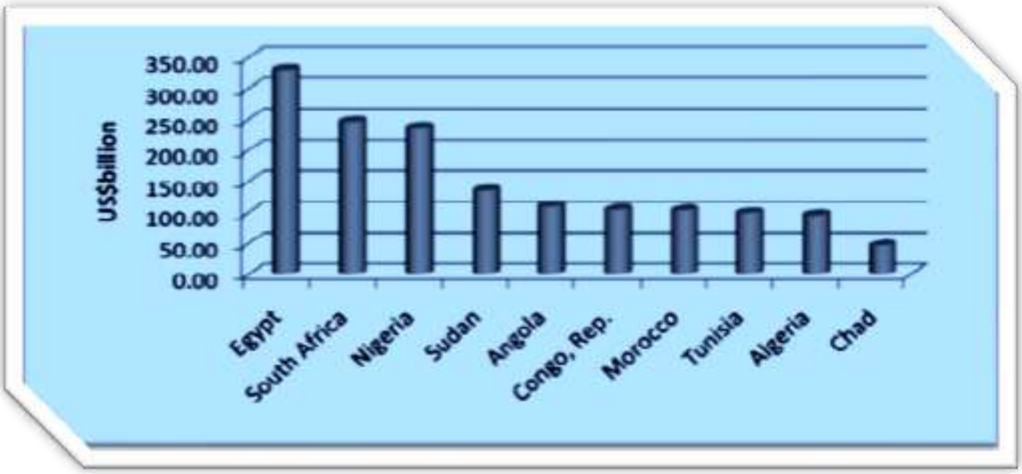


Figure 5.3: Top Ten Recipients of FDI in total(in US$ billion), 1998-2007.
Source : Africa Comeptitiveness Report(ACR, 2008).

Especially, the period between 2005-2008, the country transferred from receiving about US$500 million of inward FDI in 2001 to receiving US$12 billion and US$9.5 billion in 2007 and 2008, respectively(See Figure 5.4). These inward investments were in agriculture, manufacturing industry, construction, financial services, IT and communication, and tourism. These FDI inflows into the country represented 07.5% of GDP from 2005 to 2008, and this was reflected in that increase of Egypt's share in global FDI inflows that reached 0.6% during that period, compared to only 0.06% in 2001(Kamaly, 2011).

Kamaly(2011) noted also that before 2004, FDI flows to Egypt were lower than those of comparable economies, such as the Republic of Korea and Argentina. Then, the inward FDI started to increase in 2004, because of implementing Egypt's new policies and laws related to FDI, to reach higher than FDI inflows to the Republic of Korea, Argentina, and South Africa(Kamaly, 2011)(see Figure 5.4). However, from this point onward, FDI gradually started to decrease.

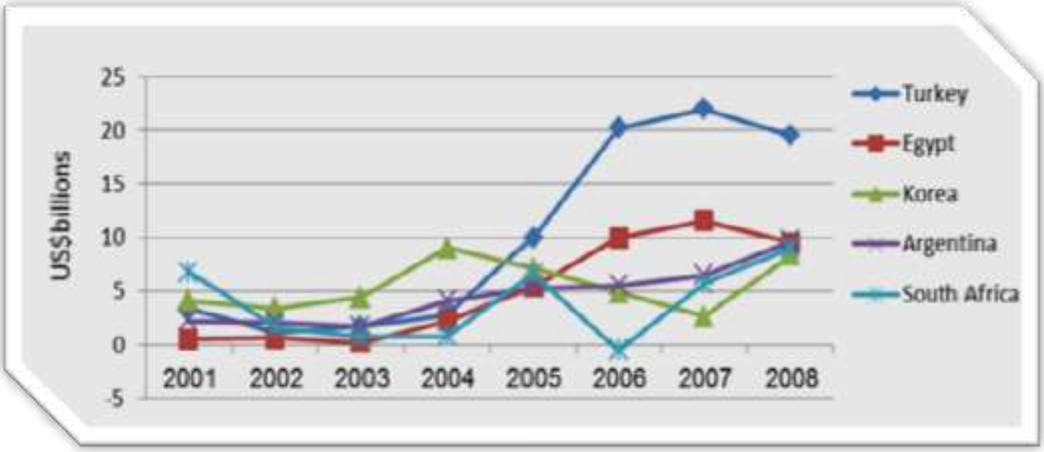


Figure-5.4-: Inward FDI inflows in comparable economies, 2001-2008(in US$ billion).
Source:(Kamaly, 2011).

As a result of the country's deregulation, most FDI were based on greenfield projects and M&As to industries between 2004/2005-2009/2010(see Table-5.10-). The data on IFDI inflows through greenfield investment and M&As show that during that period from 2005 to 2008 more than half of the IFDI went through these two entry modes(Kamaly, 2011). This indicates the extent to the country was open to FDI.

Table 5.10 : The inward FDI inflows through greenfield projects and M&As into the Egyptian environment – except for oil, gas and real estate sectors-, 2004-2005 – 2009/2010[a].
(in US millionDollars)

	2004/2005	*2005/2006*	*2006/2007*	*2007/2008*	*2008/2009*	*2009/2010*
Greenfield	1, 060, 4	3, 792, 9	5, 368, 6	6, 972, 0	2, 749, 6	2, 952, 3
M&As	419.5	905, 7	2, 772, 2	2, 337, 0	303, 5	173, 1

Source: CBE(unpublished data obtained from the Central Bank of Egypt).

[a] Data are reported on a fiscal year basis. The data exclude FDI into oil and gas and real estate sectors as they are treated as separate categories by the CBE.

Table 5.11 shows the distribution of inward FDI flows into the industry from 2006 to 2010. According to the table, the FDI inflows into Egypt appeared to be diversified from natural resources such as oil and gas to financial services, tourism, and information technology(IT) and communication. Financial services managed to attract significant amounts of IFDI, approximately(11%)of the total IFDI over the same period. Another industry sector that shows a high receiving of IFDI is (IT) and communications, which soared to reach 15% of the total IFDI in 2006/2007.

Table 5.11:Distribution of the inward FDI inflows into industry, 2006/2007-2009/2010
(inUS$ million)

Sector	2006/2007	2007/2008	2008/2009	2009/2010	Total (2006/2007 – 2009/2010)
All sectors	13, 048.3	17, 802.2	12, 836.1	11, 008.1	54, 730.7
Primary:					
Oil and gas	4, 904.5	8, 098.3	9, 666.6	7, 577.4	30, 246.8
Agriculture	29, 5	123, 3	76, 3	261, 6	490, 7
Secondary:					
Manufacturing industry	1, 054.6	1, 526.9	851, 9	456, 3	3, 889.7
Construction	60, 5	423, 8	225, 5	303, 8	1, 013.6
Services					
Financial services	2, 314.7	2, 187.6	440, 7	873, 9	5, 816.9
It and communication	1, 923.7	18.5	727.3	62.8	2, 732.3
Tourism.	429, 1	193, 7	121, 7	246, 9	991, 4
Real estate.	39, 0	394, 9	138, 4	305, 3	877, 6
Other services.	261.5	928.4	282.5	382.6	1, 855.0
Unclassified.	2, 067.2	3, 906.8	305, 2	537.5	6, 816.7

Source: CBE(unpublished data).

In consequence of the country's deregulation, FDI have penetrated the Egyptian banking sector to acquire the local banks and the number of foreign M&As of the Egyptian banks became higher than the number of domestic M&As.

- ***(Q1.1.5)The state' orientation to reduce its ownership of the state and joint banks(state-private banks).***

Confirming the prior statement(Q1.1.1), the fifth statement(Q1.1.5): *'the government' ownership of the local banks' stakes did not hinder the foreign M&As of the local banks*' achieved a relative importance of 80%, which placed it in the *Encouraging* category(which ranges between 3.40-4.20). This statement achieved a positive mean value of 4.00, which is statistically different from the neutral cutpoint(= 3.4)at the significance level =.05 or above since its p-value for t(4.762)was.000. This statement' result is consistent with the (Barth et al., 2013)who concluded that when there was a decreasing in the total assets in the state-owned banks, from 21% in 1999 to 15% in 2011; there was an increase in the total assets in the foreign-owned banks from 29% in 1999 to 47% in 2011. Thus, by transferring from government to private ownership, significant opportunities are offered for foreign firms to enter the market and grow (Uhlenbruck and Castro, 1998). It is important to note here that state ownership is defined as “the proportion of banking assets in government-owned banks, where a bank is considered state-owned if 50 percent or more of system’s assets are owned by the government”(Barth et al., 2013:p.9). Alternatively, foreign ownership is defined as *“the proportion of banking assets in foreign-owned banks, where a bank is considered foreign owned if 50 percent or more of the system’s assets are foreign-owned” (Barth et al., 2013:p. 9).*

It is noteworthy, the country had reduced its ownership of the local banks through privatising the state’s ownership of the banks’ stakes(the new theme), so, the state’s ownership of the stakes of the local banks did not hinder the bank M&As; rather it encouraged them. In this context, three of the interviewees explained the vital role of privatisation of the government’s stakes in the local banks and the adoption of M&As:

> *‘...in Egypt, it was decided to privatize Alexandria Bank(the state bank), and that played the main role for our expansion strategy abroad.’(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank)*
>
> *‘...privatization of the joint banks the main reason for the bank’s decision to acquire the bank.’(Interviewee#3, Member of Board Directors, National Société Générale Bank)*
>
> *‘...National Development Bank was a joint bank (partially state-owned bank) with private companies and businessmen. Then, the Egyptian government decided to sell its assets (25%-49%) to a number of private companies through Egypt’s stock exchange. As a result, the bank was offered at this time for sale. Thus, privatization of the public-joint banks is considered to be the main driver for us to acquire the local bank‘(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank).*

This aforementioned qualitative data is confirmed also by-*Interviewee#8, Executive Manager, Blom Bank-(see point Q1.4 on page 228*).

As seen before, allowing full foreign ownership of the government-stakes of the public and joint banks (through privatisation) facilitated the banks’ M&As. This result consistent with(Guillen and Tschoegl, 1999).

In a report about countries’ regulations and supervisory authority strength from 1999 to 2011, Egypt was considered to be one of the best, reporting the highest ratio of banks' assets to GDP (Barth et al., 2013). Thus, when the policymaker issued a Law of Public Enterprise to authorise selling its public stakes in 2005, around the time of the wave of foreign acquisitions, the policymaker gave opportunities to foreign firms to enter the Egyptian market. Under this law, Egyptian government began a privatization program by selling its stakes in several hundred wholly and partially state-owned firms, selling all the public shares of at least 660 state and partially-state firms(mixed between state and private ownership, whether foreign or domestic). However since 2008, the government has not undertaken any new privatization programs(ICS, 2014).

It is noteworthy that the main aim of privatising the local assets of public and partially-public banks within the country was to restructure these banks financially and structurally. Within this context, the senior interviewee explained that,

> *'...the policymakers' motivations for this decision(privatization) was related to restructuring the local banks' financially and managerially'(Interviewee#2, General Manager, Intesa Sanpaolo Bank).*

As seen before, the policymaker's privatization of the state and partially-owned state banks resulted from its desire to restructure its local banks financially and managerially. It is noteworthy that the financial restructuring of the local banks involved an increase of the local banks' capitals to match the capital requirements by the Central Bank of Egypt(CBE)to be ranged between \$100– \$200 million. It is noteworthy that the rule of increasing the banks' capitals was decided to cope with the requirements of Basel I and Basel II. However, the local banks were unable to restructure financially and increase their capitals, according to the CBE's requirements; thus, the policymaker decided to privatise the local banks. This reflects the circumstances of the banks : National Societte Generale Bank, Abou-Dhabi Islamic Bank, Union National Bank and Blom Bank, for instance, following is interviewees notes of Abou-Dhabi Islamic Bank and Union National Bank, they noted that,

> *'...privatization resulted from the local bank's inabilities at this time to meet the capital requirements by the Central Bank of Egypt(LE. 500 million as a minimum). However, the bank was unable to increase the capital requirements of the bank at this time. This encouraged the foreign bank that wanted to enter the Egyptian market in its new strategy.'(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank)*

'...an inability of the local bank to meet the banks' capital requirements encouraged the foreign bank to acquire the local bank.'(Interviewee#7, General Head of Business Sectors, *Union National Bank).*

This prior qualitative data is confirmed also by the other senior interviewees of the other banks: *Interviewee#4*, Executive Manager, National Societte Generale Bank; and *Interviewee#9*, General Manager, Blom Bank.

As noted above, the privatization of government stakes in the state and partially-state-owned banks came as a result of the local banks' inabilities to increase their capital in line with the regulations of the Central Bank of Egypt. Within this context, (Kaufmann, 1992)pointed out that increasing bank capitals might encourage these banks to adopt new strategies since poorly capitalised banks were likely to attract healthy capitalised banks to bring in the capital(Lanine and Vander, 2007). Seeing that the bank capitals served as a shield against losses and collapse(Barth et al., 2004). This result is consistent with the results of (Moore, 1997; Wheelock and Wilson, 2000; Pasiouras et al., 2011) in that banks with low capitalised ratios would be attractive targets for a potential take-over.

It is noteworthy that increasing the banks' capitals is a relatively recent orientation amongst the countries in order to improve their financial systems. Historically, when compared to non-financial firms, financial firms were perceived constantly to be less risky in their operations. This was because of their abilities to operate with a lower capital-to-asset ratio and, until recently, the financial system of any country was perceived to be a less risky sector than other industries. Table 5.12 compares financial firms and other industries in the capital-asset ratios between the years 1926 and 1986 (Kaufmann, 1992).

Table 5.12: Capital-to-asset ratios for banking organisations and other Industries from 1926 to 1986.

Year	**Banking**	Construction	Mining	Manufacturing	Public utilities	Trade	Services
1926	**21.3**	40.5	68.6	71.5	46.3	63.0	52.5
1930	**28.9**	48.3	69.8	75.3	50.7	63.6	57.1
1940	**27.1**	49.7	70.9	72.9	48.7	59.8	48.2
1950	**13.4**	43.8	67.0	68.5	51.4	58.2	53.3
1960	**14.9**	34.6	63.0	64.5	48.5	50.4	38.6
1970	**14.2**	28.6	57.1	51.2	42.3	41.1	32.8
1980	**13.2**	24.7	42.6	43.8	37.7	34.4	29.7
1986	**18.8**	24.1	47.8	38.4	37.0	28.0	26.2

Source: Kaufmman(1992: pp. 385-402).

As shown in Table 5.12 that the capital-to-asset ratios for the financial firms were always lower than for the other industries. However, since the early 1990s, there was a global trend to increase the ratios of the banks’ capitals, as the banks’ inadequate capital led to inadequate performance (De Krivoy, 1998). Increasing the bank capital costs improved the bank’s positioning (Kaufmann, 1992)and, then, increased the bank’s ability to face the risks of a banking crisis(Shrieves and Dahl, 1992). In this context, Kaufmann(1992) suggested that financial firms could increase their capitals by preserving the banks’ earnings. However, in the future, this method will likely lead to a decline in the bank’s performance since reducing a bank’s earnings so as to raise its capital might lower its capital reserves and that may reduce the bank’s performance in the future.

It is noteworthy that increasing the banks’ capitals is one of Basel Committee’s main rules of capital adequacy issued in the year 1988. These rules called for increasing banks’ capital reserves in order to avoid collapses (De Krivoy, 1998). At this time, the Basel Committee suggested financial reform programs directed at a number of economies in order to overcome the collapses of their financial institutions(De Krivoy, 1998) and to strengthen their banks’ financial positions(Kaufmann, 1992). Empirically,Shrieves and Dahl(1992) concluded that, because of their banks’ financial and managerial crises and economic reforming programs in a number of countries, a number of countries forced their banks to increase their banks’ capital reserves. Otherwise, a number of economies may force their failure or nearly failure banks to be acquired by healthy capitalised banks(Lanine and Vander, 2007; Wheelock and Wilson, 2000; Moore, 1997). Since this time, there was a wave of reforming programs within the banking sector across the globe, which led mostly the international banks to adopt cross-border M&As strategies (Barth et al., 2004; De Krivoy, 1998).

The secondary evidence is consistent with the primary data. Figure 5.3 shows the *equity-to-assets* ratio within the local banks before the trend of selling the local banks began in 2006. The equity-to-assets ratio is considered a proxy for the capital adequacy of the local banks. As shown in the figure, in 2006 the equity-to-assets ratio of state-owned banks(involved the acquired bank : Alexandria Bank)averaged at 4% and the private and joint banks(involved Misr-International Bank, National Development Bank, Maritime Alexandria Commercial Bank, Misr-Romanian Bank, AlWatany Bank –private-) averaged at 7%, which considered a relatively low. In this context, WB(2008) reported that the capital adequacy ratios of the working banks in Egypt are low compared to the other banks of other developing countries facing similar financial risks. That is why the Central Bank of Egypt(CBE)issued Banking and Money Law No. [88] in 2003, to significantly raise the minimum capital requirements of the local banks in Egypt. Within this context, Barth et al.(2013) reported that Egypt is one of 65 countries that has the most stringent bank capital regulations (Barth et al., 2013)(see Figure 5.5). However, most local banks were unable to cope with this law, hence, there were several cross-border mergers and acquisitions (WB, 2008).

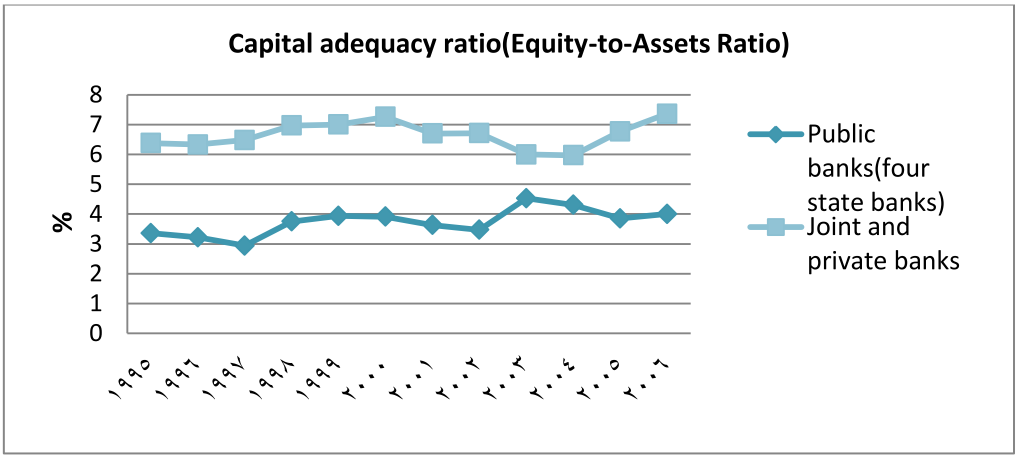


Figure 5.5: Capital adequacy ratio(Equity-to-Assets)for the public, joint and private local banks, 1995-2006.
Source : CBE reports of the capital adequacy ratios

Concerning, the local private bank *Al-Watany Bank of Egypt* that acquired by *Kuwait National Bank*(KNB), although the government did not have any stake in Al-Watany Bank of Egypt, [6] the country's new regulations in terms of allowing full foreign ownership of the local banks and the adoption of the privatization policy of the state and partial-state banks had indirectly affected the selling of the private banks in Egypt. Since, the owners of Al-Watany Bank of Egypt found that they were unable to compete in the local market under the new rules and circumstances that allowed for the existence of the international banks in the local market. Within this context, the senior staff of the KNB noted on this point that,

[6]Mainly, before foreign acquisition of Al-Watany bank of Egypt, the bank was shared between a number of state banks in Egypt and Egyptian shareholders. Then, and before the bank being acquired, the shares of the public banks had been sold to a number of Egyptian shareholders(individuals)who sold the bank then to the National bank of Kuwait.

'...as a result of the country's new circumstances and regulations, the local bank owners found themselves unable to compete with the other large international banks that entered the Egyptian banking sector at this time. Accordingly, the bank had been sold to National Bank of Kuwait that had a desire to enter the Egyptian market'(Interviewee#10, Executive Manager, National Bank of Kuwait).

In summary, although the policymaker did not own any asset of the private banks, the country's new regulations of selling the public and joint banks indirectly encouraged the selling of private banks since the private banks were unable to compete in the local market from the moment the international banks entered the local market. Hence, the host country's new rules and circumstances directly encouraged the selling of state and partial-state banks and, indirectly, the selling of private banks to foreign banks.

- ***(Q1.1.2)Lowering of restrictions on the foreign banks' activities***

The second-ranked item amongst the country's regulatory quality features that encouraged foreign acquisitions of local banks is *the lowering of restrictions on the foreign banks' activities and operations*(see Table 5.9). According to the frequency results shown in Table 5.8, it can be seen that 66.7% and 18.2% agreed and strongly agreed respectively on this statement(Q1.1.2), which constituted a relative importance of 80.06%(see Table 5.9). Thus, this statement is placed within the *Encouraging* category, achieving an average of 4.03(this category ranges between 3.40 and 4.19). Using one-sample t-test results in Table 5.9, this statement shows a positive mean value statistically different from the neutral cutpoint(=3.4)at the 0.05 level of significance or above since its p-value for T(6.184)was.000. This statement is consistent with (Barth et al., 2004; Sonenshine and Kraft, 2015; Choi et al., 2010).

Within this context, the qualitative data analysis highlights one theme that explained in detail how the host country's rule of lowering the restrictions on the foreign banks' activities had encouraged foreign acquisitions of local banks. This theme was 'allowing the foreign banks to invest mainly in the short-term activities alongside the long-term activities'. This was explained by senior interviewees of the studied banks who mentioned that before the wave of foreign M&As, the local banks were investing in long-term activities such as large manufacturing and service enterprises. Thus, the long-term activities were considered the dominant activities of the local banks. However, this investment policy would not benefit lots the foreign banks. Thus, by lowering restrictions on the foreign banks' activities to invest largely in the short-term activities along with investing moderately in the long-term activities, this local policy encouraged them in their new strategies within the host country since the short-term activities enabled the foreign banks to gain returns on their investments in a short amount of time. The senior interviewee noted,

> *'...before, the local banks'activities were about working more in long-term activities, however, this policy would not encourage foreign banks to implement a deal, as investors usually need to achieve profits in a short time; however, long-term investment activities and operations did not achieve that. So, the lowering of restrictions on doing short-term activities equal to long-term investment encouraged our investment decision within the country.'(Interviewee#7, Union-National Bank, General Manager for the Strategic and Financial Zones)*

This was also verified by another interviewee's note,

> *'...before 2005, there were restrictions in foreign investment operations. However, later on, after 2005, the restrictions on investment activities had been reduced to allow equal investment in the short-term and long-term investments' (Interviewee#6, Abou-Dhabi Islamic Bank, Executive Manager).*

As mentioned above, lowering the restrictions on banks' activities and operations facilitated the foreign banks' adoption of new strategies within Egypt because this rule enabled the acquiring banks to gain returns on their investments in a short amount of time. Within this context, Berger et al.(2000) mentioned that reducing restrictions on the international banks' activities enabled these banks to execute economies of scale of their activities, in turn achieving higher profits.

Concerning the secondary evidence, the overall restrictions on bank activities measured through the extent to which a bank can both engage in securities, insurance and real estate activities and own nonfinancial firms (Barth et al., 2013). This sourced through the reports of the OECD and the World Bank about the country.

Figure 5.6 provides detailed information on the change in the index of overall restrictions on bank activities. While positive numbers indicate an increase in restrictions, negative numbers indicate a decrease in restrictions. The country that increased restrictions the most was Seychelles, and the country that decreased restrictions the most was Romania. According to the figure above, Egypt is placed among the countries that decreased their restrictions on banks activities between 1999 and 2011. Within this context, using data from the World Bank, Barth et al.(2004) reported that lowering the restrictions on the working banks in Egypt caused the growth of its banking sector to resemble developed countries. This report notes that, in the past, the Egyptian banking sector suffered from a major crisis related to forced restrictions on local banks' activities. WB(2008) referred to that this policy had led to a concentration of the local banks' loans, which caused the banking sector to suffer from a lack of diversification and subsequently a high concentration of risk. Since 70% of the total loans for many of the local banks went to long-term activities (large corporate enterprises), and only 20% and 10% of the total loans went to SME and short-term activities(retail lending) respectively.

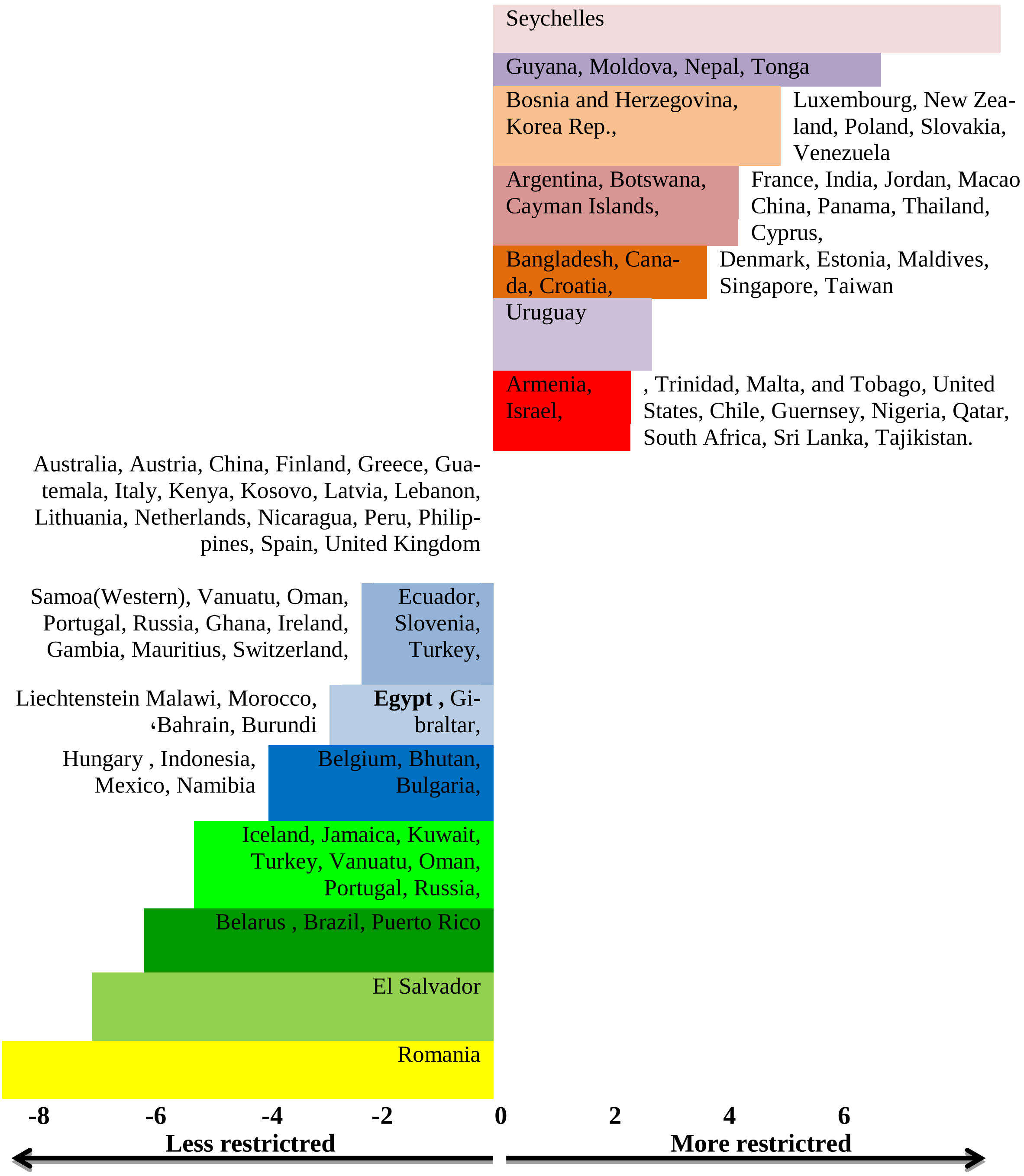


Figure 5.6 : Change in the index of overall restrictions on bank activities, 1999-2011.
Source : (Barth et al., 2013).

Additionally, Figure 5.7 shows the country's regulatory restrictiveness index in 2006-07 in nine sectors, where financial services was a part of this index[7]. This index is an aggregated index composed of three sub-elements: foreign ownership, screening, and operational process. So, this aggregated index reflects both of the foreign entry barriers in the form of imposing restrictions on the foreign ownership, and also the FDI post-entry barriers in the form of restricting the procedures of screening, management

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[٧]That involved tourism, construction, distribution, business services, telecommunications, transport electricity, financial services and manufacturing.

and operating. According to Figure 5.7, Egypt had a general aggregated index of (0.19)in FDI regulatory restrictiveness, which can be considered to be rather low. This general index is composed of a foreign ownership restriction score (=.07), screening procedures score(=.05), and operational restrictions score(=.07). Egypt’s score of FDI operational restriction referred to the country’s low ranking in imposing barriers on FDI’ functioning and operating within the host country, resembling the developed and less developed countries(see Figure 5.7).

1= most restrictive; 0 = least restrictive

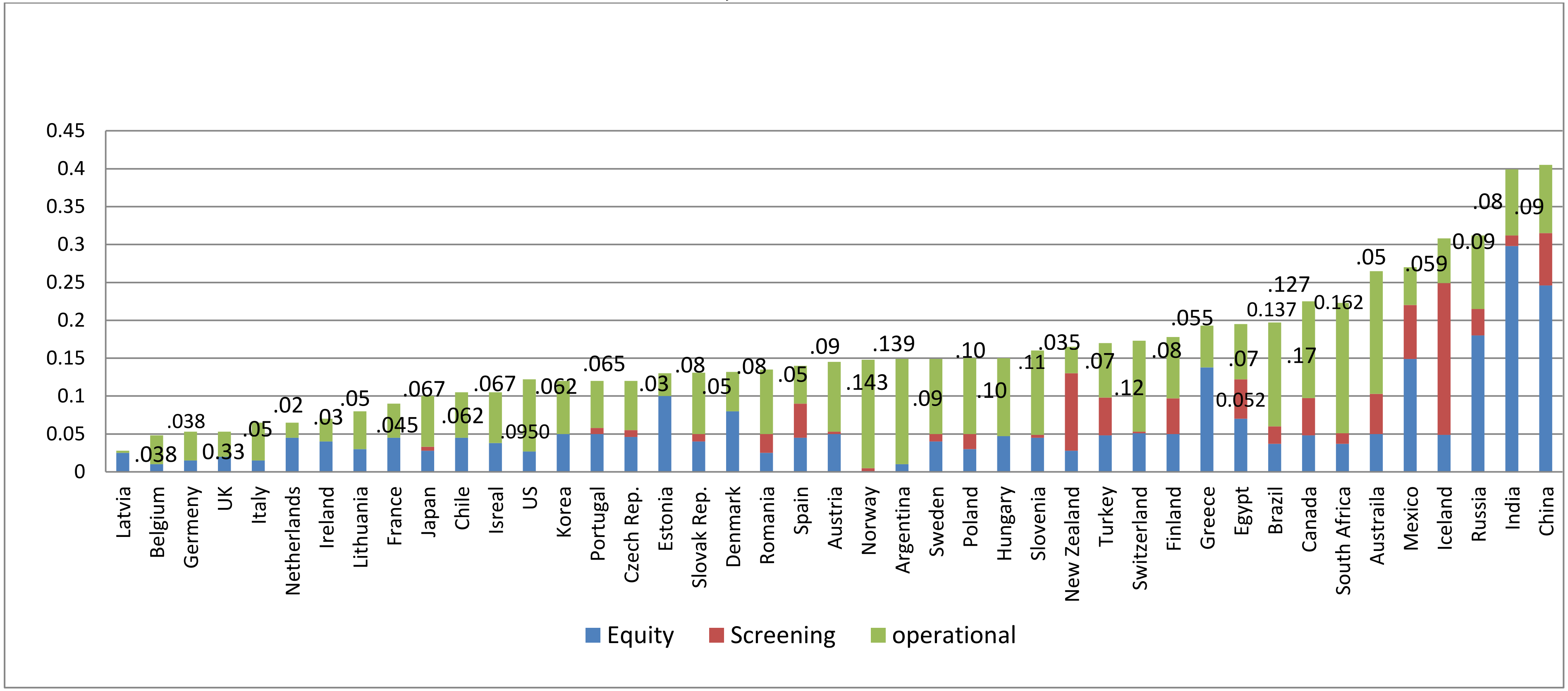


Figure 5.7: FDI's regulatory restrictiveness by type of restriction: Equity, Screening and operational in nine sectors including financial sector, 2007.
Source:(OECD, 2007).

In general, Figure 5.8 shows a comparison of Egypt's FDI liberalisation rankings between two periods in the 1990s and in the 2000s. FDI liberalisation score is a proxy of countries' policies of attracting FDI, this involves regulations, incentives, guarantees and operations conditions and restrictions. According to the figure, in comparison to the 1990s, in the 2000s, Egypt's FDI liberalisation score had been improved radically, reaching =.048, where the least restrictive score is equal to =0 and the most restrictive score equal to =1. As shown in the figure, the country's FDI liberalisation score increased gradually. Thus, the country ranked as one of the top reformers amongst the other countries in 2011, ranked at $18^{th,}$ dropping from 124^{th} in 2010(Loewe, 2013). It is noteworthy that between 2004-05, the economic reform program of the country's different sectors, in particular, the banking sector has begun, including FDI liberalisation.

1 = most restrictive; 0 = least restrictive

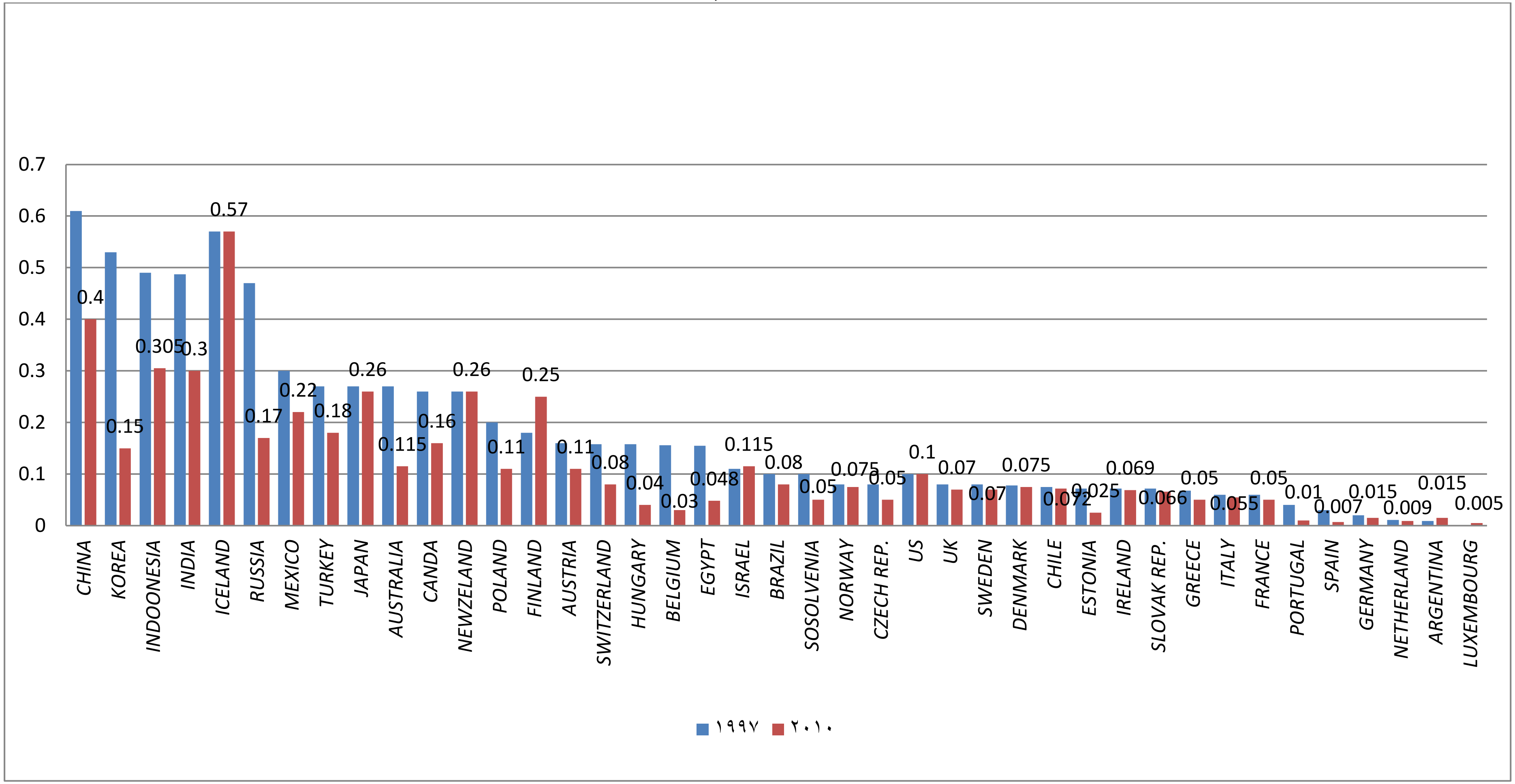


Figure 5.8: Comparison of FDI liberalisation in Egypt and other countries in 1997 and 2010.

Source:(OECD, 1997, 2010).

- *(Q1.1.4)Having a fair and free competition within the local market*

The third-ranked item amongst the country's regulatory quality features in encouraging foreign acquisitions of Egyptian banks was '*the policymaker's orientation towards fair and free competition in the local market*'(see Table 5.9). According to Table 5.8(the above), 81.8% and 6.1% of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of 78.8%(see Table 5.9). Thus, this statement is placed within the '*Encouraging'* category because of its average of(3.94)(Encouraging category ranges between 3.40-4.19).By using the one-sample t-test results shown in Table 5.9, this statement shows a positive mean value which is statistically above the neutral cutpoint(=3.4)at the level of significance =.05 or above since its p-value for t(7.229)was.000. This result is consistent with what (Barth et al., 2001)'s conclusion.

Within this context, two of the senior interviewees provided further details about the local market condition, when their banks adopted M&As within the country. They noted that

> *'...the government dominated the local banks by having the majority of the local banks' stakes, so, the competition within the Egyptian banking sector was non-existent before. Therefore, when privatization and new regulations had taken place in the banking sector, competition among working banks started to be freed. As a result of that, it is possible to increase the bank capitals to be grown to resemble the major banks in the country as the competition among banks is freed today.'(Interviewee#8, Executive Manager, Blom Bank)*

> *'...privatization of the state and joint banks were reflecting the country's policymakers' orientation towards achieving fair competition amongst the working banks in the country. Thus, the local banks' new strategies at this time reflected the society's orientation towards fair competition and financial globalization'(Interviewee#7, General Head of Business Sectors, Union National Bank)*

The prior qualitative data was also confirmed by the other interviewee,

> *'...before privatization, the government had dominant shares in the local banks. This policy was a barrier to achieving fair competition within the banking sector and created no competition among the local banks. Because of the government's decision to privatize the state and joint banks, the government's hold over the banking sector was reduced. Thus, the decision to privatize achieved fair competition among the working banks in the local market. It is noteworthy that all these policies were made to match the orientation of glob-*

alisation, especially, financial globalisation, which calls to reduce state control over the banking system. Moreover, the policymakers of the country desired to reduce the governmental shares in the state and joint banks in order to reduce the barriers that faced free competition in the banking sector. Consequently, the banking sector was liberated'(Interviewee#2, General Manager, Intesa Sanpaolo Bank).

It is worth noting that due to the state's monopoly over ownership of the Egyptian banking sector, this monopoly created a market of non-competition, which encouraged foreign banks to be present in the Egyptian banking market. Within this context, one of the senoir interviewee stated that,

'...before entering the host market, there was no competition, so, the market was opened to us to compete ....'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).

In summary, it can be concluded that before entring the Egyptian banking sector, there was no compeition, which encouraged the cross-border banks to be existing in the local market. However, if competition found within the banking sector, it will be fairly and free. This is becuase of the local government's inclination to privatise its stakes in the state and joint banks.

This confirmed by the secondary evidence, as there are a number of laws to organise the competition within its banking sector such as competition laws Nos. 190 and 193. These competition laws were issued by the Egyptian Competition Authority and are responsible for ensuring free competition in the local market, prohibiting anti-competitive practices, and serving customer and investor concerns. These competition laws prevented monopolism and mitigated the abuse of dominance and other issues related to competition. In 2008, the country amended these competition laws to provide more protection against monopolistic practices to ensure free competition and free entry/exit from the local market. However, the country faced challenges to implementing the competition laws, due to the lack of competition policy at a national level, and because of the unavailability of information (ICS, 2014).

It is worth mentioning that setting hard entry requirements to the banking sector(see Figure 5.8), maintains the competition generated from FDI's liberalisation and reduction of the state shares of the public and joint banks. This created a suitable atmosphere for cross-border firms to be existing in the local market to achieve high profits. According to Hymer(1976) that if there is an actual or potential competition between the foreign and local firms and the entry to the target industry is hard and there are only a small number of firms, the most profitable entry strategy is through having a merger/acquisition strategy, where high profits can be gained. By reviewing the Egyptian case, it can be concluded that (Hymer, 1976)' prior conditions of having a suitable market for cross-border firm's entry are available. Since the entry to the Egyptian market was not easy for all the foreign entrants in order to protect the local competition and to protect the foreign entrants themselves. As shown in Figure 5.9, Egypt is considered to be one of the 35 toughest countries, imposing basic entry requirements into its banking sector between the period 1999 and 2011. It recorded a score of entry requirements of around 2.00 from a total score of 8.00(the greater stringency score of entry requirements). Parallel to that, the policymaker decided to privatise its shares in the local banks which reduced the number of working banks in the sector from(63)to(43)(an existing small number of working banks than before). Furthermore, by government privatization of its shares in the state and joint banks, created potential competition between the local banks and foreign banks than before. So, all these conditions created the potential for free and fair competition in the local market.

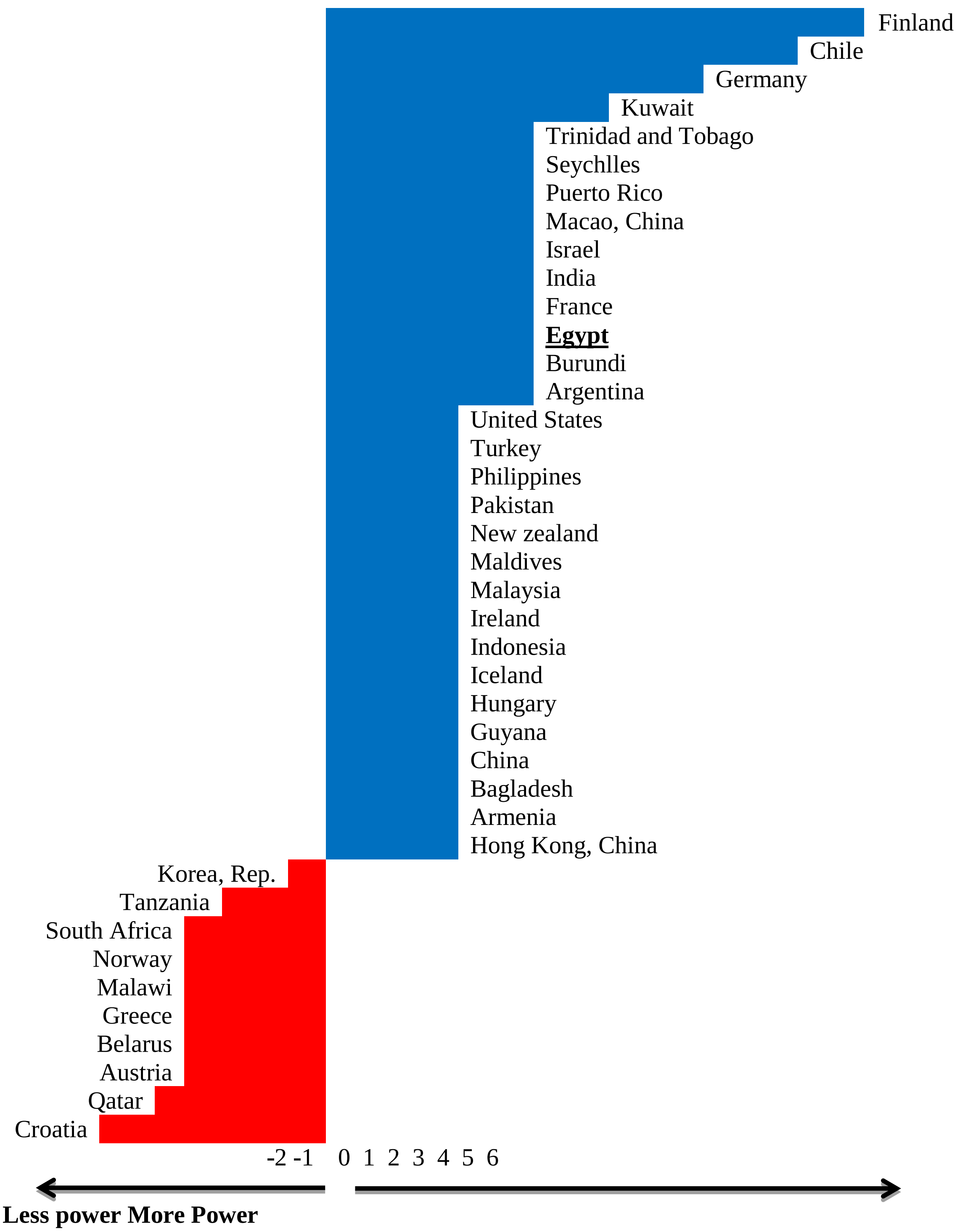


Figure 5.9 : The countries' entry requirements into the banking sector, 1999-2011.
Source :(Barth et al., 2013)

As shown above, foreign banks had to already exist in the local market according to stringency entry requirements imposed by the country, which protected competition within the banking sector.

- ***(Q1.1.4)Strength of official supervisory power***

The importance of an official supervisory power degree in a country can be clarified when we know that weakness in supervisory power was found to be related to corrupt features of the country's institutional that could negatively affect bank's lending processes and, hence, its stability. On the other hand, an increase in supervisory power would be an obstacle for bank development, function and steadiness(Barth et al., 2013). Thus, the international banks verify whether weakness or strength in the degree of supervisory power, that indicated whether these banks would operate securely and soundly.

Through the current study, by reviewing tables 5.8 and 5.9, it can be concluded that the last-ranked item amongst the country's regulatory quality features in encouraging foreign acquisitions of local banks was *the strength of the official supervisory power of the local banks*. According to Table 5.5, 60.6% and 6.1% agreed and strongly agreed respectively on this statement, which formed a relative importance of 73.4% for the item(see Table 5.9). Thus, owing to its average of(3.67), this item falls within the '*Encouraging'* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive mean value which is statistically significantly more than the neutral cut point(=3.4)at the level of significance =.05 since its p-value for T(2.213)was.034. Thus, this statement is consistent with Barth et al.'s(2001)conclusion that the countries with a strong degree of supervisory power over their banks might become attractive targets for international banks to be partners as part of their global strategies, in initiatives such as M&As. This statement is consistent with the studies (Rossi and Volpin, 2004; Buch and DeLong, 2004; Barth et al., 2001).

Among the qualitative notes of the senior interviewees, one referred to the strength of Egypt's official supervisory power in supporting the foreign banks' activities and performance, noting that,

> *'...there was a strong Central Bank in the country which could support our performance and functioning' (Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank)*

It is noteworthy that the official supervisory power of the country represented by the Central Bank of Egypt (CBE) considered an audit and controlling unit of the operations of the banking system. To facilitate the operations of the banking system, CBE placed its financial and managerial controllers to manage the risks of the local banks' assets. The official supervisory power of the country started to be upgraded only in the 2000s. For instance, in 2002, CBE issued the risk-based approach that indicated that risk-based capital of local banks must not be less than $100 million in order to prevent them from collapsing. This approach has been adopted by the European, North America, and Asian authority supervision. Additionally, CBE issued a number of conditions to control the operations of local banks (CBE, 2002-03). Then, in 2004, Egypt adopted an economic reform program that extended to its banking system. The main objective of reforming the banking system was to enhance and strengthen its regulations, supervisions and overall infrastructures. Furthermore, the reform program also involved regulations regarding foreign entry into, and exit from, the Egyptian banking sector(World Bank, 2008). Within this context, Barth et al.(2013) reported that the Egyptian banking sector's legalisation framework basically complies with International Financial Reporting Standards(IFRS), and with Basel standards, creating relatively strong banking supervision.

Despite that, there are still some areas in regulations and supervisions that have not been upgraded to an efficient level, as the regulatory and supervisory system in Egypt is relatively new and has been tested only recently(Nasr, 2010).

In view of the prior results of Q1.1 to Q1.5, it can be concluded that the host country's regulatory quality features had a significant impact on the adoption of M&As within the host country, Egypt. They involve permitting full-foreign ownership of the local banks, the lowering of the restrictions on the activities and operations of the foreign banks in the local market, having fair and free competition in the local market, the strength of official supervisory power of the country and reducing the government ownership of the local banks' stakes. In view of the prior results, between 2005-2010, the host country is considered to be an attractive location for FDI investments because of its regulatory quality features. This result agreed with the conceptual and empirical conclusions of the studies of (La Porta et al., 2000; Yiu and Makino, 2002; Focarelli et al., 1999; Contractor, 1990; Kobrin, 1988; Hartley et al., 1991; Uhlenbruck and Castro, 1998; Guillen and Tschoegl, 1999; Forcarelli and Pozzolo, 2001; Barth et al., 2001; Buch and DeLong, 2004; Kaufmann, 1992; Lanine and Vander, 2007; Wheelock and Wilson, 2000; Moore, 1997; Hannan and Piloff, 2009).

It is noteworthy that not just the host country's regulations motivated foreign banks' to adopt M&As across borders. But also, the home country's regulations play a key role in motivating the foreign banks' adoptions of international M&A strategies. Within this context, one of the acquiring banks' interviewees explained how in general the home country's regulations were implicitly behind the international banks' initial movements to go abroad. As the international banks were unable to obtain extra market share in their home countries as they reached their specified market share(25%)(anti-trust regulations). That pushed the international banks to go abroad seeking other new opportunities to grow. The informant noted that,

> *'...actually, the bank in its home country could not grow more, as we could not get more of our domestic market share as there are anti-trust regulations in the home country, and it was not allowed for the working banks to have more than a specific percent of market share in order to prevent the dominant of the banking sector which guarantee the competition without monopolism. As in our case, the bank was allowed to reach only(25%)of the banking market share in the home country. Thus, when we reached(25%)of the market share of our home market, the bank had to find further opportunities abroad in order to increase our market share'(Interviewee 1, Vice Chairman, Intesa Sanpaolo Bank).*

From the prior note, it can be concluded that in the home countries, there were 'anti-trust' regulations. According to these regulations, the foreign banks were allowed to have a specific percentage of the market share of their home markets, and they were not allowed to increase more than this percentage. Hence, the foreign banks searched for other global markets to seek an opportunity to increase their market shares. Thus, the foreign banks went abroad.

In confirmation with that, another interviewee referred implicitly to the main role of the home country' regulations in adopting strategies across the borders, by noting that his bank had a saturated ratio of its domestic market in 'Kuwait' that the bank could not increase above it anymore, as a result of the country's regulations, he noted that,

> *'... Kuwait National Bank enjoys a dominant market share in its home country'-(Interviewee#10, Kuwait National Bank, Executive Manager)*

As seen prior that the foreign banks were unable to increase their market shares in their home countries, because of so-called 'anti-trust' regulations. Parallel to that, the host country regulations of removing restrictions on full foreign ownership of the local banks and other regulations had significantly motivated the international banks to acquire local banks.

- ***(Q1.2)The 2nd dimension of the first research proposition(P1): the role of the legal protection features on motivating foreign acquisition of the local banks.***

The important role of Egypt's legal protection features can be explained through their ability to protect foreign investors' assets against any opportunistic behaviours from insiders and governments, as well as from any political issues which may undermine the probity of these institutions(Jensen, 2008).

Through the current study, the country's legal protection features are the second-ranked dimension in encouraging foreign acquisitions of local banks since the relative importance of the dimension is 77.8%(See Q1.2.1 to Q1.2.4 in Table 5.9). Using a one-sample t-test shown in Table 5.9, the total mean of the dimension was 3.89, which shows a positive mean value that is statistically different from neutral cutpoint(=3.4)at a level of 0.05 or above since its p-value for t(13.670)was.000. This total significant mean falls within the '*Encouraging*' category(which ranges between 3.40 and 4.19). The high significant mean of this dimension was due to receiving high *Significant Encouraging* means for a number of its statements, 'the country's arrangements for the investor's protection against expropriation', 'the country's arrangements for the investor' protection of property rights(physical assets, patents, ...)', and 'the country's arrangements for property rights laws for protecting the foreigners' financial assets', but insignificant *Moderate encouraging* mean of the item 'the country arrangements for the law enforcement'.

This result is in agreement with the conceptual and empirical results of the studies of (La Porta et al., 1999; La Porta et al., 2000; Rossi and Volpin, 2004; Love and Klapper, 2002; Aron, 2000; North, 1990).

Following is the quantitative data explanation of the dimension's items in sequence. Parallel to that, the qualitative and secondary data were employed to verify/falsify the quantitative data of this factor.

- ***(Q1.2.3)The country's arrangements for protecting investors' rights against expropriation.***

The first-ranked item amongst the host country's legalised features that encouraging the foreign acquisitions of the Egyptian banks is 'the investor protection against the host country's expropriation'(see Table 5.9). According to Table 5.8, 72.7% and 27.3% agreed and strongly agreed respectively on this statement that formed a relative importance of the item(85.4%). Thus, owing to its average(4.27), this item is placed within the '*Very encouraging*' category in promoting foreign acquisitions of the local banks(this category ranged between 4.20-5.00). By using the one-sample t-test results, this mean shows a positive mean value that is statistically above the cut point(= 3.4)at the level of significance =.05 since its p-value for t(11.085)was.000. This statement is consistent with the results of (La Porta et al., 1999; Jensen, 2008; Mina, 2011; Kamaly, 2011).

In this context, two of the senior interviewees related the existence of their banks within the host country to their legal protection against the country's expropriation and nationalisation, they noted that,

> *'...we would not invest in a country that did not have protection against the country's expropriation. When we made the acquisition deal, we take precautions against the country's expropriation and nationalisation'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank)*

> *'...without having procedures to protect investors' rights in the present and in the future, especially, protection against nationalization, the foreign bank would not exist in any country.'(Interviewee#8, Executive Manager, Blom Bank).*

As seen before the investor's protection against expropriation risk played a significant role in encouraging the foreign acquisitions of the local banks.

Concerning the secondary evidence, the country's expropriation level is considered a proxy of the country's control of corruption level. Control of corruption measures the perceptions of the extent to which public power is exercised for private gain(WB, 2009).Within this context, Al-Nasser(2007)mentioned that corruption is a big obstacle for emerging and developing countries to receive FDI. Thus, when the emerging and developing countries reduced their corruption levels, they attracted more FDI.Hajzler and Rosborough(2016)concluded that a higher propensity for corruption in a country increases the proclivity to expropriate the individuals. So, increasing the strength of investor protection is more required in a low transparent environment, as that is associated with a lower tendency to expropriate individuals.

Table 5.13 shows the scores and rankings of control of corruption in Egypt comparing to the four largest economies in Africa(Algeria, Nigeria, and South Africa), and comparing to a number of countries in the Middle-East and North Africa. As can be seen in the table, Egypt’s scores of control of corruption ranged from 3.2 to 3.8 between 2007 and 2009, where a value of 10 indicates a perfect environment in control of corruption, and a value of 0 indicates the opposite. According to the table, Egypt’s scores were not reflected a perfect environment in control of corruption, which indicated an existing tendency for individuals and firms to be expropriated. (Treisman, 2000) referred to that Egypt has been perceived to be a low transparency country. Although of that, Egypt’s score of control of corruption was much better than other countries in the region and in the world. At global ranking, in comparison to the other countries, Egypt is categorised within the top 50 countries in control of corruption(see the table), whilst at regional ranking, the country classified as one of top 5 countries in its Middle-East region in control of corruption in the years 2007 and 2008, where most of the foreign acquisitions of the Egyptian banks occurred.

Table 5.13: Control of corruption in a number of countries including Egypt, 2007-10

Country	Year	Score (high=10)	Middle-East rank(21)	Global rank(130)
Egypt (Middle-East and North Africa)	**2007**	**3.2**	**3**	**45**
	2008	**3.4**	**3**	**46**
	2009	**3.87**	**10**	**81**
	2010	**3.666**	**12**	**95**
Tunisia (Middle-East and North Africa)	2007	4.90	2	27
	2008	4.90	2	28
	2009	5.089	7	51
	2010	4.920	9	57
Algeria (Middel-East and North Africa)	2007	-	-	-
	2008	-	-	-
	2009	4.004	9	75
	2010	4.123	11	79
Morocco (Middle-East and North Africa)	2007	3.200	4	46
	2008	3.200	4	48
	2009	4.458	8	61
	2010	4.473	10	72
Jordan (Middle-East and North Africa)	2007	-	-	-
	2008	-	-	-
	2009	5.5.62	6	42
	2010	5.813	7	44
Kuwait (Middle-East and North Africa)	2007	-	-	-
	2008	-	-	-
	2009	5.897	5	35
	2010	5.995	5	39
Saudi Arabia (Middle-East and North Africa)	2007	-	-	-
	2008	-	-	-
	2009	-	-	-
	2010	5.127	8	53
Nigeria (Africa)	2007	1.900	7	68
	2008	1.900	7	69
	2009	2.939	16	106
	2010	3.162	17	108
South Africa (Africa)	2007	4.500	1	29
	2008	4.500	1	30
	2009	5.562	3	43
	2010	5.605	3	47

Source: International property rights index, 2007-2010, available at https://internationalpropertyrightsindex.org

Furthermore, at Africa region, amongst the other countries in Africa, Egypt placed in the top half of the institutional environments ranking, passed the countries Ghana, Malawi, Morocco, Nambia, and Zambia, because of its strength institutional environments: transparent government policy making, low level of corruption, high levels of confidence in the government, according to Africa Competitive

Report(ACR, 2009).

The general procedures that the country follows to ensure the protection of investors' property rights against expropriation, Egypt has issued a number of laws to emphasise and improve investor protection against expropriation within the country. The country's regulators amended Investment Law No. 94 of the year (2005), to include basic requirements for protecting investor property rights, such as protection from nationalisation, cancellation and the imposition of obligatory pricing. For instance, Article No. 8 stated, *"companies and establishments investing in the country shall not be nationalised or confiscated"*. In confirmation, Article No.(9)of the same law confirmed the protection of the investor against expropriation by stating that, *"Sequestration shall not be imposed administratively on the companies and establishments nor shall their property and funds be destined, seized, retained in protective custody, frozen or confiscated"(OECD, 2014).* Furthermore, like other countries in the region, Egypt has laws on commercial arbitration. It is noteworthy that only in Egypt and Tunisia have courts stated pro-arbitration policies(WB, 2010).

Additionally, the country has signed a number of international agreements with other countries to protect the rights of investors from these countries. For instance, (ICS, 2014)reported that Egypt had signed bilateral investment agreements with a number of countries such as *Belgium, China, Finland, France, Germany, Greece, Italy, Japan, Libya, Luxembourg, Morocco, the Netherlands, Romania, Singapore, Sudan, Sweden, Switzerland, Thailand, Tunisia, the United Kingdom, and the United States.* According to these agreements, the Law of Economic Zones of a Special Nature No. 83 was issued in 2002 to prohibit the expropriation of the foreign investors of these countries. For instance, Article No. 43 of that law stated that companies working in such zones *'shall not be nationalised'* (OECD, 2014). Furthermore, these international agreements included free financial transfers and procedures for the settlement of investment disputes, including international arbitration, alongside international legal standards against expropriation and compensation in crises (ICS, 2014). Accordingly, these international agreements ensure the fair, equitable and non-discriminatory treatment of foreign investors within Egypt (ICS, 2014). Furthermore, like other countries in the region, Egypt is a partner to the New York Convention, and has ratified the ICSID convention(WB, 2010).

Confirmed with that, a study by (Mina, 2011)about FDI volume in the MENA(Middle-East and North African region)countries between 1985 and 2008. Mina concluded that a lowering of the risk of expropriation for foreign investors had significantly increased FDI flows to these countries, including Egypt. Mina's findings reported a dramatic increase in FDI between 2005 and 2008(as shown in Figure 5.10). It is noteworthy the dramatic increase in FDI flows to the country emerged after performing a number of amendments to Investment Law No. 94(2005), which ensured investor protection against the expropriation risk. This implied that the rules against expropriation of foreign investors'assets appeared to be a considerable issue for most foreign investors.

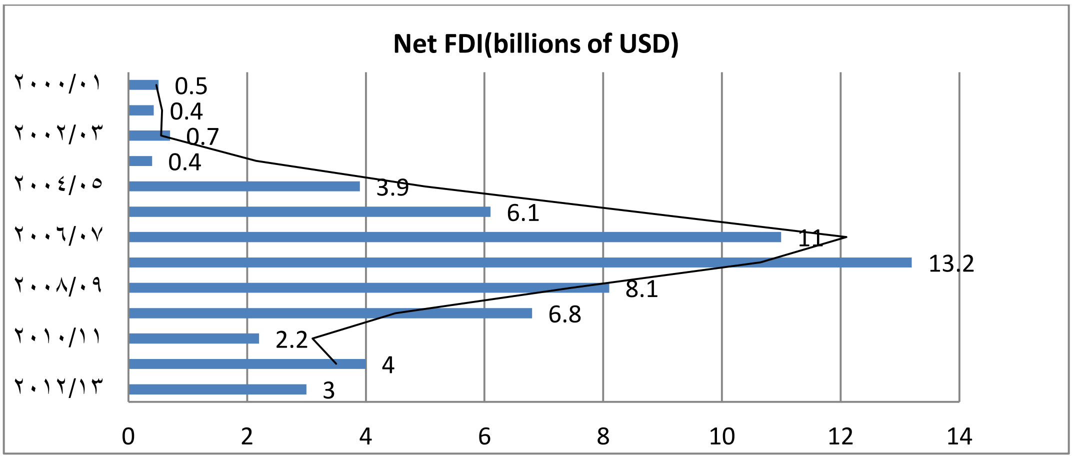


Figure 5.10: Net FDI of Egypt between 2000-2012 with its dramatic increasing between 2001 and 2013

Source: (Mina, 2011).

As shown in Figure 5.10 that between 2000-01 and 2003-04, FDI was fluctuating between US$400 million and $700 million. However, as soon as issuing the expropriation laws and issuing reforming programs in 2005, the inward FDI started to increase dramatically to US$6.1 billion, until reaching their peaks of US$ 11.6 billion and US$13.2 billion in 2006 and 2007 respectively. From this point onward, FDI gradually started to decrease.

In summary, it can be concluded that issuing laws to protect against the risk of the country expropriation boosted the modest level in the country's control of corruption and that increased the inflows of FDI to the country.

As shown previously, although investment Law No.(94) of the year (2005)had been amended, to ensure the protection of the foreign enterprises against cancellation and nationalisation. However, this law fall shorts when a number of foreign M&As cases within the country charged in the Egyptian courts after the country's revolution of 2011, as mentioned in the interviewees' notes below

> *'...however, after the country's revolution of 2011, we did not know what will happen to us, and we are afraid that there will be changes in the contract.'(Interviewee#1, Vice President, Intesa Sanpaolo Bank)*

> *'...when we adopted M&As strategies within the country, we ensured that the country's laws of protecting the property rights were offered. However, now, after the revolution of 2011, there are a number of cases related to foreign banks' acquisitions going through the Egyptian courts, which pointed to a gap in implementing the laws in the country and, consequently, there is a gap in legal implementation within the country.'(Interviewee#6, General Manager, Abou-Dhabi Islamic Bank)*

From the prior results, it can be concluded that unstable circumstances within the country may have a negative effect on the foreign banks' contracts.

- ***(Q1.2.2)The country arrangements for protecting the investor property rights(physical, intellectual, …, etc.)'.***

The second-ranked item within the dimension of the country's legal features was the protection of investors' property rights(physical, intellectual, patents rights –see Table 5.9). According to Table 5.8, 93.9% agreed on this statement, shaping a relative importance of 78.8%. Thus, owing to its average of(3.94), this item is placed within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40-4.19). By using one-sample t-test results, this shows a positive mean value that is statistically above than the cut point(= 3.4)at a level of significance =.05 since its p-value for T(12.788)was.000. This statement is consistent with the conclusion of (La Porta et al., 1999).

Within this context, a senior interviewee of the one of the acquiring banks referred to the importance of protecting foreign banks' property rights in encouraging the foreign banks' strategies, he noted,

'... before M&As, we make sure that the local laws protect our property rights very well and that encouraged foreigner to come and invest in the country'(Interviewee#7, General Head of Business Sectors, Union National Bank)

This confirmed by,

'... without protection of country's property rights, investors would not invest in the host country'(Interviewee#4, Executive Manager of National Société Générale Bank).

Concerning secondary data, by reviewing the secondary data of Egypt's protection level of physical and intellectual property, in total, in Table 5.14 it can be concluded that during the time of the foreign acquisitions of the local banks, Egypt is placed in the second-trimester of the global rankings. This implies that the country did not have a unique position globally in protecting the individuals' physical and intellectual property. However, at a regional level, the country is placed within the top 5 countries in protecting the physical and intellectual property, which are what attracted FDI to the country in particular amongst other Middle-East countries(see Table 5.14). Similarly, Egypt's laws protect for foreign investors' physical property, according to Article No.(9)of Egypt's Investment Law No. 94 of the year 2005(mentioned previously).

Table 5.14: Overall physical and intellectual property rights of Egypt at the period of the banks M&As.

Year	Physical and intellectual property rights	Score (high=10)	Regional ranking (21)	Global ranking (130)
2007	*Overall Physical Property*	3.266	4	65
	Overall Intellectual Property	3.747	3	51
2008	*Overall Physical Property*	3.300	4	66
	Overall Intellectual Property	3.700	4	54
2009	*Overall Physical Property*	4.996	9	83
	Overall Intellectual Property	4.319	8	71
2010	*Overall Physical Property*	5.689	11	73
	Overall Intellectual Property	4.678	10	67

Source: https://internationalpropertyrightsindex.org

In detail, protection of physical property, registering property and ease of access to loans are a proxy of the country's physical property. The country scores of protection of physical property, for instance, were *6.224/10, 6.20/10, 6.833/10, 6.100/10* in 2007, 2008, 2009 and 2010 respectively, which could be considered further acceptable. Similarly, protection of intellectual property, patent protection and copyright piracy are a proxy of intellectual property. The country's scores of protecting intellectual property were *4.252/10, 4.30/10, 4.167/10 and 4.4/10* in 2007, 2008, 2009 and 2010 respectively, which could be considered marginally acceptable. Although of that, According to the prior table, the country was ranked as one of top 5 countries in its region in protecting physical and intellectual property rights in the years 2007 and 2008, where most foreign M&As occurred in the banking sector.

- ***(Q1.2.1)The country arrangements for protecting the investor's financial assets***

The third-ranked item in the dimension of the country's legal features was 'the protection of investor's financial assets'(See Table 5.9). According to Table 5.8, 81.8% and 3% agreed and strongly agreed respectively on this statement that formed a relative importance of 77.6%(see Table 5.9). Thus, owing to its average of(3.88), this item falls within the *Encouraging* category in promoting for the foreign acquisitions of the local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, shows a positive mean value that is statistically above than the cut point = 3.40(neutral opinion)at the level of significance =.05 since its p-value for T(6.625)was.000. This statement is consistent with (John et al., 2010)'s conclusion.

In this context, a senior interviewee referred to the importance of protecting the investor's financial assets, especially their annual profits, as a condition to invest in the country, he noted,

> *'... the country's legal protection was very important for any foreign bank to invest in the country to secure its annual profits'(Interviewee#3, Member of the Board of Directors, National Société Générale Bank).*

It is noteworthy that in the time of acquiring the foreign banks, a number of laws were passed to ensure the financial assets of foreign investors. Similarly, the country's Investment Law No. 94 of the year 2005 [Article No. 9], protected investors' financial assets. This law was supported by other prior investment laws of the country such as Egypt's Investment Law No. 8 of the year(1997). This ensured the rights of foreign investors to send their capital and profits to their home countries, the right to maintain foreign-currency bank accounts, freedom from administrative attachment and equal treatment regardless of nationality(ICS, 2014). Furthermore, similarly, Egypt signed a number of international agreements with a number of zones(Middle-East zone, European zone, Asian zone and America zone) to protect the financial rights of the foreign investors, this clarified in the Law of Economic Zones of a Special Nature No. 83(2002*),"the financial assets of the companies of the member countries shall not be* *seized without a court ruling"[Article No. 44 of Law No. 94 of 2005]*(OECD, 2014). Within this context, Africa Competitiveness Report referred to that out of 134 countries, Egypt placed in the second half in its strength of investor protection in 2008 since the country's ranking was 67(scored = 5.0)(where the scale is 0(=worst)to 10(= best)(ACR, 2009).

- ***(Q1.2.4)The country's arrangements for law enforcement.***

The fourth and last-ranked item in the dimension of the country's legal features was 'the host country's arrangements for the law enforcement'(see Table 5.9). According to Table 5.8, 48.5% agreed on this statement, which shaped a relative importance of 69.6%. Thus, owing to its edged average(3.48), this item is belonged relatively to the '*Encouraging'* category in promoting foreign acquisitions of the local banks(this category ranges between 3.40 and 4.19). However, by using one-sample t-test results, this gives a positive mean value more than the cut point =3.4(neutral opinion)which is statistically insignificant since its p-value for t(.960)was.344. This result is inconsistent with(Choi et al., 2016)'s conclusion that FDI increased with high-quality law enforcement in the country.

Although the modest level in the country' law enforcement, lots of the international banks chose the Egyptian market to acquire their banks. This may be due to the legal guarantees that have been granted to the international banks upon acquisition to protect their physical, financial and intellectual property. And because of these laws that have not yet been implemented on the ground, lots of foreign M&As occurred. On the other hand, the foreign banks would not be expecting that they will encounter any problem related to the law enforcement in the country in the future. As it happened after the 2011's revolution, when these banks met with the problem of law enforcement, as there were a number cases related to the termination of foreign contracts in the Egyptian courts, as one senior interviewee mentioned that,

> *'...when we adopted M&As strategies within the country, we ensured that the country's laws of protecting the property rights were offered. However, now, after the revolution of 2011, there are a number of cases related to foreign banks' acquisitions going through the Egyptian courts, which pointed to a gap in implementing the laws in the country and, consequently, there is a gap in legal implementation within the country.'(Interviewee#6, General Manager, Abou-Dhabi Islamic Bank)*

With considering secondary data, enforcing contracts concerns the efficiency of the judicial system in resolving commercial disputes, measured in administrative time(days).This data was sourced through doing business reports.

As shown in Table-5.15-, that, Egypt's ranking of enforcing contracts was not distinctive. During the period of foreign bank M&A, in 2005 and 2006, the number of procedures, days, and costs to resolve a commercial dispute were many.Between 2007 and 2010, the number of days to resolve the commercial dispute were very stretched to reach around(3.5) years that increased the costs of claim as well. Within this context, WB(2010) reported that like other countries in the region, Egypt's enforcement of arbitration awards in local courts is the slowest in the world.

Table 5.15: The enforcing contracts indicators of Egypt, 2004-2010

Indicators	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***	***2010***
Ranking.	-	-	-	157	145	151	148
Procedures(Number)	19	55	55	55	42	42	41
Time(days)	202	410	410	1010	1010	1010	1010
Cost(% of claim)	30.7	18.4	18.4	18.4	25.3	26.2	26.2
Procedural-complexity index	50	-	-	-	-	-	-

Source: Doing business in Egypt reports, 2004-2010. Available at [online] http://www.doingbusiness.org/

Figure 5.11 shows Egypt's overall international score of legal protection features between 2007 and 2014. In the time of the foreign acquisition of the local banks between 2007-2010, the legal protection score ranged between 4.6~5/ 8.5, where a value of 8.5 indicates the commitment to legal protection of the foreign investors, and a value of 0 indicates the opposite, which sounds to some extent acceptable score. The highest score in the country's legal protection features was its protection of the individual's physical property, fluctuating between 4.9~5.7/8.5 and the lowest score was its law enforcement, fluctuating between 4.6~4.7/8.5. On the other hand, the period after the country revolution in 2011 has witnessed a fall in the country scores of law enforcement to 4.0 and 3.7/8.5(see Figure 5.9). This interpreted the responses of respondents regarding the insignificant encouraging mean of the country's law enforcement, as a barrier factor (according to quantitative data results). Since, the study's data collection was in the time come after the country's revolution period, which witnessed a number of foreign M&As cases charged in the Egyptian courts to cancel these contracts(according to the qualitative data results). This indicates an existing gap in the law enforcement in the country's laws and explains the respondents' uncertainties regarding law enforcement in the country is unstable circumstances, which undoubtedly influenced their opinions in the time of collecting the data.

(High index = 8.5).

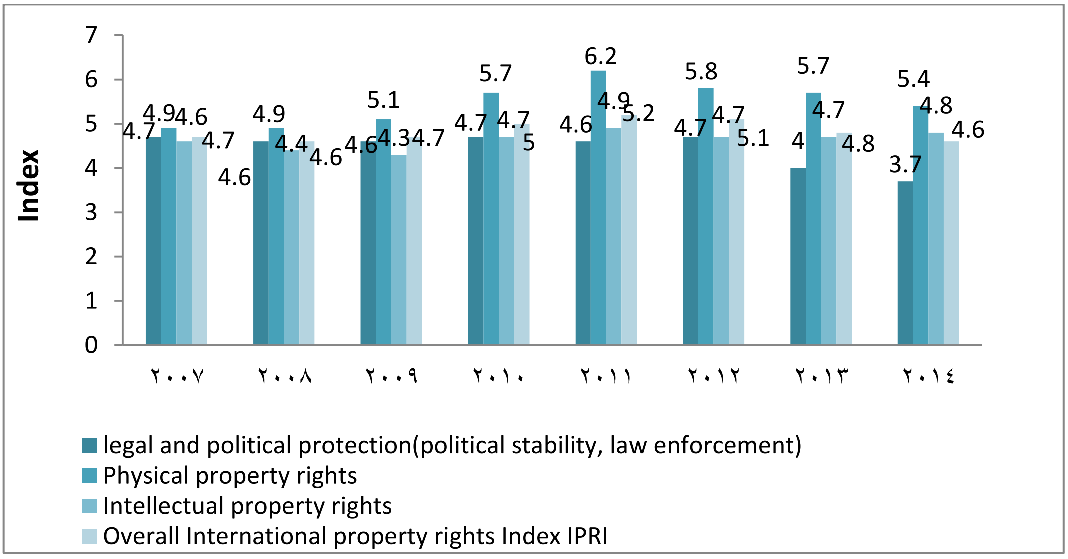


Figure 5.11: Egypt's overall property rights protection components, 2007-14
Source: International Property Rights Index available at http://internationalpropertyrightsindex.org/

From the total results of Q2.1 to Q2.4 of the second factor of the country's legal features, it can be concluded that the adoption of M&As within Egypt encouraged, to some extent, through the country's preparations of its legal protection features.

- ***(Q1.3)The 3rd dimension of the first research proposition(P1):the role of the country's infrastructure on motivating foreign acquisitions of local banks.***

Parallel to the legal protection dimension, the host country's economic institutions considered also the second-ranked dimension in motivating foreign banks to acquire the local banks, since the relative importance of the dimension is 76.8%(See Q3.1 to Q3.3). Using a one-sample t-test shown in Table 5.9, the total mean of the dimension was 3.84, which shows a positive mean value statistically different from the cut point =3.4(neutral opinion) at 0.05 level or above since its p-value for t(4.602)was.000. This total significant mean falls within the '*Encouraging*' category(this category ranges between 3.40-4.19). The high significant mean of this dimension was due to its high significant *encouraging* statements, “the country’s home base of its human resources”, “the country’s home base of its public infrastructures” and “the country’s home base of technological infrastructures”. This result of this dimension is consistent with the results of the other authors(Orru et al., 1997; Bergara et al., 1998; Globerman and Nielsen, 2007).

Following is a more detailed explanation of the quantitative data in order, along with the qualitative and secondary data, which were employed to validate the quantitative data of this dimension.

- ***(Q1.3.3)The country’s home base of human assets***

Zhang and Markusen(1999) and Andersen(1997)referred to the importance of countries’ workforce in attracting FDI flow. The home base of human resources is the first-ranked item amongst the other country infrastructure features in supporting the foreign banks in their strategies within the country(See Table 5.9). According to Table 5.8, 66.7% and 18.2% agreed and strongly agreed respectively on this statement, forming a relative importance of the item (80%-See Table 5.9). Thus, owing to its average of(4.00), this item is placed within the *Encouraging* category in promoting foreign acquisitions of the local banks(this category ranges between 3.40 and 4.19). By using the one-sample t-test results, this shows a positive mean value which is statistically more than the cut point =3.4(neutral opinion)at the level of significance =.05 since its p-value for t(5.211) was.000. This statement is consistent with the other studies results of (Andersen, 1997; Zhang and Markusen, 1999; Noorbakhsh et al., 2001; Huallacháin and Reid, 1997; Hines, 1996; Head et al., 1995; Mody and Srinivasan, 1998)

Within this context, the qualitative data is consistent with the quantitative data by referring to a number of themes in explaining how the country base of human assets highly encouraged(significantly)the foreign banks in their strategies. As a number of interviewees referred to the educated local staffs by noting that,

> *‘...the foreign entrants need educated staffs to affect the bank’s operations efficiently and this was available in the acquired bank, as most of the bank’ staffs are highly qualified and a number of them have postgraduate degrees’(Interviewee#7, General Head of Business Sectors, Union National Bank)*

Other senior interviewees referred to the trained and experienced local staff in implementing the banks’ operations and activities, they noted,

'...before M&As, there were training courses for the bank's staff in international accounting practices in order to match with the international criteria of Basel I and II'(Interviewee#2, General Manager, Intesa Sanpaolo Bank).

'...most of the human resources of the acquired bank previously worked in the international banks, so they have international criteria of doing the accounting practices.'(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank)

Another interviewee referred to the communication skills of the local staff. This can be clarified by noting that the acquired banks' staff can speak another language besides their native language, which make linguistic communications easier with the acquiring banks' foreign staff, noting that,

'*...there is an important issue that we noticed in the local staff of Alexandria Bank before the adoption of our acquisition strategy was that most of the staff speak another language –English– besides Arabic, facilitating communication between us.' '(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

This prior result is consistent with(Guillen and Tschoegl, 1999)'s results who emphasised the role of existing commonality languages between Spain and Latin America countries to choose Latin America countries by Spanish banks rather than Asian countries for their international M&As and JV strategies in order to take advantage of easy communications between the locals and the foreigners.

Other senior interviewees refer to the lower costs of local staff which decreases operating costs. Within this context, the interviewee noted:

' ... one of the main advantages of the acquired bank' staff was its lower cost of labour, which can reduce the operating costs of the bank, especially when we know that the salaries of the local staff of the acquired bank were the smallest among our subsidiaries across the countries'(Interviewee#2, General manager, Intesa San-Paolo bank).

The preceding sentiment is also verified by the other interviewees of the other foreign banks:

'...most of the bank's staff members graduated from universities and a number of them have postgraduate qualifications. Furthermore, the local staffs' operating costs were considered rational because of their lower salaries' (Interviwee#4, Executive manager, National Sociétté Générale Bank)

'...the local staff' salaries are lower than any other place'(Interviewee#7, General head of business sectors, Union National Bank).

Consistent with the prior result, (UNCTAD, 2014a) reported that Egypt is one of the cheapest countries regarding human resource costs which attracted the flow of FDI to the country. (Mina(2011) investigated the role of human assets of the MENA countries including Egypt and their relationships to FDI flows. He reported that low labour costs have a positive effect on FDI's flows to these countries.

Additionally, a senior interviewee considered Egypt to be a large market of the region because of its big size of human resources. Since the country's big population indicates its large market size, in this case, the senior interviewees noted:

> *'... historically, Egypt considered to be a larger economic area of Africa and the Middle-East. It is a big country with a large population to invest in it. Therefore, Egypt's market provides a great opportunity for us to invest in it and offer our retail banking services(Interviewee#1, vice Chairman, Intesa Sanpaolo Bank).*
>
> *'… the country has a big population to invest in it…'(Interviewee#7, Executive Manager, Abou-Dhabi Islamic Bank).*

In confirmation, the World Investment Report of (UNCTAD, 2014b) pointed out that Egypt is one of the largest countries in the Middle-East region in terms of its population. This creates a large market that attracts FDI. (GCR, 2010-11)reported that Egypt's market size is considered one of its main strengths, ranking the country 26^{th} amongst the countries. This large market size allows foreign enterprises to exploit economies of scale.

With reference to the secondary data, Egypt's education levels of the individuals are a proxy of its human assets. Egypt's human resources efficiency level sourced through Global Competitiveness reports-GCI-and other international official reports.

Figure 5.12 shows the educational levels of Egypt's human resources. As shown in the figure, the percentage of individuals who hold a 'university degree and above' ranged from 10% to 11% between 2006 and 2012. These percentages reflected a small quota in comparison to the other educational levels, 'Above intermediate, 'Intermediate', 'Less than intermediate', 'Reads and Writes' and 'Illiterate'. Within this context, the Competitiveness Report of Egypt (GCR, 2010 update) reported that

Egypt’s education system did not rank globally, indicating a poorly educated populace.

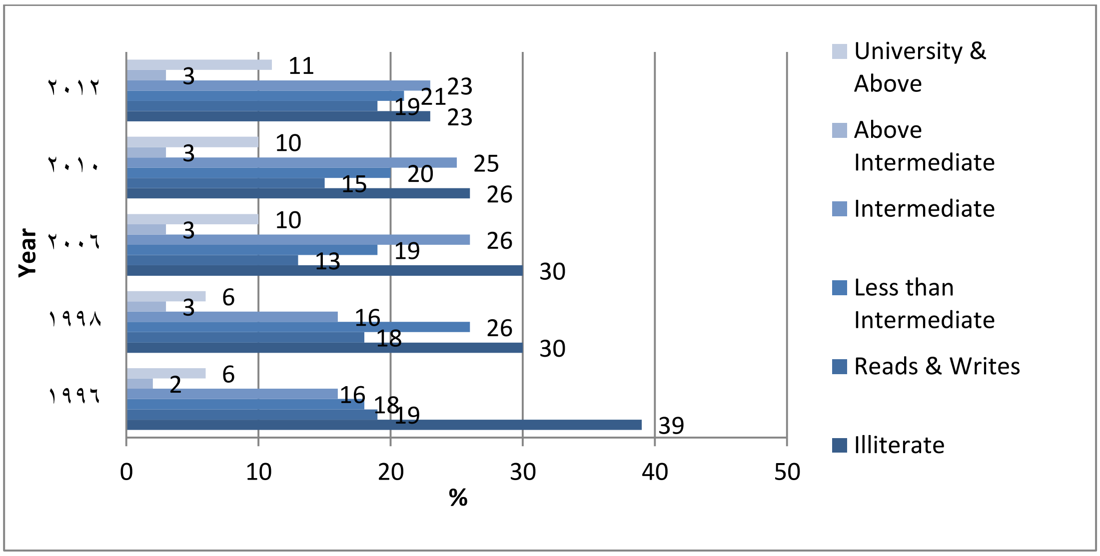


Figure 5.12: Proportions of Egypt’s educational levels in 1996-2012.

Source: Global Competitivness Reports of the years 1996, 1998, 2006, 2010, 2012. WEF.

Within this context, It is reported that the gap of poorly educated citizens can be filled by providing advanced training programs(Nasr, 2010). In OECD’s list of FDI incentive policies, career training is considered as one of the host country’ incentives for FDI(OECD, 2014). The review of the investment climate of Egypt, Nasr(2010) reported that the main dilemmas faced by the banking sector in Egypt, which had a large amount of a poorly qualified staff, could be addressed by enhancing training programs. Thus, between 2004 and 2009, the Egyptian regime adopted a financial system reform plan to match the international banking system criteria (AmCham, 2010). This involved banking staff training programs, which the Central Bank of Egypt held the responsibility for executing these programs. According to reports of the Central Bank of Egypt, along with the wave of foreign banks M&As, the bankers who participated in the training programs accounted for 4.313 trainees in 2004-05(CBE, 2005-06), which further increased to 23.719 and 23.018 trainees in 2005-06 and in 2006-07 respectively(CBE, 2006-07)(see Table 5.16). Continue on these training programs, in 2009-10, the participants in training programs were about 23.100 trainees(CBE, 2010-11). These training programs aimed to raise the awareness of the banking sector’s labor force concerning the procedures of key economic and financial development. Parallel to that, the policymaker employed new staff for a range of middle to top-level positions. These new employees came from the private banks, to help the local government to professionalise its public and joint banks.

Table 5.16: Training programs of the Egyptian Bankers, 2005-2007

During FY	**2005/2006**		**2006/2007**	
	Number		**Number**	
	Programs	**Participants**	**Programs**	**Participants**
First: Short-Term Training	980	20900	1066	22065
1-Training Programs	747	15114	734	14624
-Banking and Management Programs	444	8835	399	8257
-Finance & Credit	102	1918	85	1691
-Banking Operations	177	3788	136	2772
-Treasury & Investment	23	834	25	457
-Accounting & Auditing	25	440	18	354
-Legal Features	44	903	38	1000
-Economic Programs	6	92	3	39
-Management and HR	48	895	76	1541
-Marketing & Customer Service	19	361	18	403
-Complementary Programs	303	6279	335	6367
Computer	216	3649	226	3770
English Language	87	2630	109	2597
2-Special and Contractual Programs	233	5786	332	7441
Second: Specialised Certificates	106	711	137	733
Third:Senior Management Programs	25	22	20	22
Fourth: Seminars and Conferences	36	2086	9	198
Total	**1147**	**23719**	**1232**	**23018**

Source: Egyptian Banking Institute.

Then, during 2009-10, in cooperation with Cairo University, IoB organised seminars called ‘Training Programs for Employment’ for bank staff, which trained 879 bankers over 2, 097 training hours in order to fill the gap between the banking staff’s educational degrees and the requirements of the labor market in order to prepare banks’ leaders. Moreover, in cooperation with the Development Dimension International Foundation(DDIF), IoB provided training programs for the local banks’ junior leaders in order to develop their performance and innovation abilities (CBE, 2010-11). In this context, Nasr(2010) reported that the enhancement of training programs amongst the Egyptian bankers had facilitated the build-up of skilled bankers, reducing the number of poorly qualified banking staff in the sector.

Table 5.17 compares Egypt' global competitiveness index to the largest economies in Africa(such as South Africa, Algeria), the Middle-East countries(Morocco, Tunisia, Jordan, Bahrain, UAE), the European Union(EU)member countries(such as the Czech Republic), and the emerging countries in Asia and Latin America(Turkey, Malaysia, Indonesia, Brazil, Chile). By reviewing the global competitiveness index in 2004-05(the time of starting the economic and banking reforming programs and starting the initial wave of M&As within the country), which involved *'Basic requirements', 'Efficiency enhancers', and 'Innovation enhancers'*(see Table 5.17). As reported in global competitiveness criteria, Egypt was placed at the *'factor-driven'* stage in the global competitiveness criteria, where more weight is given to the *'basic requirements'* criteria of the global competitiveness index(the Egyptian Competitiveness Report, 2004-05). In the *'basic requirements'* criteria, the first element of the global competitiveness index, the country ranked(50th), placing it ahead of a number of emerging countries such as Turkey(66th), Indonesia(55th), and Brazil(67th), close to the other countries in the region such as Morocco(49th), and close to the largest economies in Africa: Algeria(48th)and South Africa(46th). This criterion involved the components: *institutions, infrastructures, personal security, basic human capital and macroeconomic stability*, where the country achieved rankings 42nd, 50th, 56th, 65th and 71st respectively.

Although the country had a rather low ranking(65th)in *'basic human capital'* that involved health and primary education, Egypt achieved adequate levels in the indicators of *'Efficiency enhancers'* criteria in 2004-05. As shown in the table, the country ranked(56th) in '*advanced human capital'* which involved higher education and training. This placed the country ahead of a number of emerging countries such as Turkey(64th), and Indonesia(60th), and ahead of a number of the countries in the region such as Morocco(67th), nearly close to the Middle-East countries such as Bahrain(51st)and UAE(53rd). Additionally, the country ranked(44th)in *'labor market efficiency'*, ahead of a number of emerging countries such as Turkey(70th), Indonesia(74th), and Brazil(52nd)and ahead of South Africa(61st)(one of the largest economies in Africa). In the*'efficiency enhancers'* criteria, the second element of the global competitiveness index, the country ranked 57th, placing it ahead of other emerging countries such as Turkey(66nd), and ahead of one of the largest economies in Africa such as Algeria(92nd). This indicated not only that Egypt's human capital institutions matched a number of emerging countries, but that it surpassed them. Yet, the country remained behind other countries, including the Czech Republic and Bahrain, which achieved rankings 27th and 19th in the *'labor market efficiency'* respectively.

Table 5.17: Rankings of selected countries according to the GCI(2004-05).

Global Competitiveness Index 2004-05.	**Bahrain**	**Jordan**	**Tunisia**	**UAE**	**Morocco**	**Egypt**	**Algeria**	**Turkey**	**Malaysia**	**Chile**	**Indonesia**	**Czech Republic**	**South Africa**	**Brazil**
	25	28	30	31	45	47	62	67	23	29	48	38	36	49
Basic Requirements:	29	26	31	16	49	50	48	66	21	30	55	42	46	67
1. Institutions	25	31	24	21	40	42	70	71	19	29	51	72	27	56
2. Infrastructures	30	37	36	19	53	50	67	66	22	34	45	33	27	58
3. Macroeconomic Stability	43	30	37	20	60	81	2	92	19	15	58	51	45	96
4. Personal Security	25	11	18	8	35	56	63	50	27	39	80	59	82	75
5a. Basic Human Capital(health and primary education)	36	47	46	50	81	65	63	57	62	28	75	26	86	61
Efficiency Enhancers:	30	45	40	27	53	57	92	66	25	29	52	36	33	43
5b. Advanced Human Capital(higher education and training)	51	43	31	53	67	56	81	64	34	41	60	30	50	48
6. Goods Market Efficiency.	20	37	30	9	40	51	80	65	19	29	34	50	26	48
7. Labor Market Efficiency.	19	38	32	6	28	44	76	70	10	26	74	27	61	52
8. Financial Market Efficiency	24	40	53	38	58	72	100	88	29	19	60	66	20	33
9. Technological Readiness.	39	45	47	33	67	58	94	50	28	32	64	26	40	42
10. Openess/Market size.	68	56	51	41	48	40	92	42	26	25	25	34	59	28
Innovation Enhancers:	55	51	35	33	45	43	91	49	26	38	39	34	27	28
11. Business Sophistication.	48	62	36	28	40	34	93	41	30	32	44	38	29	27
12. Innovation.	73	44	34	50	56	56	88	64	25	49	33	30	29	32

Source **:**(GCR, 2004-05).

In general, According to Table 5.17, amongst the other countries within/outside of the region, Egypt had an adequate level in global competitiveness criteria related to human assets.

- ***(Q1.3.1)The country's arrangements for physical infrastructures(communication, transportation, rail and roads networks)***

Through the current study, Egypt's public infrastructure is considered to be the second-ranked item amongst the country's infrastructure features in supporting foreign banks in their strategies within the country(see Table 5.9). According to Table 5.8, 54.5% and 4% agreed and strongly agreed respectively on this statement, forming a relative importance of the item of 75.2%(See Table 5.9). Thus, owing to its average of(3.76), this item is placed within the '*Encouraging'* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive mean value statistically more than the cut point =3.4(neutral opinion)at the level of significance =.05 since its p-value for t(2.899)was.000. This statement matches the conclusion of (Ragab, 2005) that better the performance of Egypt's public infrastructures and regulatory framework contributed successfully in improving and promoting the business climate and private investments in Egypt.

Within this context, the senior interviewees of the foreign banks referred to how the country base of public infrastructures considered important for their banks at the time of acquiring the local banks, one of them noting that,

> *'... the country's public infrastructure was important to us when M&As are adopted, however, now the country's infrastructures are better than before'(Interviewee#3, National Société Générale Bank, Executive Manager).*

From this, it can be concluded that at the time of foreign acquisitions of the local banks, the country had an acceptable level of public infrastructure that promoted foreign acquisitions of local banks. However, the public infrastructures, according to one interviewee, are now even better than before. Another senior interviewee referred to the suitability level of Egypt's public infrastructure in enabling the foreign banks to expand in new areas in the country and to establish various branches across the country, explaining that,

> *'...certainly, there was a good infrastructure(facilities, services, technology application, human resources)which encouraged the international banks to enter the country and acquire one of its local banks. Concerning the public infrastructure features, during the acquisition process, the country's communications, lands, power and road infrastructures were available in order to execute our future plans in expanding into new areas.'(Interviewee#5, Abou-Dhabi Islamic Bank)*

The secondary data was sourced through reports of the global competitiveness index, where the public infrastructure such as telephone lines, electricity, air transport, ports, railroads and roads are considered a proxy of the country's physical infrastructures.

Figure 5.13 shows the transition of the main infrastructure indicators(from the *panel a* to *panel e*), over the last decades from the 1970s to 2000s, comparing Egypt with the group of developing countries and with the group of developed countries(called 'World').

Concerning transport, the *panel a* and *panel b* reflect the transport quality of the country. *Panel a* shows that, while Egypt has lagged behind the two groups: the developing countries group and the World group in 'the total road length' since the 1970s through the 1990s since the 2000s, there has been a radical growth in total road length in comparison to the other two groups. *Panel b* shows how far Egypt exceeded the two groups in the ratio of pave roads. Thus, in 2006-07, the country achieved a competitive advantage in its railroad infrastructures (GCR, 2006-07) and achieved a competitive advantage in the railroad and air transport infrastructures in 2010-11 (GCR, 2010-11). Thus, on a positive note, (GCR, 2009-10)reported that the country has a fairly well-developed transport infrastructure(57th)including the related services(56th). The country is well-connected by maritime roads, both in terms of the number of transshipments(16th)and in terms of the quality and quantity of liner services(17th). Yet, it is somewhat difficult to arrange international shipments in Egypt(95th), shipments do not always reach their destination on time(86th).

Concerning telecommunication, *panel c* shows the number of main lines. It can be seen that the country experienced rapid growth in the telecommunication indicators over time to the degree that the gap between Egypt and World has significantly narrowed in the latest period(the 2000s). Within this context, GCR(2010-11)reported that because of their importance to FDI, Egypt improved the quality of its ports and telephone line infrastructures. As port and telephone line infrastructures weigh heavily in the transaction costs of cross-border firms and FDI(GCR, 2010-11).

Finally, *panel d* and *panel e* show the trend related to electricity in Egypt. As can be seen, Egypt exceeds developing countries in the measure of electricity generating capacity especially since the 2000s, but has fallen far behind the World. *Panel e* shows a decline in electricity quality through Egypt, developing countries and World.

To summarise, it can be concluded that while Egypt exceeds the developing countries in infrastructures, it lagged rather behind the World, and needing more enhancements to catch up.

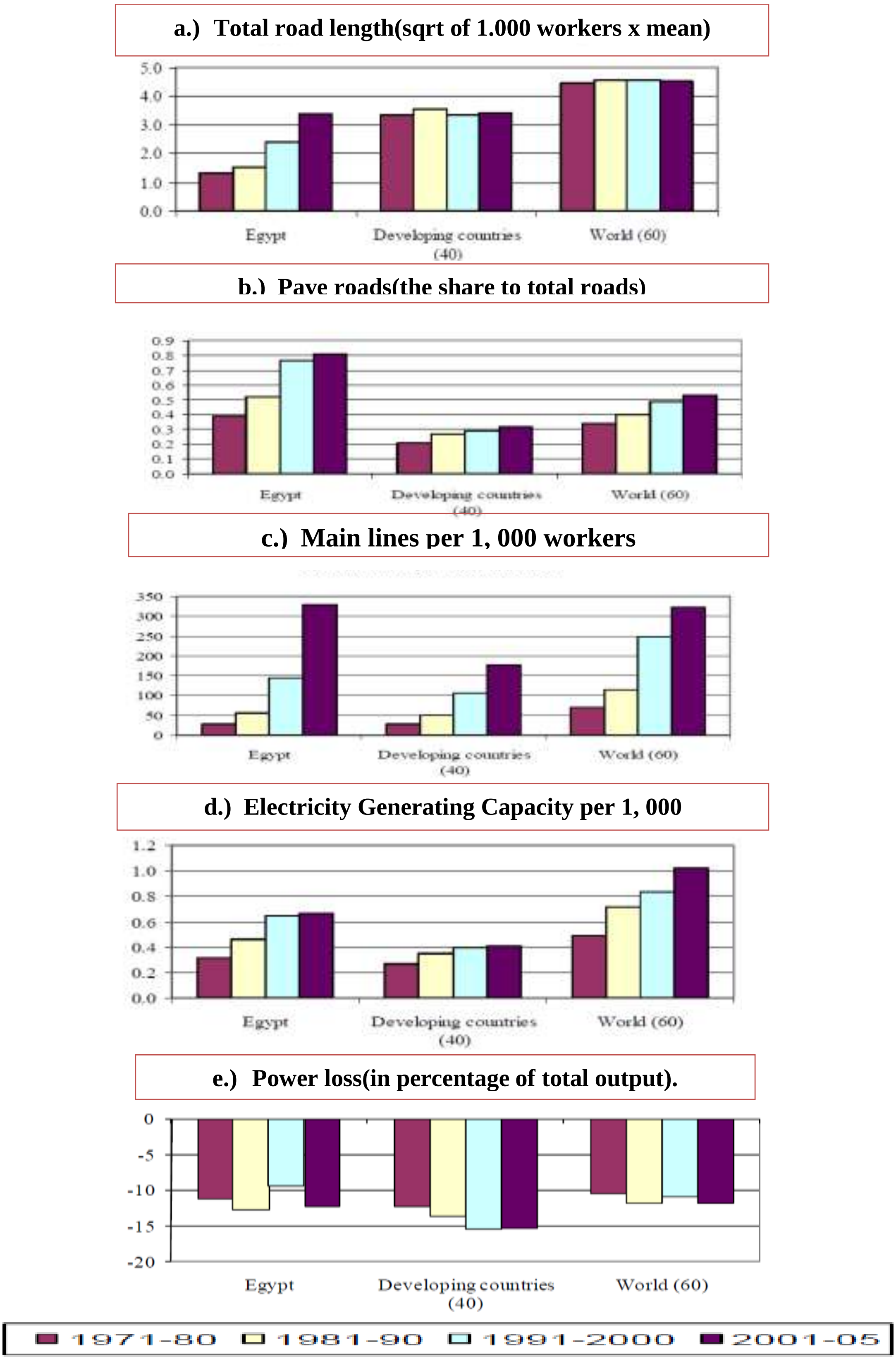


Figure 5.13 : Transition of main infrastucture indicators over time(medians), 1971-2005

Source : (Loayza and Odawara, 2010).

Similarly, Table 5.15(shown previously)reveals Egypt's in-depth ranking with regard to its infrastructure amongst the other countries both inside and outside of the region in 2004-05(the stage prior to the banks M&As). It is noteworthy that public infrastructure is considered the main component of '*basic requirements'* of the global competitiveness criteria of the countries. As shown in this table, Egypt's infrastructure was placed in(50th)position, ahead of a number of emerging countries such as Turkey(66th)and Brazil(58th)and ahead of the largest economies in the Middle-East region such as Morocco(67th), and Algeria(58th). Despite that, the country's public infrastructures, need further improvements to match the other emerging countries existing inside and outside the region such as Bahrain(30th), Jordan(37th), Tunisia(36th), UAE(19th), South Africa(27th)and Malaysia(22nd)(ENCC, 2004-05).

Figure 5.14 demonstrated GCI's rankings of the country's public infrastructures between 2006-2010. According to the figure, Egypt adequately planned its infrastructures to the degree that the country achieved a number of competitive advantages in a number of them(as mentioned before)and ranked the country somewhat towards moderate ranking in terms of the quality of overall infrastructure and its components.

(High ranking =1, Low ranking = 104).

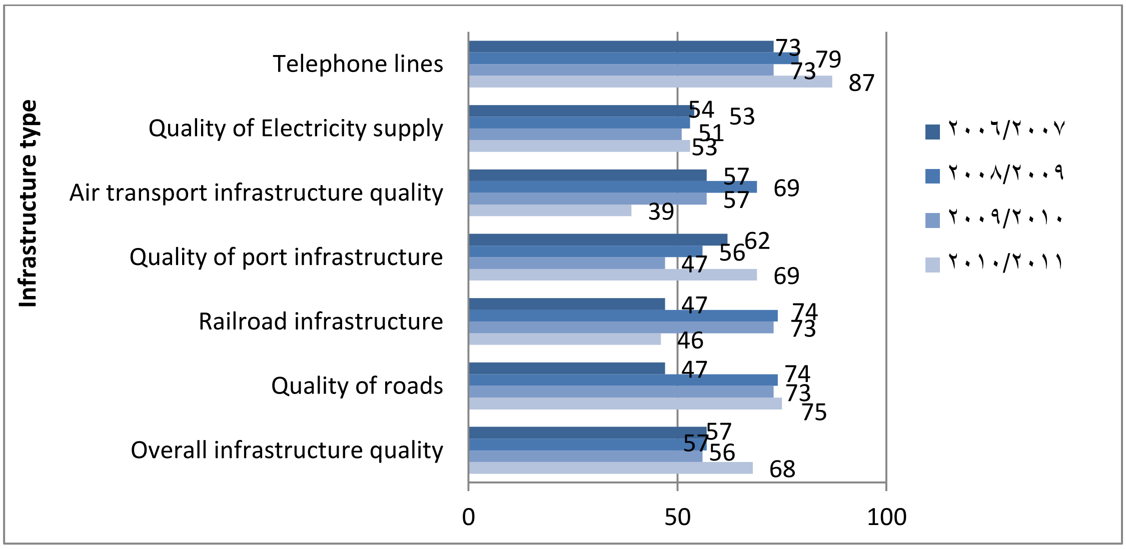


Figure 5.14: the country's rankings on the quality of components of public infrastructure according to GCI2006-2011.

Source: GCR reports of 2006-07, 2008-09, 2009-10, 2010-11, WEF.

From this, it can be concluded that Egypt's public infrastructures achieved balanced levels that enable the foreign firms to start their activities in the country.

- ***(Q3.3)'The country's preparations of technological readiness***

Parallel to the prior item(public infrastructure), the country's technological readiness was also ranked as a second item amongst the country infrastructure features in supporting the foreign banks in their M&A strategies within the country. According to Table 5.8, 54.2% and 12.1% agreed and strongly agreed on this statement respectively, which formed a relative importance of the item of 75.2%. Thus, owing to its average of(3.76), this item is placed within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranged between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive value statistically above the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(2.899)was.007. This statement matches with (Blomström et al., 1999; Dunning, 2006a; Head and Ries, 1996; Cheng and Kwan, 1999; Cheng and Kwan, 2000; Asiedu, 2002; Sekkat and Veganzones-Varoudakis, 2004; Quazi, 2007; Bhasin and Jain, 2015).

Within this context, the qualitative data is consistent with the quantitative data. Initially, the interviewees referred to how the country was having the main base of technological infrastructures to facilitate performing the acquiring banks' activities in efficient way. A senior interviewee explained that,

> *'...when M&As were adopted, the country had an acceptable level of technology and information system infrastructure to start our business.'(Interviewee#7, General Head of Business Sectors, Union National Bank)*

Furthermore, one of the interviewees gave more details about how far the banking sector in the country was prepared carefully in terms of its technical readiness between 2003-05, explaining that,

> *'...the country's infrastructures-ATM services, communications, hi-tec, and staff-were prepared carefully before acquisition operations. Between 2003 and 2005, the country's banking sector had a leap in technological development and in staff training. The local banks had been developed in technology applications and in accounting practices in order to match with international criteria of Basel I and II.'(Interviewee#4, Executive manager, National Société Générale Bank).*

In confirmation with that, another senior interviewee explained how the host country prepared its technological infrastructure before the wave of foreign acquisitions of the local banks. With regard to one of these technological infrastructures, the existence of a full network linking the local and international branches, which facilitated the use of ATM services locally and internationally, he explained that,

> *'...when were M&As adopted, the local bank already had a complete network linking the local bank and its international branches. Furthermore, there was also a completely local and international network enabling ATM services'(Interviewee#2, General Manager, Intesa Sanpaolo Bank).*

Additionally, another senior interviewee referred to the host country's future plans to further enhance its technical infrastructure, he added that

> *'...during the acquisition process, the local government promised to proceed with a number of extra technologies and information system developments in the banking sector in order to facilitate online trading, such as electronic clearing and bidding between banks(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank).*

Presently, the country's technological infrastructures are much better than before, indicating that the country achieved its promises to pursue extra developments in its technological infrastructures, as one of the senior interviewees noted that,

> *'...the country's public infrastructures in terms of technology, human resources and the country other public infrastructures were important when M&As were adopted; however, now the country's infrastructures are better than before'(Interviewee#3, Member of Board Directors, National Société Générale Bank).*

From the prior results, it can be concluded that the host country had also an acceptable level of technological readiness to enable the foreign banks to start their operations and activities within the country. This may be due to the fact that Egypt has prepared its local institutions, in particular, the public and joint banks, for selling by upgrading their technical aspects(I.e. hi-tech and telecommunication services). For instance, according to the report of the American Chamber of Commerce in 2010, Egypt's plan to reform its local firms in 2004 involved an upgrade of its IT systems. The government brought foreign consultants to develop its public and joint banks, so as to apply the best international practices of accounting and financing and create new departments such as IT and risk management(AmCham, 2010).

This result was consistent conceptually and practically with(Hitt et al., 2004; Zhang and Markusen, 1999; Meier, 1995; Dasgupta et al., 1996; Head and Ries, 1996; Narula, 1996; Noorbakhsh et al., 2001; Narula, 1996; Bergara et al., 1998) and contradicts the results of(Root, 1979; Schneider and Frey, 1985; Cheng and Kwan, 2000).

The secondary data for this part was sourced through global competitiveness reports of the country's technological readiness and its absorption level of ICT, where technology transfer and ICT prioritising are considered a proxy for the country's technology readiness.

Similarly, as shown previously in Table 5.15, in comparing Egypt' global competitiveness index in technology infrastructures to the largest economies in Africa(such as South Africa, Algeria), the Middle-East countries(Morocco, Tunisia, Jordan, Bahrain, UAE), the European Union(EU)member countries(such as the Czech Republic), and the emerging countries in Asia and Latin America(Turkey, Malaysia, Indonesia, Brazil, Chile). In 2004-05, the prior period to the banks M&As, Egypt's ranking for technological readiness was positioned within the second-trimester position(58th), amongst the countries. This position placed the country ahead of the other largest countries in the region such as Algeria(94th)and Morocco(67th), and ahead of the other emerging countries that be an existent out of the region such as Indonesia(64th). However, the country needs further development in its technological readiness to match other countries within and out of the region such as UAE(33rd), Bahrain(39th), Jordan(45th), and Tunisia(47th), the Czech Republic(26th), Chile(32nd), and South Africa(40th)(ENCC, 2004-05).

In detail, as shown in Table 5.18, in the course of state preparations for banks M&As, the country jumped significantly in its technology infrastructures. For instance, in the technology transferring sub-index, Egypt has jumped 12 rankings from 44th in 2003-04, to 32nd in 2004-05. In the firm-level technology absorption of innovation sub-index, the country jumped 24 rankings from 71st in 2003-04, to 37th in 2004-05. In government prioritisation of ICT(Information and Communication Technology)sub-index, the country jumped 29 rankings from 42nd in 2003-04, to 13th in 2004-05. In the promoting ICT sub-index, the country jumped 19 rankings from 35th in 2003-04 to

16th in 2004-05. Finally, in the ICT readiness sub-index, the country jumped from 71st in 2003-04 to 63rd in 2004-05 and jumped from 63rd in 2003-04, to 51st in 2004-05 in the ICT usage (ENCC, 2004-05). Within this context, ENCC(2004-05) reported that in the time of starting foreign M&As within the country, Egypt had improved, albeit slightly, in its technology infrastructure, which created positive perceptions among the firms' executive managers about the capacity for the country's technological readiness and its economic capability.

Table 5.18: Egypt's rankings on the components of technological readiness, 2003/04 and 2004/05.
(high ranking started from =1).

Technology components(Global Competitiveness Index)	Year	
1. ***Technology index***	2004-05	**2003-04**
1.1 *Innovation subindex*	38	39
1.1.1 Firm-level technology absorption	37	71
1.2 ICT subindex		
1.1.2 Governemnt proritization of ICT	13	42
1.2.2 Governemnt success in ICT promotion	16	35
1.3 Technology transfer subindex	32	44
1.1.3 FDI and technology transfer	44	57
1.2.3 Prevalence of foreign technology licensing	58	64

*Source:*The Egyptian National Competitiveness Council(ENCC, 2004-05).

With regard to Egypt's ICT development stage, initially, in 1992, Egypt issued Law No. 95 to establish the Technology Development Fund to support emerging companies in the field of ICT. Then, the Technology Development Fund was established to meet the needs of firms and citizens in telecommunications and information technology (MICT, 2009). This facilitated the establishment of the Ministry of Information and Communication Technology(MICT)in October 1999. MICT has quickly established nationalised plans for providing information and communications technology to all firms and citizens and providing training programs for developing their technological competencies. One of these nationalised plans is the establishment of 450 Information Technology Clubs in communities and remote areas in order to familiarise citizens with computers by increasing their awareness of information technology(MICT, 2011).

Therefore, by the end of the 1990s, the country was in the initial stages of preparing its technological readiness. Between 2005 and 2011, the number of Information Technology clubs doubled(see Table 5.18). Furthermore, MICT supported the partnership between the public and private sectors in ICT. This encouraged the country to be a member of the Basic Telecommunications Agreement(BTA)set up by the World Trade Organisation(WTO)and a member in the General Agreement on Tariffs and Trade(GATT)in June 2002, which enabled the country to catch up with modern technology and information system in all fields. In addition to that, in 2002, MICT adopted a number of programs to provide PCs and high-speed Internet(ADSL)for each entrepreneur and citizen in order to increase the number of electronic commerce users within the country (MICT, 2008). Then, in 2003, MICT established the *Smart Village* as a regional hub and headquarters of cross-border firms in Egypt, raising the efficiency of Egyptian and foreign institutions(MICT, 2011). As a result of all these prior stages, the number of telecommunication and information technology firms within the country increased from 600 in 2000, to 4000 in 2010. Furthermore, the number of PC and internet users have doubled dozens of times in 2005 and 2011(see Table 5.19)(MICT, 2011).

Table 5.19: Data of Information Technology in Egypt in 1999, 2005, 2011.

Description	***1999***	***2005***	***2011***
- Total capacity of internet(in million pulse/sec)	400	502	122, 296
- Number of internet providers(firms)	41	305	218
- Number of Information Technology Clubs	450	962	2162
- Number of internet users(million)	0.3	5	23, 98

Source : Ministry of Information and Communication Technology (MICT, 2011).

Thus, in 2004-05, the Global Information Technology Report(GITR)referred to that while developing countries were quickly marching toward decreasing the gap in IT, Egypt recorded a high rate of IT diffusion compared to other Arab countries (López-Claros et al., 2004-05, López-Claros et al., 2003-04). Then, the country carried on its plans of technological readiness. In this context, ACR(2009) reported that in 2008, Egypt had made progress, among African countries, in fostering technological readiness such as the Internet, personal computers and mobile phones, where the penetration of the latest technologies increased.

From the prior discussion, it can be concluded that Egypt's technological infrastructure was the main basis of technological readiness which encouraged the foreign banks to start their businesses within the country.

In general, the results of Q3.1 to Q3.3, involving the country's human resources, public infrastructures and technological infrastructures, indicated that the adoption of M&As within the host country(Egypt)is considerably encouraged by the country's prior preparation of its infrastructures(human resources, public infrastructures, and technological readiness). In its report of 2008, (ACR, 2009)referred to that North Africa, including Egypt, outperforms sub-Saharan Africa countries in 10 of the 12 pillars, namely institutions, infrastructures, macroeconomic stability, health and primary education(by a large margin), higher education, and training, goods market efficiency, technological readiness, market size, business sophistication, and innovation. In particular, North Africa, including Egypt, performs very close to the Association of South-East Asian Nations(ASEAN)average in the quality of institutions, macroeconomic stability, and health and primary education pillars(ACR, 2009).

Besides the prior economic and infrastructure institutions of human assets, public infrastructures, and technological infrastructures, the country's high-interest rate had a role in encouraging the foreign bank' M&A. A senior interviewee referred to the interest rate of the host country since it is higher than other countries, he noted,

> *'... we interested in the country to adopt our international strategies because of its high interest'(Interviewee#5, Abou-Dhabi Islamic Bank).*

- ***(Q1.4)The 4th dimension of the first research proposition(P1): the influence of the country's social features on motivating foreign acquisitions of local banks.***

(Murtha and Lenway, 1994) noted that to facilitate the firms' activities across the borders, the host countries' social features should support the FDI regulations. Whilst the regulations that emerge from formal rules and laws allow legally and formally cross-border firms to adopt strategies in the host country, the host country's social features that emerge from the culture and from the socialisation process, allow cross-border firms to perform their activities in a protected way. In this context, Yiu and Makino(2002) referred to that when the local culture is opened to foreigners, the host country is trouble-free to the cross-border firms' activities and vice versa. Chung and Alcacer(2002)confirmed the important role of a country's social development in shaping sustainable M&As activities in the countries.

Through the current study, the host country's social features are the fourth-ranked factor in motivating foreign banks to acquire local banks(from Q4.1 to Q4.3 in the questionnaire). Using a one-sample t-test shown in Table 5.9 that the total mean of the dimension was 3.81, which shows a positive mean value which is statistically different from the cut point = 3.4(neutral opinion)at the 0.05 level or above since its p-value for t(6.431)was.000. This total significant mean is located within the '*Encouraging*' category(which ranges between 3.40 and 4.19). This significant mean was due to the significant means of its statements: the openness of the national culture to the other foreign cultures, the positive orientation of the culture system towards globalisation and the locals' positive treatment of the foreigners, in comparing to the native.

Following is a further explanation of the dimension's statements in order, in conjunction with employing qualitative and secondary data to verify/falsify the quantitative data.

- *(Q1.4.3)The local society' openness to other foreign cultures*

The openness of the local culture to foreign cultures is the first-ranked item amongst the country's social features in supporting foreign banks in their strategies within Egypt(see Table 5.9). According to Table 5.8, 57.6% and 24.2% of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of 80%(See Table 5.9). Thus, owing to its average of(4.00), this item is placed within the '*Encouraging*' category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance=.05 since its p-value for t(4.360)was.000. This result agreed with the conceptual and empirical studies of (Yiu&Makino, 2002; Kostova&Zaheer, 1999; Coleman, 1988; North, 1990; Oliver, 1997; Scott, 1995; Peng, 2000; Noland, 2005; Kogut and Singh, 1988; Haque, 1996; Rentoul, 1987).

In confirmation with the prior result, one of the senior interviewees confirmed the role of the openness of the national culture to the other foreign cultures in facilitating the international banks' activities and operations in the host country, stating that,

> *'...surely, the openness of national culture to the foreign cultures facilitated our existence in the country...'(Interviewee#1, Vice-Chairman, Intesa Sanpaolo Bank)*

Another senior interviewee referred to the role of the local openness to foreign cultures in encouraging the international banks in the Gulf area to acquire the Egyptian banks, noting that,

> '*...there was openness to the foreign culture, especially, to the Gulf region culture(same culture). This helped the bank to exist in the country and promote its financial instruments in the banking sector.'(Interviewee#6, Executive Manager, Abou-Dhabi Islamic Bank).*

- ***(Q1.4.1)The local society' positive orientation towards globalisation settings(new ideas and activities).***

The statement, *'the local society has a positive orientation towards globalisation settings'* ranked second amongst the country's social features in encouraging foreign banks in their M&As strategies within the country. As can be seen in Table 5.8, 60.6% and 12.1% of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of the item of 75.8%(See Table 5.9). Thus, owing to its average of(3.79), this item falls within the '*Encouraging*' category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive value which is statistically above the cut point = 3.4(neutral opinion), at the level of significance =.05 since its p-value for t(3.012)was.000. This statement matches the conceptual and empirical studies of(Eden and Lenway, 2001; Noland, 2005).

- ***(Q1.4.2)The local society's positive treatment of foreigners compared to its citizens.***

This is the last-ranked item amongst the country's social features in promoting foreign banks' adoption of M&A strategies within the country(Table 5.9). According to Table 5.8, 72.7% of the respondents agreed to this statement, forming a relative importance of 74.6%(See Table 5.9). Thus, owing to its average of(3.67), this item falls within the '*Encouraging*' category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean has a positive value which is statistically above the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(2.574) was.000. This statement is consistent with(Kostova and Zaheer, 1999; Portes and Rey, 2005).

Within this context, one of the senior interviewees referred to the distinctive treatment of foreigners in general in the host country, stating that,

> *'...actually, foreigners are treated distinctively in the local society, they treated very well(Interviewee#6, Abou-Dhabi Islamic Bank, Executive Manager*)

Another senior interviewee referred to the distinctive treatment of the foreigners in the investing issue, noting that,

> *'...the host country did not distinguish between foreigners and native citizens in the issue of investing within the country, however, foreigners are usually treated especially compared to nationals.'(Interviewee#4, Executive Manager, National Societe General Bank)*

It is noteworthy that in 2007, Egypt signed a 'Declaration on International Investment and Multinational Enterprises', which was founded in 1977. The declaration is a government's policy commitment to provide an open and transparent environment for international investment and to encourage the positive contribution of multinational enterprises to economic and social progress. One of the main points of this declaration was 'National Treatment'; a commitment by a country to treat foreign enterprises the same as domestic enterprises in comparable situations. Thus, the governments should protect, and provide peace and security for international enterprises.

Another social aspect of the country, which encouraged foreign banks to be existing in the local society is the existence of a historical relationship between Egypt and the allied countries of the home countries of the international banks. This facilitated more the international banks' strategies in the country, the senior interviewee noted that,

> *'...there was a strong historical relationship and friendship between us and Egypt as there was the historical relationship between Egypt and our allied countries such as UK and France'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

From the results of the three items from q4.1 to q4.3 of the main dimension(social features), it can be concluded that the adoption of M&As within Egypt encouraged by the country's social features.

With reference to secondary evidence, scholars employed population size and population demographics as a proxy of the country's social development and its awareness of the country's growth and development(Chung and Alcacer, 2002). In this context, the scholars argued that if there are high unemployment and high unskilled citizens, there will be low interest in the business development and low interest in development in the country, and therefore, they are less open to any new changes in the country.

Table 5.20: Egypt's demographics features.

Indicator	***1990***	***2000***	***2008***	***2009***	***2010***
Total population	57, 412, 215	69, 905, 988	80, 953, 881	82, 465, 022	84, 107, 606
Population ages 0-14(% of total)	41.0	36.6	32.3	32.1	32.1
Population ages 15-64(% of total)	54.0	58.5	62.9	63.1	63.1
Population ages 65 and above(% of total)	4.5	4.9	4.8	4.8	4.8
Total labour force	15, 785, 901	20, 449, 271	26, 560, 780	27, 333, 918	28, 162, 941
Labour force participation rate, male(% of male population ages 15+)	72.5	72.6	74.1	74.8	75.8
Labour force participation rate, male(% of female population ages 15+)	21.3	19.9	22.8	22.9	22.8
Unemployment, male(% of male labour force)	-	5.4	5.1	4.7	7.7
Unemployment, female(% of female labour force)	-	21.9	19.7	23.6	25.7

Source: World Bank Reports

According to available data shown in Table 5.20, during the period of the foreign banks M&As, there was an increase in Egypt population size, and an increase in the working ages of both male and female populations, which indicated more interest in the businesses and in the country's development and growth. This accompanies decrease in unemployment of males, who represented a large rate of the total labour force. On the other hand, there was an increase in unemployment of the female labour force, however, the female labour force represents a small rate of total labour force compared to the male labour force. A part of this workforce has received extensive training in the field of banking(see previous Tables 5.16, 5.17). As shown in the Table 5.17, although the country had a rather low ranking(65^{th})in *'basic human capital'* that involved health and primary education, Egypt achieved adequate levels in the indicators of *'Efficiency enhancers'* criteria in 2004-05, because of its higher ranking(56^{th}) in '*advanced human capital'*, which involved higher education and training(for instance, see prior Table 5.16). Additionally, in *'labor market efficiency' category*, the country ranked higher than other emerging countries: Turkey, Indonesia, and Brazil and ahead of the largest economies in Africa, South Africa(see prior Table 5.17).

- (Q1.5)The 5^{th} dimension of the first research proposition(P1): the influence of the host country's transparency features on motivating foreign acquisitions of local banks.

The host country's transparency features are the last-ranked dimension in motivating foreign banks to acquire local banks since the relative importance of the dimension is 74% in total(See Q5.1 to Q5.3 in Table 5.9). Using a one-sample t-test, shown in Table 5.9, the total mean of the dimension was(3.70), which shows a positive value which is statistically different from neutral = 3.4, at the 0.05 level or above since its p-value for t(4.092)was.000. Thus, owing to its average of(3.70), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). The high significant encouraging mean of this dimension was due to the significant two statements: *the availability of transparency of the acquisition rules* and *a full-understanding of the M&As procedures*, but the item *the availability of transparency in announcing acquisition procedures* achieved insignificant level in its encouraging level.

Following is more explanation of the dimension's items.

- (Q1.5.1)Availability of transparency in the acquisition procedures

According to the quantitative data results shown in Table 5.9(above), the item, 'there was a transparency in the acquisition procedures within the bank' ranked first amongst the country's transparency features in supporting the foreign banks in their strategies within the country(See Table 5.9). According to Table 5.8, 60.6% and

12.1% of the respondents agreed and strongly agreed respectively on this statement, shaping a relative importance of 77%(see Table 5.9). Thus, owing to its average of(3.85), this item is placed within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive value mean statistically above the cut point = 3.4(neutral point)at the level of significance =.05 since its p-value for t(4.165)was.000.

In explaining the acquisition procedures, the senior staff of the acquiring banks decided collectively that during the M&A of the local banks, there was a local rule called 'due diligence' of the assets of the sold banks. By this rule, all the assets of the acquired banks were subject to inspection by the foreign banks. A senior interviewee noted,

> *'... the policymaker issued a rule which facilitated the acquisition of local banks. This rule was the due diligence examination of the local bank's assets and databases'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

That note is confirmed also by the other interviewees' notes,

> *'...the bank's acquisition process depended on a due diligence examination of the local bank's records, files and customer databases...'(Interviewee#3, Member of the Board of Directors, National Société Générale Bank)*
>
> *'...when acquiring the local bank, there was a due diligence examination...'(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank)*
>
> *'... for the acquiring bank, there was a transparency in the acquisition procedures since the bank's legal framework had a regulation, which allowed for foreign investors to carry out a due diligence examination of the bank being acquired. Accordingly, the foreign acquirer had the right to examine all the local bank's documents, portfolio and assets'(Interviewee#8, Executive Manager, Blom Bank).*
>
> *'... for the acquiring bank, there was due diligence examination of the local bank before the acquisition'(Interviewee#10, Executive Manager, National Bank of Kuwait).*

One of the senior interviewees of the acquiring banks explained that,

> *'...the local bank's financial consultants provided all of the necessary information about the local bank (initial information) according to the rule of due diligence examination of the bank' assets, and documents. Accordingly, the local bank allowed for the acquirer bank to bring in its editors to examine the*

local bank' documents, assets and records. However, the international bank had to sign a confidential letter of the local bank's data; according to that, the acquirer bank took all the necessary information related to the acquisition strategy'(Interviewee#7, General Head of Business Sectors, Union National Bank).

As seen prior that the acquiring banks were having the accessibility to information that provided transparency in the M&As procedures. These results are consistent with the conceptual and empirical studies such as (Kaufmann et al., 2002; Alt and Lassen, 2006; Armstrong, 2005; Broz, 2002; Ciborra, 2005; de Jong and de Vries, 2007; Grigorescu, 2003; Larbi, 2007).

- (Q1.5.3) Availability of full-understanding of M&As procedures

This item ranked as the second item amongst the country's transparency features in supporting foreign banks' strategies within the country(see Table 5.9). According to Table 5.5, 72.7% of the respondents agreed with this statement, shaping a relative importance of 74%(See Table 5.9). Thus, owing to its average of(3.70), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean shows a positive value which is statistically above the cut point = 3.4(neutral point)at the level of significance =.05 since its p-value for t(3.222)was.000. The statement 'an availability of full-understanding of M&As procedures' confirmed the prior statement(q5.1)of existing a transparency in the M&As procedures.

Within this context, one of the senior interviewees of the acquiring banks confirmed that,

'...M&As rules were definite and logical to us when M&As were adopted...'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).

The secondary evidence will be discussing later on the aggregate level of the factor' items.

-(Q1.5.2)Perfect implementation of M&As procedures.

This item is ranked last in supporting foreign banks in their strategies within the country(Table 5.9). According to Table 5.8, 63.6% of the respondents agreed with this statement, shaping a relative importance of about 71.6%(See Table 5.9). Thus, owing to its average of(3.58), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19. However, by using one-sample t-test results, this mean shows a positive mean value which is statistically insignificant over the cut point = 3.4(neutral point) since its p-value for t(1.645)was .110. That indicated that the procedures for implementing the acquisition were not effectively encouraging to some extent. In this context, one of senior interviewees of the studied banks experienced lots of procedures in terms of *'bureaucracy'* in executing the acquisition rules, he noted,

> *'...I absolutely agreed with that there was a transparency in the M&As procedures, however, I remembered that there was bureaucracy in implementing the acquisition procedures, which was very difficult at that time '(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

This view is confirmed by the other interviewees' notes,

> *'…however, there was lots of bureaucracy in executing the acquisition strategy since the acquisition of the local bank took about two years to complete.'(Interviewee#3, Member of the Board of Directors, National Sociétté Générale Bank)*

> *'… we suffered from lots of deliberate bureaucracy, which made it difficult to know the real information about the bank assets such as the workforce volume and their salaries.'(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank).*

It is noteworthy that the country's bureaucracy is considered one of the main obstacles in purchasing the Egyptian banks, as one of the senior interviewees noted:

> *'.. there was a bureaucracy in the selling procedures of the local bank. This bureaucracy can be considered as one of the major obstacles that would lead to not complete the deal –M&As- like other acquisition cases of the other local banks'(Interviewee#8, Executive Manager, Blom Bank).*

To summarise, it is clear to us that the country's procedures considerably encouraged foreign banks' adoptions of M&As in Egypt. This is because of offering the legal procedures that ensured transparency in M&A procedures. These involved the laws of the examination of the exile of ignorance of the sold banks, which reflected explicitly the existence of transparency in the M&A strategies. On the other hand, the foreign banks did not practice perfect transparency in their M&A strategies since the country's bureaucracy was existing, which reduced the transparency in the M&A proce-

dures within the country. Within this context, Tekin-Koru(2012)noted that a country's bureaucracy implied the country's low levels of transparency. Executive Opinion Survey(EOS)reported that 'inefficient bureaucracy' in Egypt is one of the most challenging factors for doing business in the country(ENCC, 2004-05). In confirmation, GCR reported in(2003-04)that 'inefficient bureaucracy' was considered as one of the greatest constraints for doing business in Egypt since the investors gave 'inefficient bureaucracy' upper rankings amongst the other country's problematic factors, such as tax regulations, foreign currency regulations, corruptions, inflation(Loewe, 2013). GCR(2009) ranked Egypt 81st amongst the other countries in the global competitiveness criteria because of its problems with the high burden of government bureaucracy.
Concerning the secondary data, the country's transparency features has been measured through the political factors, which involved the country's control of corruption and political stability and violence of the country. According to the Table 5.21, that control of corruption scores of Egypt had modest scores between 2004-2010. The international reports such as World Governance Indicators(WGI), Transparency International(TI)rating, and Global Competitiveness Report(GCR)of the countries consider Egypt to be one of the low transparency' countries(Kaufmann et al., 2010, Kaufmann et al., 2005, Treisman, 2000), as since the early 1980s, Egypt has been perceived to be a low transparency country(Treisman, 2000). Although of that Egypt's ranking of control of corruption was much better than other countries in the region and in the world(see the prior Table-5.13-).

It is noteworthy that the country's political stability affected the country's transparency level (Rosendorff, 2004; Menes, 1999; Rose, 1993; Crook and Manor., 1998). According to the next Table -5.21- that the country's political instability and violence caused the country's low transparency.

Table 5.21: Egypt's Worldwide Governance Indicators of the country control of corruption scores, 2004-2010
(Lowest=1, Highest=100).

Indicator	2004	2005	2006	2007	2008	2009	2010
Control of corruption	35.12	38.05	28.78	28.64	27.18	41.15	34.29
Political stability and Violence	20	23	20	25	28	25	-

Source : (Kaufmann et al., 2010).

Despite this, the country's low levels of transparency did not affect the foreign banks' decisions to enter into the Egyptian market through the acquisition of Egyptian banks. This is because the policymaker provided laws whereby foreign banks can have tangible and intangible assets of the acquired local banks disclosed to them clearly(according to qualitative data). However, the country's low transparency manifested through the country's bureaucracy and a lot of paperwork.

However, this bureaucracy did not influence the acquisition deals within the country since the policymaker provided all necessary information regarding the sold banks' assets, however, the country's bureaucracy had affected negatively the M&As deals when the foreign banks took a long time to implement their deals(about 2 years in most cases). So, from the current researcher's viewpoint, the country's corruption appeared through the country's bureaucracy. In view of that, the primary data of the statement-q5.2- consistent with the secondary data that agreed on the country's low level of transparency.

5.3.1.1.1 A summary of the primary and secondary data of the first research proposition

To conclude the results of the first proposition, Table 5.22 shows the results of primary and secondary data of the current study's *first research proposition* and its related factors(in order). In considering the role of secondary data in the current study, McCaston(2005) referred to that the secondary data is not a substitute to the primary data, but it balances the primary data.

To conclude, theoretically, the first research proposition was that '*A foreign bank' motivation to acquire the local bank encouraged positively by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality features, legal protection features, social features, infrastructure features and transparency features'*. Practically, according to the primary data shown in Table 5.9, the first research proposition(*P1)* should be '*A foreign bank' motivation to acquire the local bank is significantly positive encouraged by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality features, legal protection features, social features, infrastructure features, and transparency features, seeing that, the country's low transparency in terms of bureaucracy had not affected fundamentally the execution of M&As deals as long as, the acquiring banks exposed initially to clear rules and full understanding of these rules* *in M&As deals'*. As shown in Table 5.22, the secondary data somewhat supported this main dimension.

Table 5.22: A Summary of primary and secondary results of the role of the country institutional features and the adoption of foreign acquisitions within the country.

1.The country institutional features	***Items.***	***The primary data evidence***		***The secondary data evidence***	***Conclusion On P1***
		Quantitative data	***Qulitative data***		
Q1.1. Regulatory quality features	Q1.1.1: Allowing full ownership of the local banks	Very encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.1.2: Lowering of restriction on bank's activities/operations.	Encourahing(**Sign**.)	Supporting	Consistent	Consistent
	Q1.1.4: Orientation towards achieving free and fair competition	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.1.3:Strength of authority supervision of the local banks.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.1.5: The local authority' ownership of the local banks' assets did not hinder the bank strategy	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Average of the country's regulatory quality features	Encouraging(**Sign**.)		Consistent	
Q1.3. Legal protection features	Q1.3.4: Arrangements against investor's property rights expropriation encouraged our decision.	Very encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.3.2: Arrangements for investor's protection of property rights(physical resources, financial, patents, etc.)encouraged our decision.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.3.1: Property rights laws over foreigners' financial assets encouraged our decision.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.3.3: Arrangements for law enforcement encouraged our decision.	Encouraging(**Insign**.)	Supporting	Consistent	Consistent
	Average of the country's legal protection features	Encouraging(**Sign**.)		Consistent.	

Q1.4. the country infrastructure features	Q1.4.3: The country home base of human infrastructure encouraged our decision.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.4.1: The distributed Infrastructure of services and facilities encouraged our decision.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.4.2: The country home base of Technological Development and application encouraged our decision.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Average of the country's infrastructure features	Encouraging(**Sign**.)		Consistent	
Q1.2. The social features	Q1.2.3: The national culture was open to other foreign cultures.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q1.2.2: Equal treatment, compared to the native citizens, of the foreigners encouraged M&As.	Encouraging(**Sign**.)	Supporting		
	Q1.2.1: The cultural value system had a positive orientation towards globalisation settings.	Encouraging(**Sign**.)	Supporting		
	Average of the country social features	Encouraging(**Sign**.)		Primary evidence results	
Q1.5.The transparency features	Q1.5.1: There was a transparency in the acquisition rules.	Encouraging(**Sign**.)	Supporting	The secondary data consistent with q5.2	Primary and secondary evidences results.
	Q1.5.3: There was a full-understanding of the rules of M&As.	Encouraging(**Sign**.)	Supporting		
	Q1.5.2: There was transparency in implementing the acquisition procedures.	Encouraging(**Insign**.)	Supporting		
	Average of the country transparency features.	Encouraging(**Sign**.)		Primary and secondary evidences results	

The following is a further explanation of the first research proposition about the significant role of the recent view of L-advantage in terms of the host country institutional determinants, in facilitating the foreign acquisitions of the Egyptian banks:

- ***Concerning the 1st dimension of the first research proposition – the country's regulatory quality features(q1.1),*** the quantitative data results indicate a significant encouraging role in facilitating the foreign M&As of local banks within the country. This is because the significant role of its items, which involved 'allowing full foreign ownership of the local banks'(q1.1.1), 'lowering of the restrictions on the bank's activities'(q1.1.2), 'the local authority's orientation towards having fair and free competition in the local market'(q1.1.4), 'the local authority's ownership of the local banks' assets did not hinder the bank's strategy'(q1.1.5)and 'the strength of the official supervisory power of the local banks'(q1.1.3). The qualitative data explained in more depth how the regulatory quality features encouraged the international banks' strategies. Furthermore, there is an agreement between the primary data and secondary data about the role of the country's regulatory quality features in facilitating the international banks' strategies within the country.
- ***Concerning the 2nd dimension of the first research proposition – the country legal protection features(q1.3),*** the quantitative data results referred in general to a significant positive encouraging role of the country's legal protection features in facilitating the foreign acquisition of the local banks within the country. This is because of its significant statements, 'the country's arrangements against expropriation of investor property rights'(*q1.3.4),* 'the country's arrangements for protecting the investors' property rights'(*q1.3.2)*and 'the country's arrangements of the investors' financial assets'(*q1.3.1),* and also the insignificant encouraging role of 'the country arrangements for the law enforcement(*q1.3.3)*'. Within this context, the qualitative data explained in-depth the dynamic role of the host country's legal protection features. The primary data and the secondary data are consistent with one another about the role of the host country's legal protection features in facilitating the foreign M&A strategies within the country.
- ***Concerning the 3rd dimension of the first research proposition-the country's infrastructure features(q1.4),*** the quantitative data results revealed the significant role of the country's infrastructure features in encouraging the international banks'

adoptions of M&A strategies within the country. This is because of the significant role of 'the country's home base of human resources'(*q1.4.1)*, 'the country's home base of technology infrastructure'(*q1.4.2)*and 'the country's physical infrastructure'(*q1.4.3)*. Within this context, the qualitative data explained in detail the host country's prior preparation of its public infrastructures for promoting the selling of its local banks. Thus, there is consistency between the primary and the secondary data about the role of the country's infrastructure features in encouraging significantly the M&As strategies within the country.

- ***Concerning the 4th dimension of the first research proposition – the country's social institutions(q1.2)-,*** the quantitative data revealed a significant encouraging role of the country's social features in motivating for foreign acquisitions of local banks. This is because of the significant role of 'the openness of the national culture to the other foreign cultures'(q1.2.1), 'the local treatment of the foreigners within the country, in comparing to the native citizens'(q1.2.2)and, 'the positive orientation of the national culture system towards globalisation settings'(q1.2.3). In this context, the qualitative data explained the dynamic role of the host country's social features. And there is a consistency between the primary data and secondary data.
- ***Concerning the 5th dimension of the first research proposition-the country's transparency and control of corruption(q1.5),*** the quantitative data revealed the significant role of the country's transparency procedures in promoting the foreign acquisitions of local banks. This is due to the significant role of the items: 'there was transparency in the acquisition rules'(q1.5.1); and 'there was a full-understanding of the M&A rules'(q1.5.3). However the role of the item: 'the procedures of the acquisition were implemented clearly to your bank'(q1.5.2)was not effective in its encouraging level. This may be due to the country's bureaucracy when implementing M&A procedures. Concerning the consistency between primary and secondary data, while the primary data significantly demonstrated the role of the country's transparency features in adopting M&As since the policymaker offered the foreign banks the law of examination of the exile of ignorance of the assets of the sold banks. However, the foreign banks did not practice perfect transparency in their strategies because of the country's inefficient bureaucracy. The secondary data referred to the country's low level of

transparency, which can be seen through the country's wasteful bureaucracy during M&As adoptions.

In view of that, the host country institutional determinants in terms of regulations, legal protection, infrastructures, social, and transparency were considered as an encouraging driver for the international banks to adopt international strategies in the country. These results agreed with the conceptual and empirical conclusions of the studies of(La Porta et al., 2000; Yiu&Makino, 2002; Focarelli et al., 1999; Contractor, 1990; Kobrin, 1988; Hartley et al., 1991; Uhlenbruck & Castro, 1998; Guillen & Tschoeegl, 1999; Forcarelli & Pozzolo, 2001, 2005; Barth et al., 2001; Buch & Delong, 2004; Kaufmann, 1992; Lanine & Vennet, 2007; Wheelock &Wilson, 2000; Moore, 1996; and Hannan & Pilloff, 2009).

Besides the aforementioned factors of the country's institutional determinants, Table 5.8 also shows the other country's institutional factors that encouraged the foreign acquisitions of local banks. These factors did not list in the main questionnaire, but suggested afterwards by the senior interviewers and respondents. *Examples of these factors are no competition, Egypt's geographical* location, *and the historical relationships between Egypt and the allied countries of the home countries of the acquiring banks.*

5.3.1.2 *Proving/disproving the second research proposition(P2): the local partner' Ownership-advantage.*

In order to answer the second research question, the current research proposed the second research proposition (P2)***:*** *'A foreign bank's motivation to acquire the local banks in the Egyptian context encouraged positively by a number of determinants related to the local banks' Ownership-advantage; they are the general status of the acquired banks, owing competitive strength determinants, owing technical capability determinants and an existing a prior positive experience with the local bank'.*

This section presents the primary and secondary data that was gathered for the second research proposition. Since prior studies and the initial exploratory investigation of the current study demonstrated that the local banks had certain features which encouraged the acquiring banks in their strategies across the borders. Accordingly, the local firms should have certain and distinctive resources that give them Ownership-advantage in order to attract the cross-border firms to merge with them, seeing that coalition and merging occurred with other particular firms in order to obtain its unique resources. In view of that, the second research proposition was suggested as follows.

Concerning the first(quantitative)part of the primary data, Section –B- draws attention to the specific resources of the local banks that attracted the foreign banks. This section of the questionnaire had been answered by the foreign banks' senior staff who have in-depth knowledge of their banks' strategies. At that point, the researcher employed descriptive statistics(frequency results)for this section. Next, the researcher employed a one-sample t-test as a parametric test to identify whether there were any significant results. Concerning the second(qualitative)part of the primary data, semi-structured interviews were done with the senior staff of the acquiring banks to obtain further insights into the questionnaire answers.

In detail, firstly, Table 5.23 shows the frequency results of the responses of the respondents responses to the questionnaire. This table is based on a five-point Likert-scale questionnaire, which ranged from strongly disagree(1)to strongly agree(5), which was made up of 8 statements reflecting the specific resources of the acquired local banks. By using Likert-scale, the senior staff of the acquiring banks was asked to indicate precisely the acquired banks' specific features that attracted the international banks to acquire the local banks. It is noteworthy that these 8 items shaped four main criteria of choosing the acquired banks named as follows: general status, competitive strength, technical capability and an existing past experience between the merging banks. Additionally, the table displays the other specific resources of the local banks that promoting the acquisition of the local banks. These criteria were not mentioned in the original questionnaire, but were listed by the senior interviewees of the foreign banks.

The frequency results Table 5.23 indicated that, while the senior interviewees of the acquiring banks noted whether they ‘agree’ or ‘strongly agree’ to the criteria, general status, competitive strength and technical capability were favoured above the criterion of existing a positive past experience between the merging banks.

In detail, a one-sample t-test, shown in Table 5.24 indicated that, while the local banks’ having the determinants of general status, competitive strength and technical capability criteria had a significant impact on the foreign banks’ adoptions of M&As, whilst an existing a positive prior experience between the merging banks had an insignificant impact on the foreign banks’ adoptions of M&As. It is noteworthy that insignificant encouraging mean of the main factor ‘an existing a past experience between the merging banks’ was due to the statement ‘an existing of trust between the management teams of the merging banks’, which achieved significant encouraging mean rather than its insignificant statement ‘an existing of a real past experience between the merging banks’. This may be due to the nature of the foreign cultures that trusted in the other foreign cultures.

Following is further explanations for the selection criteria of the acquired banks – in order – in the M&A process.

Table 5.23: Frequency Table of the selection criteria of the local banks(the acquired banks' Ownership-advantage).

2. local banks criteria	The questionnaire items	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Total
Q2.1Prior positive experience	Q2.1.1: The local bank's past experience with the foreign bank.	0	10 (30.3%)	10 (30.3%)	10 (30.3%)	3 (9.1%)	33 (100%)
	Q2.1.2: Trust in the management teams of the local banks.	0	0	4 (12.1%)	26 (78.8%)	3 (9.1%)	33 (100%)
Q2.2Competitive strength drivers	Q2.2.1: The local bank's size.	0	0	4 (12.1%)	20 (60.6%)	9 (27.3%)	33 (100%)
	Q2.2.2: The local bank's resources.	0	1 (3.0%)	1 (3.0%)	24 (72.7%)	7 (21.2%)	33 (100%)
Q2.3.Technical capability drivers	Q2.3.1: The local bank's familiarity with technology application.	0	0	8 (24.2%)	20 (60.6%)	5 (15.2%)	33 (100%)
	Q2.3.2: The local bank's developing new knowledge.	0	0	3 (9.1%)	24 (72.7%)	6 (18.2%)	33 (100%)
	Q2.3.3: The local banks' having tacit knowledge.	0	0	6 (18.2%)	22 (66.7%)	5 (15.2%)	33 (100%)
Q2.4.General status drivers	Q2.4.1: The local bank's reputation.	0	0	1 (3.0%)	23 (69.7%)	9 (27.3%)	33 (100%)
	Q2.4.2: The local bank' financial status.	0	2 (6.1%)	1 (3.0%)	20 (60.6%)	10 (30.3%)	33 (100%)
Others	What other local banks' specific criteria that attracted the international banks to acquire them? (list of various responses) - Natioality of the local banks(Egyptian banks rahter than Mali banks, for example). - Sale price of the local banks[cheap price].						

N =6 banks, Scale: 1= strongly disagree and 5=strongly agree

Table 5.24: One-sample t-test results of the testing value = 3.4(-neutral opinion-)

2.Local banks criteria	Criteria' items	N	Total Mean	Std. Dev.	Relative importanc* (%)	Item rank	t value	P-value	Sign. (2 tailed)	Interpretion of the results**
Q2.1.Prior positive experience	Q2.1.1: The local bank's past experience with the other bank.	33	3.18	.983	63.6	2	-1.275	.211	Not significantly different from the mean	Neutral encouraging
	Q2.1.2: Trust in the management teams of the acquired banks.	33	3.97	.467	79.4	1	7.012	.000	Significantly more than mean at α =.05	Encouraging.
	Average of prior positive experience	33	3.57	.587	71.4	4	1.717	.465	Not significantly different from the mean	Encouraging
Q2.2 Competitive strength drivers	Q2.2.1: The local bank's size.	33	4.15	.619	83.00	1	6.980	.000	Significantly more than mean at α =.05	Encouraging
	Q2.2.2: The local bank's resources.	33	4.12	.600	82.4	=1	6.907	.000	Significantly more than mean at α =.05	Encouraging.
	Average of the competitve strength drivers	33	4.14	.519	82.8	2	8.143	.000	Significantly more than mean at α =.05	Encouraging.
Q2.3Technical capability drivers	Q2.3.1: The local bank's familairity with technology application.	**33**	3.91	.631	78.2	=2	4.637	.000	Significantly more than mean at α =.05	Encouraging.
	Q2.3.2: The local banks' having tacit knowledge.	**33**	3.97	.585	79.4	2	5.590	.000	Significantly different from the mean	Encouraging.
	Average of the technical capability drivers	33	3.93	.444	78.6	3	6.453	.000	Significantly more than mean at α =.05	Encouraging.
Q2.4General status drivers	Q2.4.1: The local bank's reputation.	**33**	4.24	.502	84.8	1	9.642	.000	Significantly more than mean at α =.05	Very encouraging.
	Q2.4.2: The local bank' financial performance.	**33**	4.15	.755	83.00	2	5.719	.000	Significantly more than mean at α =.05	Encouraging.
	Average of general stthe two items(generatus drivers(4)	33	4.19	.514	83.8	1	8.899	.000	Significantly more than mean at α =.05	Encouraging.
Total average of(1, 2, 3, 4)		33	3.96	.409	79.4		7.914	.000	Significantly more than mean at α =.05	Encouraging.

* The relative importance =((Mean /5)x 100).

** The responses of the items/ factors are ranked within any of the following weighted means categories:(1)'Very discouraging':(1.00)-(1.79), (2)'Discouraging':(1.80)-(2.59), (3)'Neutral encouraging':(2.60)-(3.39), (4)'Encouraging':(3.40)–(4.19), Finally, (5)'Very encouraging':(4.20)–(5.00).

(Q4): The general status of the acquired banks.

According to a one-sample t-test, shown in Table 5.24, for the selection criteria of the sold banks that the criteria 'general status of the local banks' ranked top in promoting the foreign acquisitions of the local banks(Q2.4.1 to Q2.4.2 in the table) since the relative importance of the dimension achieved 83.8%. The total mean of the dimension was 4.19, which shows a positive mean value that is statistically different from 3.4(neutral opinion)at.05 level of significance or above since its p-value for t(8.899)was.000. The mean of this dimension is located within the *Encouraging* category(this category ranges between 3.40 and 4.19). The high significant mean of this dimension was due to highly significant encouraging means of its items: *the acquired banks' reputation* and *its financial performance*. An explanation for each item follows.

(Q2.4.1): Reputation of the acquired banks.

The acquired banks' reputation is considered to be the first-ranked item within this dimension. According to Table 5.28, 69.7% and 15.2% of the respondents agreed and strongly agreed respectively on this item(see Table 5.23), which formed a relative importance of the item of 84.8%(see Table 5.24). Thus, owing to its average of(4.19), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean has a positive value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(9.642)was.000. This result matches with the other studies such as Hitt et al.(2000).

Within this context, the senior interviewees collectively highlight one theme that indicated how the acquired banks' reputation created. This theme is the strength of the local supervision of the local banks, they noted,

> *'...in our deal, we were looking for a good local bank with a reputation and the local bank was considered to be the 2nd largest bank in the Egyptian market, as the bank had effective local supervision.'*(Interviewee#2, General Manager, Intesa Sanpaolo Bank)

> *'...National Société Générale Bank was interested in a local bank with a good reputation, and the sold bank(Misr-International Bank)had a good*

reputation as the local bank had strong supervision and was working efficiently. The sold bank considered to be one of the top banks in the local market'(Interviewee#4, Executive Manager, National Société Générale Bank).

'...in the acquisition deal, Blom Bank was looking for a local bank with a good reputation in its operations, customers and financial performance and Misr-Romanian Bank had good supervision'(Interviewee#10, Executive Manager, Blom Bank).

It is noteworthy that the strength of local supervision of the local banks contributed to shaping a notable reputation of the local banks. The local supervision represented by the Central Bank of Egypt(CBE), who must ensure the financial positions and soundness of local banks by evaluating their performances through on and off-site supervision. Within this context, CBE(2006)reported that local banks were supervised by putting a set of recognised indicators for evaluating the banks' financial situation and soundness, including capital adequacy, asset quality, bank profitability and liquidity.

With reference to the secondary data, the banks' rankings are considered to be a proxy for their reputations.
By reviewing the global and regional rankings of the banks, it found that there were a number of Egyptian banks occupied in these rankings. That considered an evidence for the considerable reputation of the banks in the country in general. According to the 'Banker' Magazine(2005), six Egyptian banks were ranked amongst the top 1000 global banks in the world, and amongst the top 100 banks in the region(see Table 5.25). The table illustrates that all the state banks of Egypt had global rankings at the world and regional levels. These banks are the National Bank of Egypt, Misr Bank, Cairo Bank and Alexandria Bank. This indicates that the Egyptian banks had adequate supervision, which ranked them globally and regionally. The table refers to one of the sold banks(Alexandria Bank)that had World and regional rankings in 2005, the year before M&As. More recently, in 2015, five of the Egyptian banks were ranked amongst the top 1000 World banks(Banker Magazine, 2016). Another indication of this table that most of the ranked banks are state banks, which point to the strength supervisory power of the Egyptian banks and the reputation of the state banks.

Table 5.25: Ranking of the Egyptian banks at the World and regional levels by Tier1 capital, assets and ROA in 2005.

Lacal bank name	Bank type	Ranking	Tier 1 Capital ($m)	Assets ($b)	ROA (%)
National Bank of Egypt	State		1, 100	22, 700	0.16%
		World ranking	373rd	311th	936th
		Region ranking	18th	5th	6th
Misr Bank	State		530	7, 140	0.21%
		World ranking	585th	414th	919th
		Region ranking	34th	15th	67th
Cairo Bank	State		480	7, 300	0.25%
		World ranking	619th	618th	900th
		Region ranking	37th	31st	65th
Arab International Bank	Joint		470	4, 500	0.66%
		World ranking	621st	829th	687th
		Region ranking	39th	46th	60th
Commercial International Bank(CIB)	Joint		300	4, 500	2%
		World ranking	1080th	776th	212th
		Region ranking	55th	44th	34th
Alexandaria Bank*	State		240	6, 00	0.22%
		World ranking	919th	701st	917th
		Region ranking	62nd	37th	66th

* Alexandria Bank is one of the studied acquired banks.
Source, *Al-Alam Alyoum*, 11-05-2006.

In confirmation of that, ‘Banker’ magazine referred to two of the state Egyptian banks that were ranked amongst the top 20 banks in Africa by Tier 1 capital and assets(see Table 5.26).

Table 5.26: Ranking of Egyptian banks in Africa by Tier1 capital and assets in 2011.

Africa ranking in 2011	African bank name	Country	Tier 1 capital($m)	Assets ($m)
1	Standard Bank	South Africa	12, 062	201, 493
5	Attijariwafa Bank	Morocco	2, 786	36, 694
9	First Bank	Nigeria	2, 221	15, 301
12	National Bank of Egypt.	Egypt	1, 790	52, 568
16	EcoBank Trans International	Togo	1, 292	10, 467
19	Commercial International Bank	Egypt	1, 104	13, 020
20	United Bank for Africa	Nigeria	1, 084	10, 737

Source : The Banker’s Magazine, The African Banker Magazine.

Furthermore, Table 5.27 illustrates the rankings of the Egyptian banks in the Middle-East. According to the table(11)of the Egyptian banks were ranked amongst the top 100 banks in the region. The table also referred to two of the acquiring banks that have regional rankings; National Societe Generale Bank and Alexandria Bank. It is noteworthy that the two acquiring banks bought the local banks : Misr-International Bank and Alexandria Bank in 2005 and 2006 respectively.

Table 5.27: Ranking of Egyptian banks at the region level by assets in 2008 (Top 100 Arab banks).

Middle-East Ranking in 2008	***Local bank name***	***Assets ($m)***	***Deposits ($m)***	***Loans ($m)***	***Shareholders Equity ($m)***
11	National Bank of Egypt	39, 932	30, 809	13, 302	1, 321
44	Commercial International Bank(CIB)	10, 422	8, 849	4, 775	796
50	National Societe Generale Bank(previousely Misr-International Bank)*	8, 351	6, 69	4, 916	743
53	Arab African International Bank	7, 696	6, 568	4, 549	467
60	Cairo Bank	7, 155	6, 22	1, 032	466
65	Bank of Alexandria*	5, 7	4, 586	2, 379	402
66	Principle Bank for Development and Agriculture Credit	5, 488	4, 266	3, 748	327
73	Egyptian Arab Land Bank	4, 664	3, 143	2, 856	342
79	Faisal Islamic Bank of Egypt	4, 311	3, 967	3, 877	353
85	Arab International Bank	4, 057	3, 203	690	531
86	Credit Agricole	3, 997	3, 404	1, 265	286

* The acquired local banks in the current study
Source: diconline.org.

Concerning the other studied banks that they did not have global or region rankings, but these banks occupied high rankings within the country. Table 5.28 shows the ranking of the studied acquired local banks within the country-Egypt-. As shown in Table 5.28, according to the available data in the time of M&As and afterward, most of the studied acquired local banks occupied relatively high rankings within the country because of their premium assets. For instance, Alexandria Bank ranked 6th in assets in 2006, Misr-International Bank ranked 8th in assets in 2005 and National Development Bank and Al-Watany Bank of Egypt ranked 14th and 13th respectively in assets in 2007.

Table 5.28: The ranking of the local banks in the Egyptian banking sector, 2005-07.

Bank Type	***Bank Name***	***Year***	***Total assets (US$ million)***	***Ranking****
State banks	Alexandria Bank ***(Acquired in 2006)***	2005	6, 657	4
		2006	***5, 764***	**6**
		2007	5, 953	7
	National Bank of Egypt	2005	27, 707	1
		2006	32, 175	1
		2007	37, 425	1
	Misr Bank	2005	18, 490	2
		2006	19, 175	2
		2007	24, 209	2
	Cairo Bank	2005	7, 840	3
		2006	7, 943	3
		2007	8, 876	3
Joint & Private Banks	Misr-International Bank ***(Acquired in 2005)***	***2005***	***2, 913***	**8**
		2006	6, 914	4
		2007	8, 590	5
	National Bank for Development ***(Acquired in 2007)***	2005	1, 503	13
		2006	1, 537	14
		2007	***1, 710***	***14***
	Maritime Alexandria Commercial Bank ***(Acquired in 2006)***	2005	351	21
		2006	***332***	***21***
		2007	571	20
	Al-Watany Bank of Egypt ***(Acquired in 2007)***	2005	1, 632	12
		2006	1, 765	14
		2007	***2, 439***	***13***
	Commercial International Bank	2005	5, 302	5
		2006	6, 561	5
		2007	8, 634	4
	Arab African International Bank	2005	3, 312	7
		2006	4, 918	7
		2007	8, 015	6
	HSBC Bank Egypt	2005	2, 342	11
		2006	3, 110	8
		2007	4, 986	8
	Arab International Bank	2005	3, 654	6
		2006	3, 833	9
		2007	4, 200	9
	Faisal Islamic Bank of Egypt	2005	2, 864	9
		2006	3, 372	10
		2007	4, 004	9
	Credit Agricole Egypt	2005	2, 430	10
		2006	2, 763	11
		2007	3, 905	10
	Barclays Bank-Egypt SAE.	2005	1, 222	14
		2006	2, 374	12
		2007	3, 242	11

Source: The Africa competitiveness Report (ACR, 2009), WEF.

* Ranking has been done according to the total assets of the banks.

Table 5.28 The ranking of the local banks in the Egyptian banking sector, 2005-07.

Bank type	***Bank Name***	***Year***	***Total assets (US$ million)***	***Ranking****
Joint & Private Banks	EFG-Hermes Holding Company	2005	420	19
		2006	1, 630	13
		2007	2, 439	12
	Sociétté Arab International Bank	2005	734	16
		2006	868	17
		2007	1, 487	14
	Audi Bank	2005	55	22
		2006	1, 000	15
		2007	1, 474	15
	MISR Iran Development Bank	2005	935	15
		2006	1, 058	16
		2007	1, 359	16
	Arab Banking Corporation-Egypt	2005	405	20
		2006	444	20
		2007	1, 101	17
	Ahli United Bank(Egypt).	2005	644	18
		2006	706	19
		2007	1, 049	18
	Egyptian Gulf Bank	2005	648	17
		2006	804	19
		2007	933	19

Source: The Africa competitiveness Report (ACR, 2009), WEF.

* Ranking has been done acoording to the total assets of the banks.

In this context, in 2008, ACR(2009) reported that Egyptian banks' score of soundness was(=4.7), where the score based on a scale of(1= very poor by international standards)to 7(=excellent by international standards). That indicates that on the global level, Egyptian banks had moderate soundnesses.

- *(Q4.2)Financial performance of the acquired banks*

Through the current study, the acquired banks' financial performance is the second-ranked item within this dimension. According to Table 5.23, 60.6% and 30.3% of the respondents agreed and strongly agreed respectively on this item(see Table 5.23), forming a relative importance of the item at 83%(See Table 5.24). Thus, owing to its average of(4.15), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using one-sample t-test results, this mean has a positive value which is statistically more than the cut point = 3.4(neutral opinion) at the level of significance =.05 since its p-value for t(5.719)was.000.

The qualitative data verify the quantitative results since the senior interviewees of a number of the acquiring banks confirmed that the sold banks were considered to be ‘attractive targets’ because of their performances as profitable banks, noting that,

> *‘...the local bank Misr-Internatioanl Bank(MIbank)had a good financial position as the local bank always made a profit, which attracted National Societte General Bank to buy this bank specifically’(Interviewee#3, Executive Manager, National Société Générale Bank).*

> *‘... Blom Bank was looking for a local bank which was in good financial condition rather than acquiring a defective bank’(Interviewee#8, Executive Manage, Blom Bank).*

From this, it can be concluded that the acquiring banks preferred to acquire profitable banks. This result is consistent with Wheelock and Wilson(2000)’s findings that efficient banks are more likely to be acquired than inefficient banks which require considerable amounts of cash to be spent to reorganise them.

With reference to the secondary data, the previous studies employed Return-on-Assets(ROA%)and Return-on-Equity(ROE%)as a proxy for the banks’ financial performance. It is noteworthy that enhancing the local banks’ performance was considered the main priority for banking sector reform, which was launched in 2002. Formally, between 2000-2005(the period before adopting M&As), the ROE of the public banks ranged, on average, between 4.0% and 9.8%, and for the private and joint banks, it ranged between 17.8% and 20.6%(See Figure 5.15). Similarly, in the same period, the ROA ratio for the public banks ranged, on average, between 0.2% and 0.5% and for the private and joint banks, it ranged between 1.1% and 1.5%(See Figure 5.15).

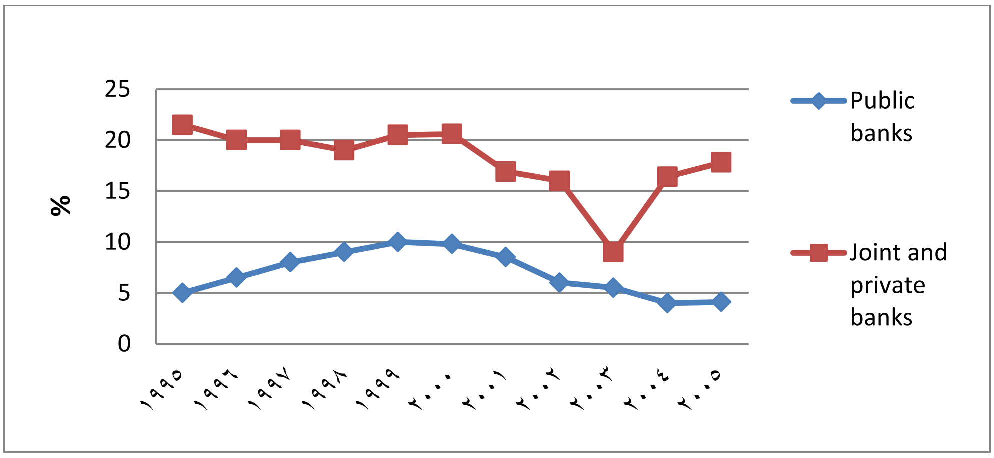


Figure 5.15: Return-on-Equity of the local banks, 1995-2005.

Source : CBE, Annual Reports

-The acquired sold bank(Alexandria Bank)in in the *public banks* category.

-The acquired local banks Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt are in *the joint and private banks* category.

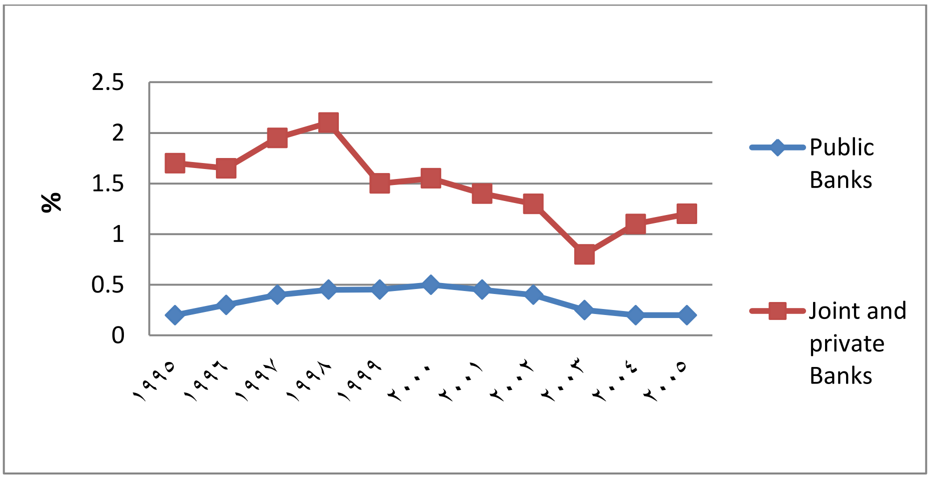


Figure 5.16: Return-on-Assets of local banks, 1995-2005.

Source : CBE, Annual Reports.

-The acquired local bank(Alexandria Bank)in the *public banks* category.

-The acquired local banks Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt are in *the joint and private banks* category.

By reviewing figures 5.15 and 5.16, it can be concluded that the financial performance of the private and joint banks was better than the financial performance of the state banks since they achieved much high ROA and ROE. This may be due to a high ratio of non-performing loans of the state banks (WB, 2008). Thus, before selling the state banks, the policymaker had to resolve their non-performing loans, as occurred when Alexandria Bank was sold to Intesa Sanpaolo Bank (WB, 2008). Furthermore, the reform program had focused on making changes in the management styles of the local state and joint banks. As a result, the expenses' ratio of state banks, joint and private banks declined after 2002(see Table 5.29). This improved the efficiency and profitability of the state, joint and private banks afterward(WB, 2008)(see Table 5.30). Table 5.29 indicates how the expenses ratio of the state, joint and private banks started to be improved after 2002(prior to foreign M&As deals), which positively affected the financial performance of these banks.

Table 5.29: Expenses' ratio* of the operating banks in Egypt(in percent)after adopting reforming program in 2002.

Year	Public banks	JV & Private banks
2000	82.99	81.78
2001	84.02	87.65
2002	86.23	89.66
2003	83.31	87.43
2004	81.88	80.32
2005	77.16	78.70

* Calculated as the ratio of expenses-to-total revenue.

Source: CBE, Supervision Department.

-The acquired local bank(Alexandria Bank)in in the *public banks* category.

-The acquired local banks Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt are in *the joint and private banks* category.

In view of that, Table 5.30 shows the local banks' aggregate financial performance between 2005-2007. According to this table, there was an increase in the annual profits of the banks operating in Egypt in general. Within this context, WB(2008)reported that the Egyptian banks' profitability level exceeds the other banks' profitability in the developing countries.

Table 5.30: The aggregate financial performance of operating banks in Egypt, 2005-07

Year	2005	2006	2007
Number of banks	52	43	41
- **Assets(LE. bn)**	705, 1	761, 6	937, 9
Annual increase(%)	11.3	8.2	23.2
- **Deposits(LE. bn)**	519, 6	568, 8	650
Annunal increase(%)	12.6	9.5	14.3
- **Loans(LE. bn)**	308, 2	324	353, 7
Annual increase(%)	4	5.1	9.2
- **Profits(LE. bn)**	3, 714	5, 912	7, 140
Annual increase(%)	38.3	59.2	20.8

Souce : Annual reports of the Central Bank of Egypt.

In confirmation with that, ACR(2009) reported that since the launch of the first and second stages of the Egyptian financial sector reform in 1991 and 2002 respectively, there was a tremendous transformation in its performance after 2005. For example, the banking sector deposits recorded an increase from US$84.5 billion in 2004 to US$95.2 billion in 2005, US$104 billion in 2006, and US$118 billion in 2007(see also Table 5.29 for detailed banking sector performance).

Furthermore, Table 5.31 demonstrates the sold banks' ROE during 2005-07(the period that the wave of acquisitions of the local banks began). Except National Bank for Development, the other sold banks achieved high returns on average equity. For instance, Alexandria Bank(acquired by Intesa Sanpaolo Bank in 2006)achieved a ROE of about 123% in the year of acquiring the bank. Misr-International Bank(acquired by National Societte General Bank in 2005)achieved 43.77% in ROE in the year of acquiring the bank. Maritime Alexandria Commercial Bank achieved an ROE of about 263.95% in the year that the bank was acquired. Finally, Al-Watany Bank of Egypt(acquired by the National Bank of Kuwait)achieved about 20.99% in ROE in the year of acquisition. These all indicated that the acquired local banks' performance improved to the degree that the acquiring banks achieved high ROE at the time of acquisition. However, National Bank for Development(acquired by Abou-Dhabi Islamic Bank)did not achieve an adequate ROE, but the bank recorded an increase in its deposits and short-term funding in the year of acquisition. In 2007, ACR(2009) reported about the performance of the Egyptian banks that there was significant growth of 23.2 percent year-on-year, outperforming its already high 12 percent average growth per annul over the previous five years, specifically, the main banks in Egypt achieved high ROE during 2005-07 (ACR, 2009).

Table 5.31: Performance indicators for the local banks in Egypt, 2005-07.

Bank Type	Bank Name	Year	Equity (US$ million)	Return on Equity	Deposit and short-term funding (US$ million)
State banks	Alexandria Bank *(Acquired in 2006)*	2005	292	6.19	5, 735
		2006	***322***	***123.33***	***4, 806***
		2007	361	19.60	5, 270
	National Bank of Egypt	2005	1, 135	4, 89	24, 667
		2006	1, 193	4, 57	27, 941
		2007	1, 259	4, 37	32, 850
	Misr Bank	2005	609	4, 03	16, 566
		2006	626	4, 08	17, 724
		2007	941	3, 42	22, 239
	Cairo Bank	2005	506	1, 90	6, 799
		2006	510	1, 12	7, 079
		2007	455	1, 99	7, 803
Joint & Private banks	Misr-International Bank *(Acquired in 2005)*	***2005***	***231***	***43.77***	***2, 563***
		2006	445	5.93	6, 010
		2007	642	20.19	7, 427
	National Bank for Development *(Acquired in 2007)*	2005	81	-0.13	1, 342
		2006	55	-38.27	1, 445
		2007	***131***	***-62.83***	***1, 532***
	Maritime Alexandria Commercial Bank *(Acquired in 2006)*	2005	30	0.00	313
		2006	***-42***	***263.95***	***358***
		2007	114	38.87	436
	Al-Watany Bank of Egypt *(Acquired in 2007)*	2005	103	11.62	1, 490
		2006	182	11.60	1.524
		2007	***233***	***20.99***	***1, 958***
	Commercial International Bank	2005	464	21, 57	4, 464
		2006	567	24, 09	5, 753
		2007	755	29, 51	7, 611
	Arab African International Bank	2005	207	27, 60	3, 011
		2006	259	31, 77	4, 543
		2007	386	39, 47	7, 424
	HSBC Bank Egypt	2005	178	44, 81	2, 109
		2006	336	41, 15	2, 700
		2007	427	42, 45	4, 467
	Arab International Bank	2005	487	6, 84	3, 141
		2006	497	4, 54	3, 297
		2007	534	9, 02	3, 634
	Faisal Islamic Bank of Egypt	2005	119	15, 32	2, 591
		2006	119	17, 40	3, 075
		2007	122	0, 00	3, 684
	Credit Agricole Egypt	2005	242	44.77	2, 058
		2006	247	1.48	2, 427
		2007	286	35.16	3, 456
	Barclays Bank-Egypt SAE.	2005	134	38.82	1, 036
		2006	129	34.38	2, 156
		2007	241	41.02	2, 908

Source: The Africa competitiveness Report (ACR, 2009), WEF.

Table 5.31: Performance indicators for the local banks in Egypt, 2005-07.

Bank type	Bank Name	Year	Equity (US$ million)	Return on Equity (ROE)	Deposit and short-term funding (US$ million)
Joint & Private Banks	EFG-Hermes Holding Company	2005	154	43.03	247
		2006	1, 404	16.21	282
		2007	1, 715	15.97	596
	Société Arab International Bank	2005	146	9.64	546
		2006	149	10.67	663
		2007	167	11.72	1, 251
	Audi Bank	2005	0	–199.9	49
		2006	100	0.53	890
		2007	197	–5.13	1, 244
	MISR Iran Development Bank	2005	116	16.05	784
		2006	123	16.21	898
		2007	162	23.64	1, 170
	Arab Banking Corporation-Egypt	2005	94	7.50	297
		2006	100	6.20	328
		2007	111	7.06	854
	Ahli United Bank(Egypt).	2005	100	24.42	497
		2006	117	0.03	518
		2007	148	19.75	845
	Egyptian Gulf Bank	2005	102	16.63	528
		2006	110	14.18	670
		2007	127	10.64	782
Specialized banks	African Export-Import Bank	2005	264	8.97	305
		2006	293	11.35	312
		2007	346	11.43	442
	Housing and Development Bank	2005	72	15.81	1, 039
		2006	109	21.29	859
		2007	137	26.52	891
	Export Development Bank of Egypt.	2005	140	7.51	855
		2006	113	–21.72	884
		2007	152	0.99	1, 033

Source: The Africa competitiveness Report (ACR, 2009), WEF.

In general, ROE was enhanced after the banking reform in 2002. ROE was enhanced to the degree that it ranged between 4.3% and 33.3% for the state banks, 17.8% and 25.7% for the private and joint banks and 10.8% and 16.32% for the specialised banks in the time of occurring Foreign M&As(see Figure 5.17).

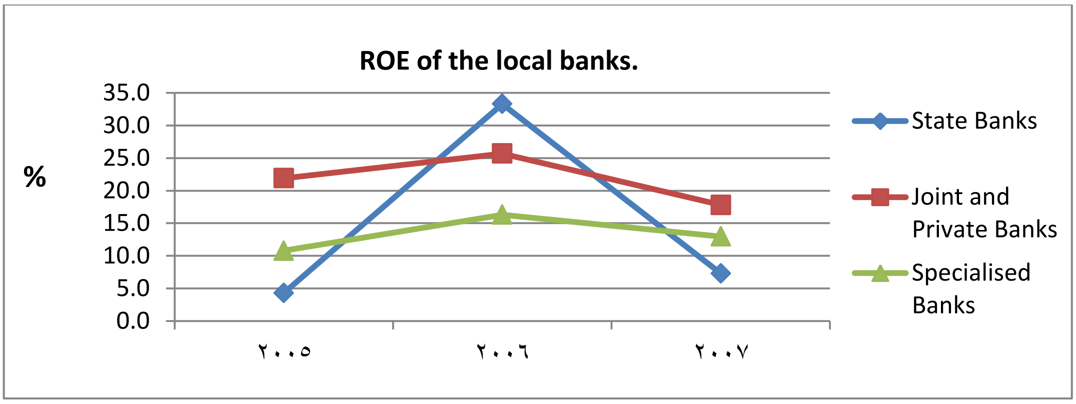


Figure 5.17: ROE of the local banks, 2005-07.

Source: The Africa competitiveness Report (ACR, 2009), WEF.

As seen previously that, the acquiring banks searched firstly for the general status of the sold banks, which involved the sold banks' reputation and financial status. Then, after identifying the sold banks' general status, the acquiring banks searched for further effective criteria such as competitive strength criteria and technical competency criteria that enabled the acquiring banks to achieve their objectives of competitiveness in the local market. Following is an explanation of that.

- *(Q2.2): The competitive strength criteria of the acquired banks.*

Parallel to the general status factor, the competitive strength determinants of the sold banks stood significantly in promoting for M&As since the relative importance of this factor is 82.8%(see Q2.2.1 to Q2.2.2 in Table 5.24). Using a one-sample t-test shown in Table 5.24, the total mean of the dimension was 4.14, which shows a positive mean value that is statistically different from the cut point =3.4(neutral opinion)at the 0.05 level or above since its p-value for t(8.143)was.000. The high significant mean of this dimension was due to high significant encouraging means of its items: the size of sold banks and its assets(this category ranged between 3.40-4.19).

- *(Q2.2.1): Size of the acquired banks.*

Through the current study, the acquired banks' size considered the first-ranked item within the main dimension. According to Table 5.23, 60.6% and 27.3% of the respondents *agreed* and *strongly agreed* respectively on this item, forming a relative importance of the item at 83%(see Table 5.24). Thus, owing to its average of(4.15), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranged between 3.40-4.19). By using the one-sample t-test results, this mean shows a positive value which is statistically more than the cut point = 3.4(neutral opinion) at the level of significance =.05 since its p-value for t(6.980)was.000. Within this context, the qualitative data analysis clarified that the acquiring banks were equally interested in large and small sold banks. For instance, the acquiring banks such as Intesa Sanpaolo Bank, National Société Générale Bank and Abou-Dhabi Islamic Bank were interested in the large sizes of the sold banks, which reflected by their large organisational structure and by their widespread branches. The interviewees of the three acquiring banks noted,

> *'...our school was interested in large entities, whether bank structure or staff, as Alexandria Bank's hierarchical structure was large, similar to the old hierarchy structure of our parent bank in Italy 30 years ago'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

> *'...our bank's strategy was focused on the large local bank of Misr International Bank'(Interviewee#4, Executive Manager, National Société Générale Bank).*

> *'...the local bank's large size encouraged the foreign bank to acquire it as the local bank had more than 70 branches spread across the country'(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank).*

In view of the previous discussions, it can be concluded that three of the studied acquiring banks were interested in the largest sizes of the local banks. This result is consistent with(Buehler et al., 2005), who found that large-sized firms are more likely to merge with other firms. However, the acquiring banks tended to be larger than the acquired banks, as according to (Wheelock and Wilson, 20**02**), the acquiring banks tend to be larger in their sizes in order to enable them to absorb the other banks.

On the other hand, the other acquiring banks such as Blom Bank, Union National Bank and National Bank of Kuwait were interested in acquiring small banks, as small size banks have a small organisational structure, small staff, limited branches and small bad debts, which enabled the acquiring banks to launch into the new market more rapidly. The senior interviewees of the acquiring banks noted:

> *'...Blom Bank was looking for a small local bank as we believed that small size banks meant a small structure, small staff, no redundant staff, small number of branches and limited debts. This is because all of these factors provide chances to the foreign bank to start faster rather than buying a big size bank(with large staff)that required lots of negotiations to layoff its staff.*

This enables the bank to be expanded in the future. Blom Bank started with 200 employees and only two branches; now the bank has 1000 employees and 23 branches. Then, Blom Bank had succeeded in its new strategy within the country because the bank chose a small local bank with 3 branches and then, Blom Bank began opening new branches across the country'(Interviewee#9, General Manager, Blom Bank).

'...the size of the local bank was a moderate and not a big to the bank to acquire it, as the sold bank was having a small network of branches across the country'(Interviewee#10, Executive Manager, Kuwait National Bank).

In summary, it can be concluded that not only were large-sized local banks considered as attractive targets by foreign banks; but small banks were also considered to be attractive targets, which agrees with (Wheelock and Wilson, 2000), who found that small firms were more be attractive targets as partners in M&As. However, the small size of firms may cause acculturation problem(Larsson and Lubatkin, 2001). Thus, it is important to link the sold firm's size to the buyer's size in order to avoid post-M&As' acculturations problems (Hambrick and Cannella, 1993).

With reference to the secondary data, the number of employees or branches is considered a proxy for the bank's size. The secondary evidence shown in Table 5.32 showed the employees' volume and no. of branches in the time of M&As. By reviewing the data in the table, it can be concluded that the employees volume and no. of branches of the sold banks: Alexandria Bank, Misr-International Bank and National Development Bank were larger than the other sold banks. So, the secondary data matches with the primary data.

Table 5.32 : Employees volume and No. of branches of the studied acquired banks in the time of M&As

Local bank name	Employees Number in the year of M&As	No. of branches in the time of M&As
Alexandria Bank	1001-5000(2006)	170
Misr-International Bank	1001-5000(2005)	160
National Development Bank	1001-5000(2007)	70
Misr-Romanian-Bank	101-500(2006)	3
Maritime Alexandria Commercial Bank	101-500(2006)	2
Al-Watany Bank of Egypt	101-500(2007)	2

Source: the banks websites

Furthermore, Figure 5.18 illustrated the distribution of the local banks' branches in urban and rural areas in Egypt in 2006, the time that the wave of foreign M&As within the country began.

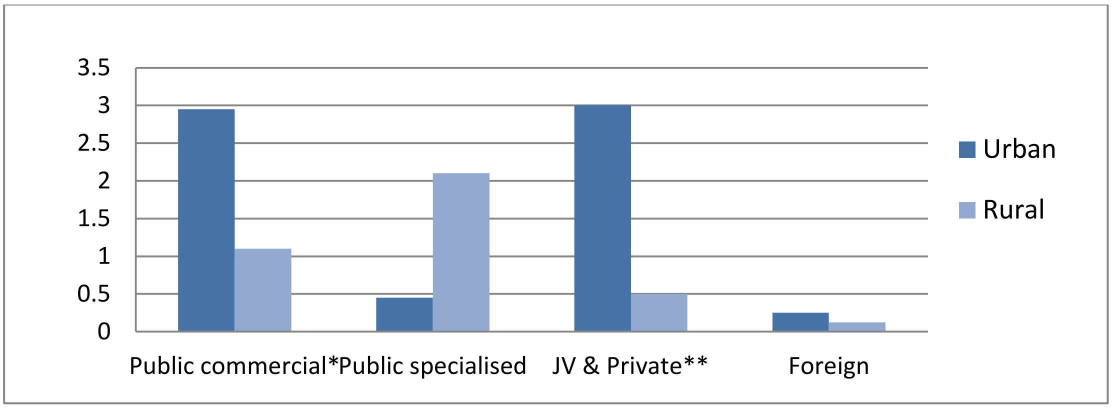


Figure 5.18: The distribution of the local banks' branches in the urban and rural areas(branches per 100, 000 people), 2006.

Source: Central Bank of Egypt, 2006.

-Urban governorates include Alexandria, Cairo, Port-Said and Suez.

* This category includes the acquired local banks: Alexandria Bank, Cairo bank, Misr bank, National Bank of Egypt.

** This category includes the acquired local banks: Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt.

According to the figure, both of the state banks and JV & private banks were distributed rather equally in urban areas, where there were 3 branches per 100.000 residents. Alternatively, in the rural areas, the state bank category was distributed more widely, where there was 1 branch per 100.000 residents, whereas, for the JV & private banks, there was 0.5 branch per 100.000 residents. Therefore, it can be concluded that, while the large size acquired state-bank, Alexandria Bank, had a wide spread of branches, the small acquired banks, Misr-Romanian Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt, had a much more limited number of branches. In view of that, the secondary data is consistent with the primary data.

Additionally, According to Figure 5.18, while the most widely distributed banks in rural areas were the public-specialised banks, where there were 2.1 branches per 100.000 residents(3 specialised public-banks have 1236); the least distributed banks were the foreign banks, with 0.125 branches per 100.000 residents(7 foreign banks have only 42 branches).

- ***(Q2.2.2)Assets of the acquired banks.***

It is noteworthy that in order to protect or boost the competitive positions of cross-border firms in the host markets, foreign firms are usually interested in the resources of the local-partner-firms in order that they may be exploited together with their core competencies(Dunning, 2001).Through the current study, the sold banks' resources are the second-ranked item within the main dimension. According to Table 5.23, 72.7% and 21.2% of the respondents agreed and strongly agreed respectively on this item, which formed a relative importance of the item at 82.4%(See Table 5.24). Thus, owing to its average of(4.12), this item is placed within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranged between 3.40-4.19). By using one-sample t-test results, this mean has a positive value which is statistically higher than the cut point = 3.4(neutral opinion), at the level of significance =.05 since its p-value for t(6.907)was.000.

In this context, the qualitative data analysis verified that the sold banks had a high valued portfolio, both in terms of their financial assets and clients, which promoted the foreign acquisition of these local banks in specific. The senior interviewees noted,

> *'...the acquired bank had high-quality portfolios, premium financial assets and high-valued customers that all promoted the foreign acquisition of the local bank in particular.'(Interviewee#4, Executive Manager, National Société Générale Bank)*

> *'...Blom Bank was looking for a local bank with a high-quality portfolio of customers.'(Interviewee#9, Executive Manager, Blom Bank)*

> *'...the bank, at this time, was looking for high-valued portfolios of customers that would be a source for achieving good profits, and the local bank had high valued clients that could generate good profits for the bank after acquisition'(Interviewee#10, Executive Manager, Kuwait National Bank).*

In summary, the local banks' tangible assets such as the financial assets and intangible assets such as high-valued customers promoted the foreign acquisitions of them. This result is consistent with (Pasiouras and Kosmidou, 2007). The financial assets of the sold banks did not involve the capitalisation level within the sold banks since the local banks had been acquired because of their less capitalisation level and their inabilities to increase their capitals(according to Abou-Dhabi Islamic Bank, Interviewee#5, Union National Bank, Interviewee#7*)*, here under one of the interviewees noted:

'... an inability of the local bank to meet the banks' capital requirements encouraged the foreign bank to acquire the local bank'(Interviewee#7, General head of business sectors, Union National Bank)

It is noteworthy that these assets of the acquired banks had been sold at a cheaper price in comparison to their high values(see the factors that did not mention in the original questionnaire in Table 5.23).

With reference to the secondary data, previous Table 5.33 showed the total assets of the sold local banks in particular after the banking reforms in 2002. According to the table, between 2005-07, there was an increase in the total assets of most of the working banks in Egypt(involved the studied acquired banks).Within this context, ACR(2009) reported that the total assets of the banking sector in Egypt fully reflect all positive developments on the economic, banking, and business climate. It is noteworthy that an increase in the total assets of the local banks reflects an increase in the loans' creation process of the banks(ACR, 2009). Furthermore, Akhigbe et al.(2004)reported that there was a greater likelihood of a bank being acquired when the acquired unit had a higher ratio of core deposits to assets. By looking also at Table 5.31, it can be concluded that the sold banks' deposits represented a large volume of the banks' total assets.

Table 5.33 : The total assets and deposits of the local banks in Egypt, 2005-07.

Bank Type	Bank Name	Year	Total assets (US$ million)	Deposit and short-term funding (US$ million)
State banks	Alexandria Bank ***(Acquired in 2006)***	2005	6, 657	5, 735
		2006	***5, 764***	***4, 806***
		2007	5, 953	5, 270
Joint & Private Banks	Misr-International Bank ***(Acquired in 2005)***	***2005***	***2, 913***	***2, 563***
		2006	6, 914	6, 010
		2007	8, 590	7, 427
	National Bank for Development ***(Acquired in 2007)***	2005	1, 503	1, 342
		2006	1, 537	1, 445
		2007	***1, 710***	***1, 532***
	Maritime Alexandria Commercial Bank ***(Acquired in 2006)***	2005	351	313
		2006	***332***	***358***
		2007	571	436
	Al-Watany Bank of Egypt ***(Acquired in 2007)***	2005	1, 632	1, 490
		2006	1, 765	1.524
		2007	***2, 439***	***1, 958***

Source: The Africa competitiveness Report (ACR, 2009), WEF.

The banking sector's liquidity, and loans ratios can be considered proxies for the quality of the assets of the banking sector. The data is sourced through World Bank reports.

Firstly, Figure 5.19 shows the liquidity ratio of the banking sector, including the state, joint and private banks. According to the figure, both of the state banks' category(including the acquired bank, Alexandria Bank), and JV & private banks' category(including the acquired banks, Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt), had similar ratios of liquidity, ranging from 30% to 50% between 2001 and 2006. It is noteworthy that the banking sector's liquidity of cash, government bonds and treasury bills are considered to be risk-free and exempt from taxes(WB, 2008).

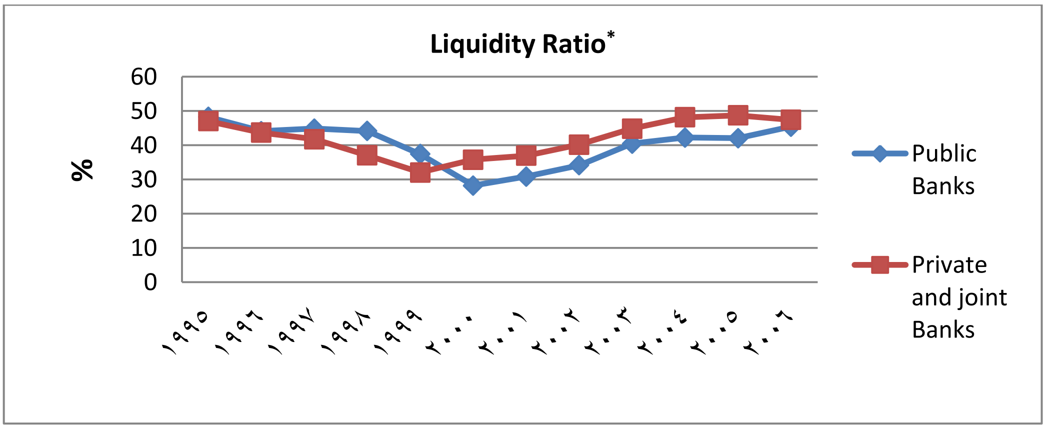


Figure 5.19: Liquidity Ratio* of the local banks, 1995-2006.

Source: World Bank (WB, 2008)
*Liquidity ratio is the ratio of liquid assets(cash, treasury bills and government bonds and inter bank claims).
-The acquired sold bank, Alexandria Bank, is included in the *public banks* category.
-The acquired sold banks Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt are included in the *private and joint banks* category.

Secondly, the quality of the financial assets of a bank is influenced by its substantial Non-Performing-Loans(NPLs)from the previous periods (WB, 2008). It is noteworthy that the Egyptian banking sector suffered from NPLs, which were estimated to be about 63% of the State-Owned Enterprises(SOEs). More of these loans were owed to public banks than joint and private banks(see Figure 5.20). According to the figure, the public banks owed a higher ratio of loans to SOEs(almost 19% in 2005)than the joint and private banks(almost 3% in 2005). Owing to their minor NPLs, the joint and private banks have a higher quality portfolio than the public banks. This forced the policymaker to deal with NPLs of the public banks in specific, by issuing Law 88 in the year 2003. According to this law, the local banks were requested to follow severe lending policies and discontinue lending to the defaulting SOEs. Consequently, According to the same figure, the public banks' loans to SOEs dropped to 15.2% in 2006 from 19.2% in 2005 and the joint and private banks loans to SOEs dropped to 2.1% in 2006, from 3.06% in 2005(WB, 2008).

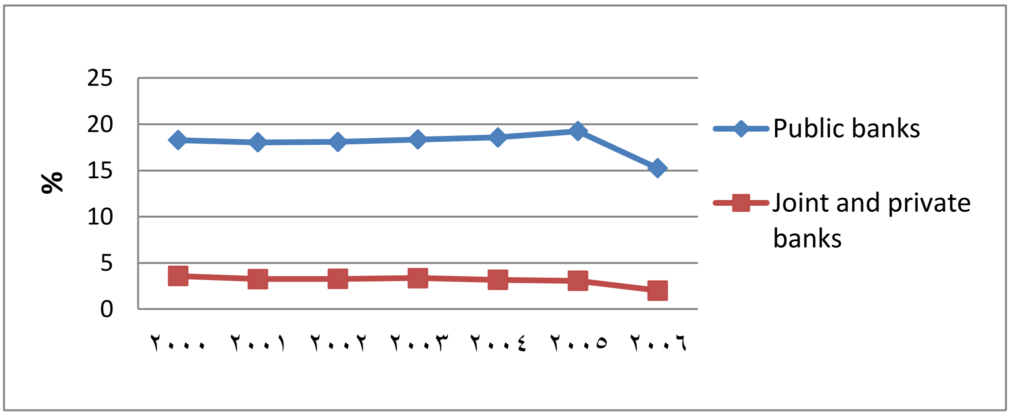


Figure 5.20: State-Owned Enterprises Loans in Egypt.

Source: World Bank(2008).

-The acquired sold bank, Alexandria Bank, is included in the *public banks* category.
-The acquired sold banks Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt are included in the *private and joint banks* category.

Concerning the owed loans to the private sector, there is a convergence between the public banks and joint and private banks in providing the loans to the private enterprises(see Figure 5.21).

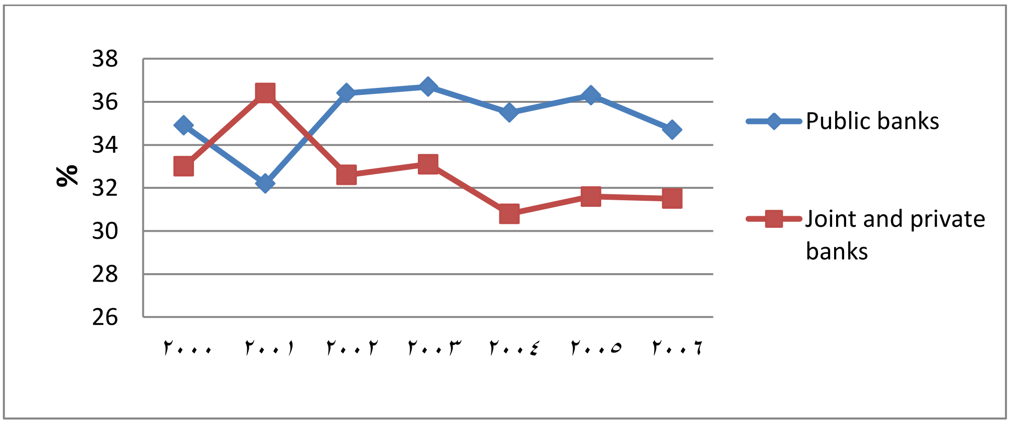


Figure 5.21: Private sector enterprises loans in Egypt.

Source: World Bank(2008).

-The acquired sold bank, Alexandria Bank, is included in the *public banks* category.
-The acquired sold banks Misr-International Bank, Misr-Romanian Bank, National Development Bank, Maritime Commercial Alexandria Bank and Al-Watany Bank of Egypt are included in the private and joint banks category.

To summarise, it can be concluded that the financial assets of the local banks in general, and the acquired sold banks in particular divided into two sections. The first section of the banks’ financial assets found in cash, government bonds and treasury bills, which are considered to be risk-free and exempt from taxes. The other section of the financial assets of the local banks in general, and the acquired local banks in particular found in the loans to the state-owned and private enterprises. Although the state banks occupied the largest part of having non-performing loans to the state-owned enterprises; issuing the Law(88)in the year(2003)had reduced the risks of non-performing loans.

- ***(Q2.3) The technical capability criteria of the acquired banks***

The next ranked driver in promoting foreign acquisitions of the local banks is the local banks having technical capability determinants since its relative importance of the dimension is 78.6%(See Q2.3.1 to Q2.3.2 in Table 5.24). Using a one-sample t-test(shown in Table 5.24), it can be seen that the total mean of the dimension was 3.93, with a positive mean value which is statistically different from 3.4(neutral opinion), at the 0.05 level or above since its p-value for t(6.453)was.000. The high significant mean of this dimension was due to the highly significant encouraging means of its items: *the local banks‘ tacit knowledge* and *their familiarities with technology application.*

- ***(Q2.3.1) The tacit knowledge of the acquired banks***

Through the current study, the sold banks’ tacit knowledge is considered the first-ranked item within the main dimension. According to Table 5.23, 66.7% and 15.2% of the respondents agreed and strongly agreed respectively on this item, which formed a relative importance of the item(79.4%)(See Table 5.24). Thus, owing to its average of(3.97), this item falls within the *Encouraging* category in promoting the foreign acquisitions of local banks(this category ranges between 3.40-4.19). By using the one-sample t-test results, this mean shows a positive mean value statistically above than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(5.590)was.000.

Within this context, the qualitative data analysis referred to the type of tacit knowledge that the sold banks had at the time of the M&As. This was the sold banks’ retaining high-valued portfolios of clients, who are difficult to replace once lost. Within this context, one of the senior interviewees noted,

> *'... the bank at this time was looking for high-valued portfolios of customers that will be a source for achieving good profits, and the local bank had high valued clients that could make good profits for the bank after acquisition'(Interviewee#10, Executive Manager, Kuwait National Bank).*

This is also confirmed by the other interviewees such as Interviewee#4, Executive Manager, National Société Générale Bank; interviewee#9, Executive Manager, Blom Bank that mentioned in the prior point-Q2.2-(the resources of the acquired banks).

The second type of tacit knowledge is related to the acquired banks' knowledge of the way of performing financing corporate banking activities. It is noteworthy that the acquiring banks have greater experience in performing retail banking activities than corporate banking activities. Thus, the sold banks' knowledge of financing the corporate banking activities enabled the acquiring banks to get insight into the methods of financing those types of activities. Furthermore, the acquiring banks' focusing on doing retail banking activities attracted the policymaker to sell the local banks to these banks. Within this context, WB(2008)reported that the Egyptian banking sector suffered from less diversification of activities caused by local banks' focusing more on corporate banking activities than other activities. One interviewee noted that,

> '*...by acquisition, the acquiring bank can obtain the guidelines of doing the corporate banking activities, which the local banks specialised in'(Interviewee#3, Member of Board Directors, National Société Générale Bank).*

In summary, it can be concluded that the sold banks' tacit knowledge about local clients had promoted the foreign acquisitions of the local banks since cross-border firms need to access the tacit knowledge of the local market in order to gain a significant amount of the local market share(Glaister and Buckley, 1998). In confirmation, (Angwin, 2001; Nielsen, 2003) note that, in most European international deals, the common drive for having international strategies such as joint or M&As rather than greenfield strategies was to obtain the tacit knowledge and expertise of the local firms. (Hitt et al., 2000) state that foreign entrants usually sought partners who could provide tacit knowledge about the local market. Furthermore, this result is also consistent (Glaister, 1996)'s conclusion that cross-border larger firms usually merged their resources with smaller firms to take advantage of the smaller firm's tacit knowledge of the market scale, while the smaller firms make use of the larger firms' technology applications and patents.

- ***(Q2.3.2)Familiarity with technology use of the acquired banks.***

Through the current study, the acquired banks' familiarity with technology use is considered the second-ranked item within the main dimension. According to Table 5.23, 60.6% and 15.2% of the respondents agreed and strongly agreed respectively on this item, which formed a relative importance of the item(78.2%)(See Table 5.24). Thus, owing to its average of(3.91), this item falls within the *Encouraging* category in promoting the foreign acquisitions of local banks(this category ranges between 3.40-4.19). By using the one-sample t-test results, this mean has a positive value which is statistically above the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(4.637)was.000. This is attributable to the previous preparation of the infrastructures of the sold banks, whether that be technical or staff training, as according to one of the senior interviewees, the acquired banks' technology infra-structures were prepared thoroughly before the foreign acquisitions of the local banks. He noted that

> *'...the foreign entrant needed an efficient technical environment to work skillfully and this environment existed before the bank's new strategy'(Interviewee#7, General Head of Business Sectors, Union National Bank)*

The following interviewees: Interviewee#2, General Manager, Intesa Sanpaolo Bank; Interviewee#4, Executive Manager, National Société Générale Bank(cited in-Q3.3-in the first research proposition)also verified that. This result was consistent with (Kale et al., 2002)'s findings.

In view of that, according to the quantitative and qualitative results, the acquired banks' familiairity with technology use was important in promoting foreign acquisitions of particular local banks. This is because the cross-border firms may have not had the inclination to add any productive capacities to the target-firms (Lall, 2002). Since the target-firms will need massive technical changes in order to boost them to the competitive levels, which happened in Asian and Latin American countries, where cross-border firms applied significant technical changes to boost the target-firms‘ capacities to the international standards (Lall, 2002). In this case, M&A strategies are related only to transferring the ownership of assets from the acquired banks to the acquiring banks (UNCTAD, 1999; UNCTAD, 2000b)by taking over the target-firms’ existing sets of equipment, routines and work practices (Lall, 2002).

The secondary data is consistent with primary data, as according to the previous secondary evidence of the country’s technological readiness of the first research proposition(see the country’s infrastructure features), Egypt was placed ahead of other countries in the region and also of emerging countries in its technological infrastructures between 2004-05. For instance, Egypt was placed in ahead of Morocco, Turkey, Algeria and Brazil in technological readiness (ENCC, 2004-05). Thus, it was reported that Egypt’s improvements in the technology readiness index and its sub-indexes between 2004-05 created positive perceptions among the firms’ executive managers regarding the capacity for technological readiness within the country (ENCC, 2004-05).

In confirmation, Global Information Technology Report GITR(2003/04, 2004/05) reported that the developing countries were marching fast towards decreasing the gap in IT, and Egypt, especially recorded a good rate of IT flows amongst the countries of the Middle-East region.

From the above mentioned results, the current researcher concluded that the acquired banks’ having technical capability had encouraged the foreign banks to acquire the local banks.

- ***(Q2.1) An existence of prior positive experience with the foreign bank.***

The criteria ‘having a positive prior experience with the acquired banks’ is the last ranked item in the encouraging list for the foreign acquisitions of local banks since it achieved the least relative importance of(71.4). The one-sample t-test results(see Table 5.24)showed that the total mean of this dimension was(3.57), which placed this dimension within the *Encouraging* category in promoting foreign acquisitions of local banks(the encouraging category ranged between 3.40-4.19). However, this positive mean value is not statistically significantly differ from 3.4(neutral opinion) since its p-value for t(1.717)was.465. This result contradicts Neilsen's(2003)results that demonstrated a significant effect of existing positive prior experience between the joint firms in the joint strategy. This indicates that M&A is not like a joint venture strategy that is a need of existing a positive prior experience involving the joint partners in joint venture strategies. This dimension contains two items(in order): 'trust on the management teams of the acquired banks' and 'prior experience with the acquired banks'.

- ***(Q2.1.2)'Trust on the management teams of the acquired banks'***

The highest-ranked item in this dimension is 'trust on the management teams of the acquired local banks'. According to Table 5.23, 78.8% and 9.1% of the respondents agreed and strongly agreed respectively on this item which formed a relative importance of the item(79.4%-See Table 5.24). Thus, owing to its average of(3.97), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranged between 3.40 and 4.19]. By using the one-sample t-test results, this mean has a positive value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(7.012)was.000.

- ***(Q2.1.1)'An existence of real experience between the acquired and acquiring banks'***

The second-ranked item in this dimension is 'an existence of real experience between the acquired local and acquiring foreign banks'. According Table 5.23, 30.3% and 9.1% agreed and strongly agreed on this statement, which formed a relative importance of this item(63.6%). Owing to its average of(3.18), this item falls within the '*Neutral encouraging'* category in promoting foreign acquisitions of local banks(this category ranges between 2.60-3.39). By using one-sample t-test results, this mean shows a negative value that is not statistically different from the cut point = 3.4(neutral opinion) since its p-value for t(-1.275)was 0.211.

It is noteworthy that the encouraging mean(3.57), but insignificant, of the main factor 'having positive prior experience' is actually owing more to the significant mean of the item 'trust on the management teams members of the acquired banks' rather than ‘an existing of a real experience between the acquired and acquiring banks’. This may be due to the acquired banks’ good reputation, which increases the trust of the other firm and reduced uncertainty(Rao, 1994; Bigley and Pearce, 1998; Suchman, 1995; McAllister, 1995). Especially that most of the foreign banks came from high uncertainties’ cultures and hence, they do not easily trust the other cultures.

5.3.1.2.1 A summary of the primary and secondary data of the second research proposition.

To summarise, it can be concluded that besides the host country’s institutional features and their significant roles in attracting the international banks’ adoptions of cross-border M&As strategies, the acquired banks should also have striking features that can attract foreign banks to acquire them. They are, in order, the acquired banks’ having general status criteria(reputation and financial performance), the acquired banks’ having competitive strength criteria(size, financial assets), the acquired banks’ having technical capability criteria(familiarity with technology use and having a tacit knowledge). On the other hand, an existing of prior experience between the merging banks is not considered a condition to acquire the local banks across the borders, but, ‘an existing of trust on the management teams of the acquired banks’ is considered to be an important instrument for the acquiring banks in their M&A strategies.

Therefore, to conclude the results of the second proposition, Table 5.34 shows the criteria of selecting the acquired banks, in order, that related to *the second research proposition.* As mentioned earlier, the study's second research proposition was that ‘*A foreign bank’s motivation to acquire the local banks in the Egyptian context encouraged positively by a number of Ownership-advantage related to the acquired banks; they are the general status of the acquired banks, competitive strength criteria, technical capability criteria and an existence of prior experience between the merging banks’*. This should be modified to state as that, *‘A foreign bank’ motivation to acquire the local bank was encouraged positively(significantly) by a number of criteria related to the Ownership-advantage of acquired banks; these criteria include the general status criteria(reputation, and financial performance), competitive strength criteria(bank size, financial assets)and technical capability criteria (familiarity with technology use and having a tacit knowledge), and was encouraged significantly by the trust on the management teams of the acquired banks rather than an existence of a real experience between the merging banks.* As shown in Table 5.34, the primary is consistent with the secondary data. The following is a summary of the proposition results:

- **Concerning the first-ranked criteria *the local banks' general status determinants(Q2.4)***, the quantitative data results present significant average when the foreign banks adopted M&As within the country. This is owing to its elements: reputation(q2.4.1)and financial performance(q2.4.2). Concerning the qualitative data, the senior interviewees verified the substantial roles of the local banks' reputation and financial performance in acquiring them. Therefore, the secondary data is consistent with the primary data.
- **Concerning the second-ranked criteria *competitive strength determinants(Q2.2)***, the quantitative data results present a significant average when M&As were adopted. This is because of its significant elements: the bank's size(Q2.2.1)and financial assets(Q2.2.2). Concerning the bank's size, it is noteworthy that the foreign banks were interested in both small and large-sized local banks. Concerning the acquired banks' financial assets, the foreign banks were interested in the acquired banks' financial assets, particularly, high-valued customers who were considered a basis for achieving good profits. The secondary data is consistent with the primary data.
- **Concerning the third-ranked criteria *technical capability determinants(Q2.3)***, the quantitative data results present a significant average when M&As were adopted. This is because of its significant items: the acquired banks' tacit knowledge(Q2.3.1)and their acquaintance with technology use(Q2.3.2). Within this context, the senior interviewees referred to the acquired banks' tacit knowledge about their services, customers and the local market. Additionally, the acquired banks' acquaintance with technology use in order to have a technical environment before M&As adopted.
- **Concerning the fourth-ranked criteria *the existence of positive experience between the merging banks***(Q2.1)the quantitative data present an encouraging average of this criterion but that it was insignificant when M&As were adopted. This is because of the significant average of the element 'trust(Q2.1.2)in the management teams of the acquired banks' and insignificant average of the element 'an existing of a real experience between the merging banks'(Q2.2.1).

In addition to that, the acquiring banks' senior interviewees added another factor that promoted foreign acquisitions of local banks: the nationality of the acquired banks, which in this case was 'Egyptian'. Within this context, one of the senior interviewees noted,

> *'... we are also interested in the nationality of the acquired banks, as we would not invest in Mali, for instance,'.(Interviewee#1, vice chairman, Intesa Sanpaolo Bank).*

Table 5.34: A summary of the local banks' specific characteristics that attracted the foreign banks in their strategies(M&As).

Main factor	***Criteria' items.***	***The primary data evidence***		***The secondary data evidence***	***Conclusion on P2***
		Quantitative data evidence	***Qualitative data evidence***		
Q2.4General status drivers	Q2.4.1: local bank's reputation.	Very encouraging.(**Sign.)**	Supporting	Consistent	Consistent
	Q2.4.2: local bank' financial performance.	Very encouraging.**(Sign.)**	Supporting	Consistent	Consistent
	Average of the above two items	Very encouraging.**(Sign.)**	-	-	Consistent
Q2.2 ompetitive strength criteria	Q2.2.1: local bank's size.	Very encouraging.**(Sign.)**	Supporting	Consistent	Consistent
	Q2.2.2: local bank's financial resources.	Very encouraging.**(Sign.)**	Supporting	Consistent	Consistent
	Average of the above two items	Very encouraging.**(Sign.)**	-	-	Consistent
Q2.3 Technical capabilities drivers	Q2.3.1: local bank's familairity with technology application.	Very encouraging.**(Sign.)**	Supporting	Consistent	Consistent
	Q2.3.2: local banks' having a tacit knowledge.	Very encouraging.**(Sign.)**	Supporting	Consistent	Consistent
	Average of the above two items	Very encouraging.**(Sign.)**	-	-	Consistent
Q2.1 Past experience with the local banks.	Q2.1.1: local bank's past experience with the other bank.	Moderage Encouraging.**(Sign.)**	-	-	Primary data evidence
	Q2.1.2: Trust in the management teams of the acquired banks.	Very encouraging(**Sign.)**	-	-	
	Average of the above two items	**Moderate encouraging(Insign.)**	**-**	**-**	Primary data evidence

5.4 Chapter summary

This chapter tries to find answers to the first and second research questions by proving/disproving the first and second research propositions. To do that six cases of the foreign acquisitions were targeted in this study among fourteen foreign acquisition cases that occurred in the country between 2005-2010. Then, an analysis tool such as a one-sample t-test adopted for quantitative data; on the other hand, content analysis adopted for analysing qualitative data. Concerning the first research proposition, the results of the study's questionnaire survey showed that the first research proposition was confirmed. This involves the role of the host country's institutional determinants in terms of regulations, legal protection, infrastructures, social, and transparency in encouraging FDI into the country. So, the recent view of OLI-advantage of Dunning(2006)that referred to the role of the country's institutional features in encouraging FDI is confirmed. Additionally, the analysis of qualitative data showed that no competition, Egypt's geographical location and the historical relationships are other institutional features that encouraged FDI(but that need to generalize).

Concerning the second research proposition, besides the significant role of the country's institutional features in encouraging the inward FDI into the country, also, the local-partner Ownership-advantage plays a significant role in attracting the foreign banks to go abroad. They are, in order, the local-partner general status determinants(reputation and financial performance), having competitive strength determinants(size, financial assets), having technical capability determinants(familiarity with technology use and having a tacit knowledge). However, an existing of prior experience between the local-partner and foreign-partner is not considered a condition to merge together. Additionally, the nationality of the local-partner, which in this case was 'Egyptian' added another advantage that promoted foreign acquisitions of local banks. So, the acquired banks' Ownership-advantage, as well as RBV is also verified in adopting M&As strategies across borders within the host country –Egypt-.

Chapter 6: Data analysis and findings of the third and fourth research propositions that linked to the home country drivers.

6.0 Introduction

According to the previous chapter, that except for an existing of prior experience between the local and international banks, to merge, the first and second research propositions confirmed. This chapter investigates the third research question-(***RQ1.3)-:*** *How did the international banks go abroad and adopt international strategies in another country? And why?.* To do that, this chapter is going to investigate its research propositions.

In order to answer this research question, the current researcher suggested the third and fourth research propositions *as follows:*

- *(P3):'A foreign bank's motivation to acquire the local banks encouraged positively by the banks' exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation.*

- *(P4):'A foreign bank' motivation to acquire a local bank within a country encouraged positively by a foreign bank' having specific Ownership-advantages of entrepreneurial traits in terms of having risky and innovative capabilities and have an inclination to enhance the bank performance'.*

These research propositions have been investigated through the primary and secondary data. While the primary data involved the responses to Section B of the questionnaire(see Appendix 1)and the semi-structured interviews(Appendix 2)that were conducted by the acquiring banks' senior staff to get further insights into the questionnaire answers. Secondary data was employed to further validate the primary data results.

6.1 Proving/disproving the third research proposition: the role of the foreign banks' Ownership-advantage and the adoptions of international strategies.

Firstly, the third research proposition(*P3)*shall be investigating through the primary and secondary data as follows.

- *(P3)'A foreign bank's motivation to acquire the local banks encouraged positively by the banks'exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation'.*

Concerning the primary data, the researcher employed descriptive statistics(frequency technique)for the questionnaire which was distributed to the senior staff of the acquiring banks who were the subject of this study. Then, the researcher employed a *one-sample t-test* as a parametric test to identify whether or not there is any significant results of the study factors.

Table 6.1 shows the frequency of the responses of the international banks' senior staff to the questionnaire. This frequency table was based on a five-point Likert-scale ranging from 1(strongly disagree)to 5(strongly agree). Additionally, the table displays the other specific criteria of the acquiring banks that encouraging the policymaker to complete the deals with these international banks. These criteria were not mentioned as encouraging factors in the original questionnaire, but listed by the senior respondents and interviewees.

As can be seen in Table 6.1, the foreign banks' size, technology edge and capability of developing new products and services and reputation are considered to be the foreign firm' O-advantages which encouraged the international banks' adoptions of M&As since the senior staff gave their priorities to 'agree' and 'strongly agree' for these criteria.

Second, Table 6.2 shows the results of inferential statistics(one-sample t-test)to investigate if the foreign banks' Ownership-advantage of specific criteria had a significant role in encouraging the adoption of M&As. In interpreting the t-test results, the current researcher followed the same approach that was adopted in investigating the first research proposition(*P1*).

Table 6.1: Frequency Table of the Likert-scale of the international banks' main features which encouraged foreign acquisitions of local banks.

3.foreign banks'Ownership -advantage	**Sub-Item**	**Strongly Disagree(1)**	**Disagree(2)**	**Neutral(3)**	**Agree(4)**	**Strongly Agree(5)**	**Total**
Q3.1:The bank size	Q3.1.1: International bank's size encouraged the bank to adopt M&As.	1 (2.9%)	2 (5.9%)	3 (8.8%)	18 (52.9%)	10 (29.4%)	33 (100%)
Q3.2: The international experience	Q3.2.1International bank' international experience encouraged the bank to adopt M&As.	0	3 (8.8%)	5 (14.7%)	19 (55.9%)	7 (20.6%)	33(100 %)
Q3.3: The international banks' technical capability	Q3.3.1: International bank's experience with technology application encouraged the bank to adopt M&As across borders.	0	2 (5.9%)	2 (5.9%)	22 (64.7%)	8 (23.5%)	33 (100%)
	Q3.3.2: International bank's abilitiy to develop new knowledge encouraged the bank to adopt M&As strategy.	1 (2.9%)	1 (2.9%)	5 (14.7%)	19 (55.9%)	8 (23.5%)	33 (100%)
Q3.4: Reputation	Q3.4.1.International bank's reputation encouraged the bank to adopt M&As strategy.	0	3 (8.8%)	4 (11.8%)	17 (50%)	10 (29.4%)	33 (100%)

From your view, what other resources that encouraged the bank to acquire the local bank?
(A list of interviewees answers)

1. **Nationality of the foreign banks.**
2. **Negoiation skills of the international banks with the policymaker.**

* N =6 banks, Scale: 1= strongly disagree and 5= strongly agree.

Table 6.2: One-sample T-test Table Results [cutpoint = 3.4(neutral opinion)].

3.foreign banks'Ownership-advantage		N=	Total Mean	Std. Dev.	Relative Importance(%)*	Item rank	t-test value	P-value	Sign. (2-tailed)	Encouraging level of the item**
Q3.1.1: International bank's size		33	3.97	.951	79.4	=1	3.44	.002	Significantly different from the cutpoint at α =.05	Encouraging
Q3.2.1: International experiences of the international banks		33	3.88	.857	77.6	2	3.208	.003	Significantly different from the cutpoint at α =.05.	Encouraging
Q3.3: Technical capability criteria	Q3.3.1: International bank's experience in technology application	33	4.09	.723	81.8	1	5.49	.000	Significantly more than the cutpoint at α =.05.	Encouraging
	Q3.3.2: International bank's developing new knowledge.	33	3.94	.899	78.8	=2	3.446	.002	Significantly different from the cutpoint at α =.05.	Encouraging
	Average(q3.3.1, q3.3.2)	33	4.01	.775	80.2	=1	4.557	.000	Significantly different from the cutpoint at α =.05.	Encouraging
Q3.4.1: International bank's reputation		33	4.06	.827	81.2	1	4.589	.000	Significantly different from the cutpoint at α =.05.	Encouraging

* The relative importance =((Mean /5)x 100).

** The responses of the items/ factors are ranked within any of the following weighted means categories:(1)'Very discouraging':(1.00)-(1.79), (2)Discouraging':(1.80)-(2.59), (3)'Neutral encouraging':(2.60)-(3.39), (4)'Encouraging':(3.40)–(4.19), Finally, (5)'Very encouraging':(4.20)–(5.00).

As shown in the latter two Tables 6.1, 6.2 that the foreign banks' Ownership-advantage of specific criteria were highly encouraging and significant in the acquisition of the local banks. Following is an explanation for each criterion in order.

- *(Q3.4.1)Reputation of the acquiring banks*

Reputation is important in the M&As process as it reflects the partner-firm's degree of quality based on its past actions and current capabilities. Reputation was considered to be an implicit asset that provided trust between the partner-firms(Das and Teng, 2000). In this regard, a firm's reputation increases the trust of the other firm, which reduced uncertainty and the perceived costs of the merger (Rao, 1994; Bigley and Pearce, 1998; Suchman, 1995; McAllister, 1995). Within this context, (Hitt et al.(2000) noted that firms with a strong reputation were mostly selected by inexperienced firms in merging so as to reduce the perceived risk in the market.

Through the current study, the acquiring banks' reputation is the highest ranked item amongst the other Ownership-advantage of resources that encouraged them to implement M&A strategies. According to Table 6.1 that (50%) and (29.4%)of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of 81.2%.(see Table 6.2). Thus, owing to its average of(4.06), this item is placed within the *Encouraging* category in promoting foreign acquisitions of the local banks(this category ranges between 3.40 and 4.19). By using the one-sample t-test results, this has a positive mean value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(4.589) was.000. This result is consistent with (AL-Khalifa and Peterson, 1999)'s results.

Within this context, the qualitative analysis highlighted three themes reflecting the foreign banks' reputation: being a large, long-established bank in its home country and having various subsidiaries across other countries, the senior staff noted,

> *'... Kuwait National Bank was a well-known bank as it the oldest and biggest bank in Kuwait that attracts the policymaker to complete the deal with the bank, as the bank enjoys a dominant market share in Kuwait'*(Interviewee#10, *Kuwait National Bank, Executive Manager).*

> *'...Intesa Sanpaolo Bank has a strong international reputation with networks existing in various countries that helped the bank in its new strategy in the*

country, as the bank considered to be one of the largest banks in the Italian and European markets, especially, in the retail market'(Interviewee#3, Intesa Sanpaolo, Functional Manager).

These qualitative data results confirm the questionnaire response in that they demonstrate that the international banks' Ownership-advantage of reputation highly encouraged the foreign banks' adoptions of M&As across borders.

Using secondary evidence, the current study employed the rankings of banks as a proxy for the banks' reputation (Qian and Delios, 2008). Table 6.3 shows the rankings of the studied banks before and during the time of the foreign acquisitions of the local banks and afterward. These rankings are according to Tier 1 Capital, which are defined by the Bank of International Settlement(BIS)as being assets, profits, sales, and market value. These rankings were contextualised according to the studied banks' home countries, regional areas and on the global level. Concerning the global ranking, while *The Banker* magazine published the rankings of the top 1000 banks in the world according to Tier 1 capital and assets; 'Forbes lists' magazine published the rankings of the Global 2000 companies according to the assets, profits, sales and market values.

At the global ranking, the studied banks have different rankings globally according to their assets, profits, market value or sales. For instance, in 2016 *The Banker* magazine ranked Intesa Sanpaolo Bank and National Societte Generale Bank 19th and 41st according to assets, respectively. Furthermore, The National Bank of Kuwait and Blom Bank ranked Nos. 166th and 259th respectively according to Tier1 capital(see Table 6.3). In 2016, *Forbes* magazine published that Intesa Sanpaolo Bank, Union National Bank, Abou-Dhabi Islamic Bank, Blom Bank, Kuwait National Bank ranked 189th, 1178th, 1300th, 1433rd and 710th respectively according to profits, and their profits ranged from $250 million to $4 billion(see Table 6.3). In the time of M&As, their profits ranged from $209 million to $864 million, which indicated also their high profits at this time(see Table 6.3). Within this context, (Berger and Humphrey, 1992; Peristiani, 1993) state that more efficient and profitable banks were more likely to take over the other banks.

Additionally, within their home countries and regions, the studied banks ranked close to the top. In Italy, according to the accessible data, Intesa SanPaol bank is ranked 2nd in assets between 2011-2016 and 1st in market capitalisation in 2015. In Europe, the bank ranked 17th in assets in 2008, and 16th, 17th and 8th in Tier 1 capital, assets and market capital respectively in 2016 amongst the top 100 European banks.

In France, National Sociétté Générale Bank(NSGB)was ranked 3rd in assets between 2008-2015. Amongst the top 100 European banks, the bank ranked 9th in assets in 2008 and 10th, 6th and 12th in Tier 1 capital, assets, and market capital respectively in 2016.

Similarly, in their home country(Emirates), according to available data, the Union National Bank(UNB)and Abou-Dhabi Islamic Bank(ADIB)ranked 7th in 2006 and 10th in 2004, in assets respectively. Recently, they ranked 9th in assets and 7th in assets respectively. Amongst the top 100 Arab banks, they ranked 30th and 37th respectively in assets in 2008. Kuwait National Bank was ranked 6th in assets in 2008(the time of M&As), and recently, the bank ranked 10th in Tier 1 capital amongst 100 banks of the Middle-East region. Finally, Blom Bank was ranked 1st in assets and 1st in profitability in 2005(the time of M&As)within its home country and ranked 3rd in ROAA, 30th in Tier 1 capital and 57th in assets in 2008 and 37th in assets in 2008 amongst the top 100 banks' Middle-Eastern

Moreover, the acquiring banks came from countries that maintained the soundness of their banks in general. For instance, French and Italian banks considered high-quality banks within the Euro zone. This caused four of the French banks, for instance, to be ranked within the top 10 banks in Europe in 2016(including National Societte General Bank). Furthermore, three Italian banks are ranked within the next category (from 10th to 25th), including Intesa Sanpaolo Bank. Similarly, Emirate banks, along with Kuwaiti and Saudi banks are also considered first-class banks within the Gulf and Middle-East zones(Hashmi, 2007). In 2004, they occupied top rankings within the Gulf zone, and recently, in 2015, two Kuwaiti banks ranked within the top 10 in the Gulf region(including National Bank of Kuwait)and seven of the Emirate banks ranked in the next category(between 10th and 20th). It is reported that Emirate banks were evaluated to be the best banks in the quality of assets in the Gulf region. This can be clarified through their low non-performing loans/gross loans ratio(2.7%), which is an indication of efficient and professional management, causing UAE banks to be more financially sound compared to other banks in the Gulf region (Hashmi, 2007). Thus, 20 Emirate banks were ranked within the top 1000 world banks in 2016.

In summary, it can be concluded that the secondary evidence is consistent with the primary data.

Table-6.3-The studied banks' total assets and Tier 1 capital in different years including the year of M&As, and their regional and global rankings.

Bank Name	Assets In ($ bn)	Tier 1 capital in $ bn and its adecquacy ratio %[*]	Net profit In ($M)	Ranking in home country	Ranking in its region(by assets or Tier 1 Capital or market Cap.)	Top 1000 World Banks(by assets or Tier 1 capital)[****]	Global 2000 companies in 2016 [*****]
Intesa Sanpaolo Bank	625.1(2006).	14, 23(6.29%) (2006)	864.220 (2006)	1st in market Cap.(2015), 2nd in assets (2011-2016).	17th in assets(2008)[**]. 16th in Tier Capital(2016)[**], 17th in assets(2016), 8th in market Cap.(2016)[**].	37th(2014) 41th(2015) 41th(2016) (in assets).	92th in general, 211th in sales 189th in profit 43th in assets 199th in market value
	836, 5(2008), 786.2(2014), 739.7(2015), 798, 21(2016).	42, 62(13.4%) (2016)	3, 050.1(2015) 3, 14(2016)				
NSGB	753.5(2005)	7.6%(2005)	UN	3rd in assets (2008-2015)	9th in assets(2008)[**], 17th in market cap.(2015)[**], 10th in Tier1 Cap. (2016)[**], 6th in assets(2016)[**], 12th in market Cap.(2016)[**]	19th(2014), 20th(2015) 19th(2016) (in assets).	UN
	1, 485.9(2008). 1, 591.0(2014). 1, 459.1(2015). 1, 625.1(2016).	54, 27(13.72%) (2016).	4, 460.1(2015)				
UNB	11.31(2006).	-	270(2006).	7th in assets(2004). 7th in assets(2006). 9th in assets(2016).	30th in assets(2008)[***]	UN	1458th in general, 1178th in profit 847th in assets
	17.8(2008). 25.5(2014). 27.8(2016).	12.1%(2015)	550(2014). 507.5(2015), 486, 8(2016)				

Source: Websites of the Top World Banks and Regional Banks(banks around the World), and annual reports of the studied banks in different years

[*] Tier 1 capital represents the strength of the bank's capital as it is a core bank capital, Tier 1 capital adequacy ratio should not leass than 4% according to Basel I.

[**]According to top 100 European banks.

[***]According to top 100 Arab banks.

[****] Acoording to top 1000 World banks.

[*****] According to Global 2000(Forbes lists).

Table-6.3-The studied banks assists and Tier 1 capital in different years including the year of M&As, and their regional and global rankings.

Bank Name	Assets In ($ bn)	Tier 1 capital in $ bn and its adecquacy ratio %[*]	Net profit In ($M)	Ranking in its home country	Ranking in its region(by assets ot Tier 1 Capital or market Cap.)	Top 1000 World Banks(by assets or Tier 1 capital)[****]	Global 2000 companies in 2016[*****]
ADIB	1.45 (2004) 11.99(2007).	357.2(2004) 17.9%(2007)	209(2007).	10th in assets(2004). 7th in assets(2016).	5th in ROAA, 53th in Tier1 Capital and 57th in Assets(2004)[***]. 37th in assets(2008)[***]	UN	1567th in general, 1300th in profit 957th in assets
	13.942(2008), 30.46(2014), 33.090(2016).	4, 22(14.7%) (2016)	480(2014). 433(2016)				
Blom	10.9(2004). 11.92(2005).	679.3 $m(2004)	UN	1st in assets(2005). 1st in profitability(2005).	3rd in ROAA, 30th in Tier1 Capital and 20th in assets(2004)[***]. 29th in assets(2008)[***] 20th in tier 1 Capital(2016)[***]	259th in tier 1 Capital(2016)	1564th in general, 1433th in profit 819th in assets
	17.9(2008). 28.6(2014) 29, 09(2016)	2, 05(2012). 2, 777(Tier 1 and Tier II Cap.) (2016).	387.7(2016)				
NBK	42.3(2007)	-	1, 002(2007)	UN	6th in assets(2008)[***], 10th in tier 1 Capital(2016)[***].	166th in tier 1 Capital(2016)	775th in general, 710th in profit 327th in assets 949th in market value.
	44.35(2008) 71.9(2014). 81, 64(2016)	16.8%(2016)	854.9(2016)				

Source: Websites of the Top World Banks and Regional Banks(banks around the World), and annual reports of the studied banks in different years

[*] Tier 1 capital represents the strength of the bank's capital as it is a core bank capital, Tier 1 capital adequacy ratio should not leass than 4% according to Basel I.

[**]According to top 100 European banks.

[***]According to top 100 Arab banks.

[****] Acoording to top 1000 World banks.

[*****] According to Global 2000(Forbes lists).

- ***(Q3.3)Technical capability determinants of the acquiring banks***

Parallel to the reputation factor, the acquiring banks' technical capability had highly and significantly encouraged foreign acquisitions of local banks since it shaped a relative importance 80.2%(See Q3.1 to Q3.2 in Table 6.2). Using a one-sample t-test shown in Table 6.2, the total mean of this dimension was 4.01, placed the item within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranged between 3.40-4.19). This shows a positive mean value which is statistically different from 3.4(neutral opinion)at.05 level or above since its p-value for t(4.557)was.000. The high significant mean of this dimension was due to the significant encouraging means of the statements 'the acquiring banks' skills in technology use' and 'their abilities in developing new knowledge', as follows.

- ***(Q3.3.1)Skills in technology applications***

(Glaister, 1996) concluded that local firms may merge with international firms in order to take advantage of the international firms' recent technology applications and uses. Thus, in the coalition, firms take into consideration the technical capability of the other partner-firm in order to harmonise with the advanced and promising technology applications (Nielsen, 2003, Nielsen, 2007; Nielsen, 2003). Furthermore, policymaker usually interested in the technical capabilities of the foreign-partners since, the foreign-partner's technological capabilities can improve the local firms' competitive capabilities by overcoming the shortages of technological capabilities of their economies Thus, M&A deals are more beneficial for economies characterized by having limitations in technological capabilities and expertise(Lall, 2002, Maucher, 1998). In confirmation with that, Aysan and Ceyhan(2006) noted that international banks contribute to stablising economies by enhancing the banking industry's corporate governance and efficiency since, international banks can bring new technological competencies, especially, during the period of crisis, where there is a need within the host economies and their banking sectors for new economical resources.

Through the current study, 'the acquiring banks' capabilities in technology applications use encouraged the foreign banks in their strategies' ranked the top within this dimension. According to Table 6.1, 64.7% and 23.5% of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of the item of 81.8%(See Table 6.2). Thus, owing to its average of(4.09), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using the one-sample t-test results, this gives a positive mean value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(5.49)was.000. This statement is consistent with the other studies such as (Qian and Delios, 2008; Nielsen, 2007; Nielsen, 2003Kale et al., 2002).

- ***(Q3.3.2)A diversification of services/product within the local market***

The second-ranked item within this driver is 'the acquiring banks' abilities to develop a new knowledge encouraged the adoption of M&As'. According to Table 6.1, 55.9% and 23.5% of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of 78.8%(See Table 6.2). Thus, owing to its average of(3.94), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19. By using the one-sample t-test results, this item has a positive mean value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(3.446)was.000.

Within this context, one of the senior interviewees explained in detail how the studied banks have the capabilities to develop new knowledge that did not exist broadly in the Egyptian banking sector. This was about introducing retail banking activities that have not been widely existing in the local market since the local banks were mainly specialised in corporate banking and long-term activities. Thus, by having foreign subsidiaries in the country, a variety of financial services have been offered in the local market. The senior interviewee noted that,

> *'... mainly, the acquiring bank was specialised widely in retail banking and household activities, while the local banks were specialised widely in corporate banking activities. So, I think that at this time, the policymaker had a desire to have diversification in the financial services that can be offered by the local banking sector'(Interviewee#3, Executive Manager, National Société Générale Bank).*

By reviewing the secondary evidence of the local and foreign banks' key financial services, WB(2008) reported that before the foreign acquisition of the Egyptian banks, most of the loans of these banks went to the corporate banking activities and large enterprises that revolved around high growth industries such as healthcare and chemicals; basic resources and diversified; automotive and other industrials; consumer, telecom, media and technology; oil and gas; infrastructure; power and other utilities. However, small firms and households had limited access to loans and other financial services. So, the Egyptian banking sector suffered from not having a diversification schemes in its financial services. It is noteworthy that the way that local banks' loans were distributed caused the Egyptian banking sector to suffer from a high concentration of credit risk because of a lack of diversification scheme that created large non-performing loans for the large enterprises. Within this context, WB(2008) reported that most of the loans of the Egyptian banking sector were relatively concentrated, while 70% of the total loans of the local banks were given for large corporate-sector, 20% were given to small and medium enterprises, and 10% were given for the retail lending enterprises.

On the other hand, by reviewing the main financial services of the acquiring banks, it can be concluded that all the studied acquiring banks served all the types of enterprises with increased concentration on both retail and household activities. For example, Intesa Sanpaolo Bank provides financial services to corporate, retail activities and SME. However, most of the bank's loans went to retail activities, households and personal loans served around 10.7 million customers during the period of 2013-2015; while a modest portion of the bank loans went to SME and Corporate enterprises activities, as it served 228, 000 and 15, 000 customers respectively. This placed the bank at the top of the rankings amongst other home banks in providing financial services to individuals and households.

Furthermore, by reviewing the websites of the acquiring banks, it can be concluded that, the acquiring banks diversified their financial services by offering medium and long-term financing for corporate, small, and medium enterprises(SME), and retail and household activities. However, the largest financing categories of these activities are SME, retail and household activities. Thus, the large corporate enterprises require more support from these banks since these types of enterprises are in need of long-term loans, ranging from five years to ten years.

- ***(Q3.1.1)The acquiring bank' size.***

Hitt et al.(2000)state that international firms with greater assets attract the local firms, especially from the emerging and developing economies, in order to balance the deficiencies of their economies and infrastructures.

Through the current study, parallel to the prior factors, the foreign bank's size has played a considerable role in encouraging the foreign acquisitions of the local banks. According to Table 6.1, 52.9% and 29.4% of the respondents agreed and strongly agreed respectively on this statement, which formed a relative importance of 79.4%(See Table 6.2). Thus, owing to its average of(3.97), this item is placed within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranges between 3.40 and 4.19). By using the one-sample t-test results, the statement shows a positive mean value which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(3.44)was.000. This statement is consistent with other studies: (Wheelock and Wilson, 2000, Wheelock and Wilson, 2004; O'Keefe, 1996; Carnerio, 2006; Focarelli and Pozzolo, 2001; Valkanov and Kleimeier, 2007; Wheelock and Wilson, 20**02**).

In order to associate this with the secondary data, the other studies employed the banks' capital, assets and market capitalisation as a proxy for bank size. As shown in prior Table 6.3, according to the available data in the time of M&As and afterward, most of the studied acquiring banks occupied the top rankings within their home countries because of their premium assets. For instance, NSGB ranked 3rd in assets between 2008 and 2015, Blom Bank ranked 1st in assets in 2005 and UNB ranked 7th in assets in 2004 and 2006. Also, all the studied banks ranked is the upper levels within their regions. For instance, Intesa Sanpaolo ranked 17th in 2008, NSGB ranked 9th in 2008, UNB ranked 30th in 2008, ADIB ranked 57th in 2004, Blom Bank ranked 20th in 2004 and KNB ranked 6th in 2008. On the global level, all the studied banks ranked globally within Top 1000 World banks both because of their assets and because of their Tier 1 capital or profits.

Additionally, a part of the bank assets is the size of the foreign banks' workforce. Table 6.4 illustrates the current large sizes of the acquiring banks through their significant staffs size. For instance, in 2015, the acquiring bank National Société Générale Bank(NSGB)had around 146.000 members of staff globally in 2016, reaching 160.000 recently, based in 77 countries offering services to about 33 million customers in three core businesses: retail banking, corporate banking and investment banking(the bank Website). Locally, NSGB was one of the top banks in the Egyptian market in 2012; it had 4, 200 skilled staff serving more than 600.000 customers through more than 160 local branches. According to *Forbes* website, Intesa Sanpaolo Bank has 86.939 members of staff in 2016 across the world, reaching 90.807 staff in 2016, serving 19.3 million retail banking customers(11 million in Central and Eastern Europe and 8.3 million in Middle Eastern and North African countries)(the bank Website)through a leading network of about 5.608 local and worldwide branches distributed in 41 countries. UNB has a workforce of around 29.250 serving 40 global positions in 5 countries. See Table 6.4 for more recent details about the other studied banks.

Table 6.4: Number of employees of the studied banks in 2016

Bank name	No. of staff in the year of M&As	No. of staff In 2016
1. Intesa Sanpaolo Bank	49.034(2006)	90.807
2. NSGB	N/A	146.000(2015)
3. UNB	N/A	29.250
4. ADIB	N/A	16.328
5. Blom	N/A	4.357
6. NBK	N/A	6.916

Source : the banks websites and Forbes list for the Global 2000 companies.

Another proxy for bank size is its market capitalisation[8] since it is used by the investment community in ranking the size of companies. Table 6.5 shows the market capitalisation of the studied acquiring banks at the time of acquiring the local banks and in 2016. This market capitalisation indicates the size of the acquiring banks in the market. As shown in the table, Intesa Sanpaolo Bank was one of the leading banks in the Euro region by having capitalisation portfolio of $37.7 billion in 2006, reaching to $46.4 billion by the end of 2016. UNB's market capitalisation in the year of acquiring the local bank was $3 billion, whilst NBK's was $18.54 billion in 2007(the year of acquiring the local bank). Also, NSGB has a high market capitalisaion since it achieved $29.71 billion in 2005, reaching $32.10 billion in 2016. Abou-Dhabi Islamic

[8] Market capitalization is the total market value of the shares outstanding of a publicly traded company. It is used to determine a company's size as opposed to sales or assets figures.

Bank's market capitalisation($3.8 billion) considered higher than Blom Bank's market capitalisation($2.1 billion) in 2016. These all related to the bank assets size.

Table 6.5: The market capitalisation of the studied banks

Bank Name	Market Capitalization in $b	
	In the year of M&As	In 2016.
1) Intesa Sanpaolo Bank	37.77(2006)	46.4
2) NSGB	29.71(2005)	32.10
3) UNB	3(2006)	2.8
4) ADIB	N/A	3.8
5) Blom	N/A	2.1
6) NBK	18.54(2007)	11.6

Source : the banks websites and Forbes list for the Global 2000 companies.

- *(Q3.2.1)International experience of the foreign banks*

International experience is considered to be a complementary resource that reflects the quality of the knowledge of a firm's management team. Organisations with greater international experiences of collaborations across borders, are more trusted because of their reputation(Gulati, 1995). (Barney et al., 2001; Anand and Khanna, 2000) mention that firms' preceding experiences in international collaboration enable them to manage any merger more efficiently than those firms without any such experience. Furthermore, previous experience of operations and activities play an important role in efficiently selecting the other partner-firms in any collaboration strategy(Child and Yan, 1999). It is noteworthy that a firm's international experience sustains the development of the firm's strategy (Reuber and Fischer, 1997). According to the resource-based view and organisational learning perspectives, involvement in international activities considered a tool to develop new knowledge and skills(Mothe and Quelin, 1998) that contribute to shaping firms' international experiences(Mohr and Spekman, 1994). Furthermore, by being involved in international activities in various countries, firms learn to understand cultural differences across national boundaries which beats the uncertainty and opportunism issues of new environments (Elbanna, 2003).

Through the current study, international experience is considered the second and last ranked factor amongst the other Ownership-advantage of the international banks in encouraging the foreign banks to acquire the local banks. According to Table 6.1, 55.9% and 20.6% of the respondents agreed and strongly agreed respectively on this statement, forming a relative importance of 77.6%(See Table 6.2). Thus, owing to its average of(4.06), this item falls within the *Encouraging* category in promoting foreign acquisitions of local banks(this category ranged between 3.40 and 4.19). By using the one-sample t-test results, a positive mean value can be seen which is statistically more than the cut point = 3.4(neutral opinion)at the level of significance =.05 since its p-value for t(11.085)was.000. This statement is consistent with other studies of (Davidson, 1980; Hitt et al., 2000; Anand and Khanna, 2000).

Within this context, the qualitative data analysis verified the quantitative results by drawing attention to a theme of clarifying how the acquiring banks' international experiences had encouraged their strategies within the host country. The theme is the spread of the acquiring banks abroad and their international presences across borders through their international subsidiaries, within this context, the senior interviewees confirmed collectively,

> *'... Intesa Sanpaolo has international subsidiaries operating in various countries such as: Slovakia, Hungry, Slovenia, Russia, ...and Egypt, and a representative office in China that supports the bank in its new strategy.'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank)*

> *'...I think that the policymaker was searching for a foreign bank that has international experience, which clarified through how the bank spread abroad.'(Interviewee#4, Executive Manager, National Société Générale Bank)*

> *'...Blom Bank had a good network of subsidiaries across the world that encouraged the bank in its strategy. I think that the policymakers agreed with Blom Bank as the bank is spread across different countries and had the ability to compete in the local market'(Interviewee#8, Executive Manager, Blom Bank).*

> *' ... National Bank of Kuwait –NBK- has many subsidiaries around the world such as Kuwait, Jordan, Bahrain, Kingdom of Saudi Arabia, the United Kingdom, France, and Turkey. In Asia, the bank has subsidiaries in China and Singapore. In America, the bank had a subsidiary in the US, which encouraged the bank' new strategy in the country'(Interviewee#10, Kuwait National Bank, Executive Manager).*

In confirmation to the prior qualitative notes, the secondary evidence(shown in Table 6.6) illustrates the extent to which the studied banks had international experience in various countries. The table indicates that all of the banks understudy had international experience. For instance, Intesa Sanpaolo Bank has a strong international presence with global networks in 41 countries in order to support the activities of its customers across borders, in countries such as Albania, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, and Romania.

National Société Générale Bank(NSGB) operates in 77 countries, such as Germany, Italy, Argentina, Brazil, Romania, Madagascar, USA, Switzerland, Ireland, Indonesia, and Belgium. The National Bank of Kuwait has a huge amount of international experience, with many subsidiaries in Jordan, Iraq, Bahrain, Lebanon, the United Arab Emirates, Kingdom of Saudi Arabia, and Egypt. In Europe, it has subsidiaries in the United Kingdom, France, Turkey, and Switzerland. In the Americas, the bank has subsidiaries in the United States of America. In Asia, it has subsidiaries in Singapore and China. Blom Bank, has the widest foreign presence, including in countries such as Syria, Jordan, UAE, France, UK, Romania, Cyprus, Egypt, Qatar, and the Kingdom of Saudi Arabia. It conducts its worldwide operations through a network of over 203 banking units, either directly or through its subsidiaries. UNB operates in other geographic positions such as in China and Qatar. Finally, Abou-Dhabi Islamic Bank(ADIB), operates in 13 countries(see Table 6.6 for more details).

Table 6.6: The international experience of the studied banks
(the acquiring banks' subsidiaries).

Bank Name	No. of foreign entries	Country
1.Intesa Sanpaolo Bank	41	e.g.: Albania, Bosina and Herzegovina, Croatia, Czech Republic, Egypt, Hungary, Romania, Russian Federation, Serbia Slovakia and Slovenia.
2.National Société Générale Bank(NSGB)	77	e.g.: Germany, Italy, Arentina, Brazil, Romania, Madagascar, USA, Switzerland, Ireland, Egypt, Indonesia, Belgium, Hong Kong, Bulgaria, Czech Republic, Singapore, South Africa, Spain, Yugoslavia, Australia, Netherlands, Canada, Ivory Coast, Ireland, UK.
3.Union National Bank	5	e.g.: Egypt, China, Qatar
4.Blom Bank	5	e.g.: Jordan, France, Switzerland, Egypt, Saudi Arabia, Qatar, Syria, Iraq.
5.Abou-Dhabi Islamic Bank(ADIB)	13	e.g.: UAE, Iraq, Saudi Arabia, Egypt, UK, Qatar.
6.National Bank of Kuwait(NBK)	16	e.g. :Bahrain, Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, UAE, China, Singapore, France, Switzerland, Turkey, UK, USA

Source : The banks websites

Another secondary evidence is measuring international experience through how the bank's managers have functional experiences of international operations (Barney et al., 2001). By reviewing the demographic data of the participants of the study questionnaire, it can be concluded that most of the bank managers have great experiences in performing the activities of the banks along with their banks' adoptions of international strategies in various countries(see Table 6.7).

Table 6.7: Respondents' experiences within the studied banks along their subsidiaries

Experience category	**Bank Name**						**Total**
	Alex Bank	**NSGB**	**UNB**	**ADIB**	**Blom Bank**	**NBK**	
From 6-9 years	1	0	0	1	3	0	**5** (15.2%)
From 10-19 years	3	2	0	2	2	4	**13** (39.4:%)
More than 20 years	3	3	6	2	0	1	**15** (45.5%)
Respondents total	**7**	**5**	**6**	**5**	**5**	**5**	**33**

In addition to the aforementioned Ownership-advantage of resources that enabled the foreign banks to acquire the local banks, one of the senior interviewees referred to other Ownership-advantage as the nationality of the acquiring banks. Seeing that the policymaker of the host country was interested in the nationality of the acquiring banks in order to have a variety of nationalities within the banking sector, the interviewee noted,

> *'... I think the policymaker was interested in the nationality of the foreign banks so as to have diversification of the foreign banks with different nationalities'Interviewee#14, Kuwait National Bank, Executive Manager).*

6.1.1 A summary of the primary and secondary data of the third research proposition

To conclude the results of the third proposition, Table 6.8 shows the overall results(in order)of the *study's third research proposition*:

Table 6.8: A summary of the international banks' Ownership-advantage of specific resources when adoptions of M&As across the borders

3.Internationa banks' Ownership-advantage		The primary data evidence.		The secondary data evidence	The conclusion on –*P3*-
		Quantitative data	Qualitative data		
Q3.4.1. The international bank's reputation:		Encouraging (**Sign**.)	Supporting	Consistent	Consistent
Q3.3The international bank's technical capability:	Q3.3.1 Experience in technology use:	Encouraging (**Sign**.)	N/A	N/A	Primary data evidence.
	Q3.3.2 The ability to develop new knowledge:	Encouraging (**Sign**.)	Supporting	Consistent	Consistent
Q3.1.1The international bank's size:		Encouraging (**Sign**.)	Supporting	Consistent	Consistent
Q3.2.1 The international experience:		Encouraging (**Sign**.)	Supporting	Consistent	Consistent

As mentioned earlier, the study's third research proposition was that

(P3)'A foreign bank's motivation to acquire the local banks was encouraged positively by the banks' exploitation of their Ownership-advantage of resources, which involved the bank size, international experience, technical capabilities, and reputation.

This research proposition is acceptable since the proposition' primary and secondary data were consistent. In view of that, the third research proposition restated that *'A foreign bank's motivation to acquire the local banks was encouraged positively by the banks' exploitation of their Ownership-advantage of resources, which including(in order)the banks' reputation, size, technical capabilities, bank size and international experience'*

Following is the summary of the proposition's factors:

- **Concerning the first-ranked factor *the acquiring banks' reputation*(Q3.4.1)**: the quantitative data results referred to its highly encouraging mean in promoting the adoption of M&As within the country, which is significantly different from the neutral opinion(cut point). Within this context, the qualitative data explained in-depth how the international banks' reputation encouraged the international banks in their strategies. There is consistency between the primary and secondary data about the considerable role of reputation in encouraging the adoptions of M&As strategies.
- **Parallel to the prior factor is *the acquiring banks' technical skills*(Q3.3)**: the quantitative data referred to its highly encouraging mean in promoting the adoption of M&As, which is significantly different from the neutral opinion(cut point). This is because of its highly significant encouraging items: *the international banks' experience in technology use*(Q3.3.1), and *the foreign banks' ability to develop new knowledge(services /products)*(Q3.3.2). The secondary data is consistent with the primary data.
- **Also, parallel to the prior factor is *the acquiring banks' size*(Q3.1.1)**: the quantitative data results referred to its highly encouraging mean in promoting the foreign banks' adoptions of M&As within the country, which is significantly different from the neutral opinion(cut point). There is consistency between the primary and the secondary data about the substantial role of the bank's size in encouraging the M&As strategies within the country.
- **Concerning the second-ranked factor, *the acquiring banks' international experience*(Q3.2.1)**: the quantitative data results referred to its highly encouraging average in promoting the acquiring banks' adoptions of M&As strategies, which is significantly different from the neutral point(cut point). Within this context, the qualitative data explained in detail the role of the international experience of the acquiring banks in adopting their new strategies. There is consistency between the primary and secondary data about the substantial role of the acquiring banks' international experience in encouraging the M&As strategies within the country.

In view of the results of the second and third research propositions, it can be concluded that when M&As were adopted, there was a similarity between the acquiring and acquired banks' specific criteria, which encourages them to merge together. These criteria are the banks' reputation, size, assets, having a tacit knowledge and experience in technology application. Within this context, the earlier scholars categorised the international relationships into *scale* and *scope* relationships(Glaister and Buckley, 1998). In a scale relationship, the merged firms contributed the same resources in order to exploit similar resources. In scope relationships, the merged firms shared dissimilar resources in order to learn from each other. In the current study, it was found that both the acquiring and acquired banks shared similar resources in order to take advantage of similar resources.

6.2 Proving/disproving the fourth research proposition: the role of the foreign banks' having specific Ownership-advantage of strategic capabilities.

Secondly, this section presents the primary and secondary data that was gathering for verifying or falsifying the fourth research proposition that related to answer the third research question: the strategic intent of the foreign banks.

- *(P4)'A foreign bank' motivation to acquire a local bank within a country was encouraged positively by a foreign bank' having of specific Ownership-advantage of entrepreneurial traits in terms of having risky and innovative capabilities and an inclination to enhance the bank performance'.*

This research proposition is investigated through parallel quantitative(descriptive statistics and a one-sample t-test)and qualitative methods, where the respondents give explanations about their answers. In addition to that, secondary data is employed when it available.

Concerning the quantitative part of the primary data, firstly, the researcher used uni-variate descriptive statistics(the means and standard deviations)for the questionnaire respondents that were distributed to the senior staff of six studied banks: Intesa Sanpaolo Bank, National Société Générale Bank(NSGB), Union National Bank, Abou-Dhabi Islamic Bank, Blom Bank, and National Bank of Kuwait. In this context, Table 6.9 shows the frequency results of the respondents' responses to 14 items using a five-point Likert-scale questionnaire concerning the strategic orientations of the acquiring banks. In this table, the researcher asked the acquiring banks' senior staff to decide the degree to which they agree(-1- means *strongly disagree* and -5- means *strongly agree*) about their strategic orientations at the time of the foreign acquisitions of the local banks. The main dimension of *strategic orientation* involved three sub-variables: innovativeness and customer orientation, riskiness and enhancing the bank's performance. As shown in the frequency table, all the respondents of the acquiring banks gave their priorities of agreements to the three sub-variables that comprised the entrepreneurial capability.

Then, Table 6.10 shows the one-sample t-test results of the foreign banks' strategic intents in terms of entrepreneurial capability. As shown in the table, the foreign banks’ strategic intent of entrepreneurial capability had significantly encouraged the foreign banks to adopt M&As across the borders since the main dimension achieved an overall mean of 4.15, which shows a positive value which is statistically different from the neutral opinion = 3.4(cut point)at the level of(.05)or above of significance since its p-value for t(14.582)was.000.

Table 6.9: Frequency table of the Likert-scale of the acquiring banks' strategic intent.

4.Ownership-advantage of strategic capabilities	The items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Q4.1 customer orientation	q4.1.1 : Our bank management always encourages new product or service ideas for the international markets.	0	0	0	25 (75.8%)	8 (24.2%)	33 (100%)
	q4.1.2: Our bank management considered the opportunity of international markets than that of the domestic market.	0	0	2 (6.1%)	28 (84.8%)	3 (9.1%)	33 (100%)
	q4.1.3: Our bank management was having innovative ways of exploiting the opportunities of international market opportunites.	0	0	1 (3.0%)	30 (90.9%)	2 (6.1%)	33 (100%)
	q4.1.4: Our bank management always is willing to consider new clients abroad.	0	0	1 (3.0%)	27 (81.8%)	5 (15.2%)	33 (100%)
	q4.1.5: Our bank management was continuously searching for new international markets.	0	0	3 (9.1%)	30 (90.9%)	0	33 (100%)
Q4.2 Risk-Taking capability	q4.2.1 : Our bank management was having a clear vision of cross-border risks.	0	0	1 (3.0%)	26 (78.8%)	6 (18.2%)	33 (100%)
	q4.2.2 : Our bank management had valued the opportunities of internationalisation.	0	0	1 (3.0%)	29 (87.9%)	3 (9.1%)	33 (100%)
	q4.2.3: Our bank management was willing to take advantage of internationalisation.	0	1(3.0 %)	0	27 (81.8%)	5 (15.2%)	33 (100%)
	q4.2.4: Our bank management was tolerant to any potential risks of internationalisation.	0	0	3 (9.1%)	26 (78.8%)	4 (12.1%)	33 (100%)
Q4.3.Improving performance.	q4.3.1: M&As will improve the bank' growth.	0	0	0	26 (78.8%)	7 (21.2%)	33 (100%)
	q4.3.2: M&As will improve the bank' market share	0	0	0	26 (78.8%)	7 (21.2%)	33 (100%)
	q4.3.3: M&As will improve the bank' profitability.	0	0	0	24 (72.7%)	9 (27.3%)	33 (100%)
	q4.3.4: M&As will improve the bank' overall performance.	0	0	0	26 (78.8%)	7 (21.2%)	33 (100%)
	q4.3.5: M&As will improve the bank' shareholders returns/profits.	0	0	4 (12.1%)	23 (69.7%)	6 (18.2%)	33 (100%)
Other criteria:	**1. Following the banks' clinets in the other markets** **2. Regional expansion.**						

Table 6.10: One-sample t-test results of the testing value = 3.4(-neutral opinion as a cutpoint).

4.Ownership-advantage of strategic capabilities	Dimension sub-items	N	Mean	Std. Dev.	Relative importance(%)*	Item rank	t value	P-value	Sig. (2 tailed)	Interpretion of the result**
Q4.1 I Innovative	q4.1.1 : Our bank management always encourages new product or service ideas for the international markets.	33	4.24	.435	84.8	1	11.120	.000	Significantly more than cutpoint at α =.05	Very encouraging
	q4.1.2: Our bank management considered the opportunity of international markets than that of the domestic market.	33	4.03	.394	80.6	3	9.188	.000	Significantly more than cutpoint at α =.05	Encouraging
	q4.1.3: Our bank management was having innovative ways of exploiting the opportunities of international market opportunites.	33	4.03	.305	80.6	=3	11.886	.000	Significantly more than cutpoint at α =.05	Encouraging
	q4.1.4: Our bank management always is willing to consider new clients abroad.	33	4.12	.415	82.4	=2	9.980	.000	Significantly more than cutpoint at α =.05	Encouraging
	q4.1.5: Our bank management was continuously searching for new international markets.	33	3.91	.292	78.2	4	10.018	.000	Significantly more than cutpoint at α =.05	Encouraging
	Average of innovativeness capability	33	4.08	316	81.6	3	10.583	.000	Significantly more than cutpoint at α =.05	Encouraging
Q4.2 Risk-Taking	q4.2.1 : When M&As adopted, our bank management was having a clear vision of the risks of internationalisation.	33	4.15	.442	83	1	9.774	.000	Significantly more than cutpoint at α =.05	Encouraging
	q4.2.2 : When M&As adopted, our bank management had valued the opportunities of internationalisation.	33	4.06	.348	81.2	2	10.900	.000	Significantly more than cutpoint at α =.05	Encouraging
	q4.2.3: When M&As adopted, our bank management was willing to take advantage of internationalisation.	33	4.09	.522	81.8	=1	7.600	.000	Significantly more than cutpoint at α =.05	Encouraging
	q4.2.4: When M&As adopted, our bank management was tolerant to any potential risks of internationalisation.	33	4.03	.467	80.6	=2	7.758	.000	Significantly more than cutpoint at α =.05	Encouraging
	Average of risk-taking capability	33	4.19	.365	83.8	2	12.473	.000	Significantly more than cutpoint at α =.05	Encouraging

* The relative importance =((Mean /5)x 100).

** The responses of the items/ factors are ranked within any of the following weighted means categories:(1)'Very discouraging': 1.00-1.79, (2)'Discouraging': 1.80-2.59, (3)'Neutral encouraging': 2.60-3.39, (4)'Encouraging': 3.40-4.19, Finally, (5)'Very encouraging': 4.20-5.00.

Table 6.10: One-sample t-test Table Results of the testing value = 3.4(-neutral opinion as a cutpoint).

4.Ownership- advantage of strategic	**Dimension sub-items**	**N**	**Mean**	**Std. Dev.**	**Relative importance(%) ***	**Item rank**	**t value**	**P-value**	**Sig. (2 tailed)**	Encouraging level of the item*
Q4.3 EEnhancing the performance	q4.3.1: Cross-border M&As will increase the bank' growth.	33	4.21	.415	84.2	=1	11.238	.000	Significantly more than cutpoint at α =.05	Very encouraging
	q4.3.2: Cross-border M&As will increase the bank' market share	33	4.21	.415	84.2	=1	11.238	.000	Significantly more than cutpoint at α =.05	Very encouraging
	q4.3.3: Cross-border M&As will increase the bank' profitability.	33	4.27	.452	85.4	1	11.085	.000	Significantly more than cutpoint at α =.05	Very encouraging
	q4.3.4: Cross-border M&As will improve the bank' overall performance.	33	4.21	.415	84.2	=1	11.238	.000	Significantly more than cutpoint at α =.05	Very encouraging
	q4.3.5: Cross-border M&As will increase the bank' shareholders returns/profits.	33	4.06	.556	81.2	2	6.830	.000	Significantly more than cutpoint at α =.05	Encouraging
	Average ofenhancing colaition performance.	33	4.19	.365	83.8	1	12.473	.000	Significantly more than cutpoint at α =.05	Encouraging
	Total average of the bank' strategic orientation.	33	4.15	.326	83		13.301	.000	Significantly more than cutpoint at α =.05	Encouraging

*The relative importance =((Mean /5)x 100).

** The responses of the items/ factors are ranked within any of the following weighted means categories:(1)'Very discouraging':(1.00)-(1.79), (2)'Discouraging':(1.80)-(2.59), (3)'Neutral encouraging':(2.60)-(3.39), (4)'Encouraging':(3.40)–(4.19), Finally, (5)'Very encouraging':(4.20)–(5.00).

- ***(Q4.3)An inclination to enhance the bank's performance by improving its market share, growth and shareholder values.***

The results of the one-sample t-test shown in Table 5.4.2 indicated that the foreign banks' having specific Ownership-advantage of a strategic target *expanding the business* is the highest-ranked factor amongst the entrepreneurial factors in promoting for the foreign banks' adoptions of M&As within the country. Also, according to the table, the factor formed a relative importance of 83.8% in adopting M&As since this factor achieved an average of 4.19 that placed the main dimension within the *Encouraging* category of promoting the foreign acquisitions of the local banks(This category ranges between 3.40 and 4.19).

By using the one-sample t-test results shown in Table 6.10, this mean shows a positive value which is statistically more than the neutral opinion = 3.4(cut point)at the level of α =.05 since its p-value for t(12.473)was.000. This was owing to its significant statements: Q4.3.1 '*Cross-border M&As will increase the bank growth'*, Q4.3.2 '*Cross-border M&As will increase the bank market share'*, Q4.3.3 *'Cross-border M&As will increase the bank profitability'*, Q4.3.4*'Cross-border M&As will improve the bank overall performance', and lastly*, Q4.3.5*'Cross-border M&As will increase the bank shareholders returns'* that achieving significant means more than the neutral point: 4.21, 4.21, 4.27, 4.21 and 4.06 at the level(.05)of significance, as their p-values for their t(11.238), t(11.238), t(11.085), t(11.238), and t(6.830)were .000, .000, .000, .000, .000 respectively. These statements match with the other studies of (Pasiouras and Kosmidou, 2007; Berger et al., 2000; Harper, 2000; Wheelock and Wilson, 2000).

In this context, two of the senior interviewees showed how cross-border M&As will improve the business and profitability of their acquiring banks, noting that

> *'...our bank strategy was mainly about increasing the bank' growth, especially in the region, and adoption cross-border M&As achieved that'(Interviewee#8, Executive Manager, Blom Bank).*

> *'...before entering the host market, there was no competition, so, the market was opened to us to compete in it to grow our business'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

Furthermore, the senior interviewee referred to how cross-border M&As will increase the market shares of the acquiring banks across the borders and, hence, improve the business' performance. He noted that,

> *'...actually, the bank in its home country could not grow anymore, as we cannot take more of our domestic market share as there are anti-trust regulations which prohibit working banks to have more than a specific percent of market share in order to prevent the dominant of the banking sector which guarantees competition and prevents monopolies. As in our case, the bank was allowed to reach only 25% of the banking market share in the home country. Thus, when we reached 25% of the market share of our home market, the bank had to find further opportunities abroad in order to increase our market share'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

With reference to the secondary data, Table 6.11 shows the net profits that the foreign banks achieved at the whole group level and at the host country level. Furthermore, it shows the market shares of the foreign banks within Egypt after adopting M&As. As can be seen, in 2015 all the studied banks achieved various profits at their subsidiaries in the host country, which is considered to be a part of the achieved profits at the whole group level.

Table 6.11: the shareholders' equity and net profits of the acquiring banks.

Bank Name	*At whole group level (Across the countries)*				*At Egypt' subsidiary level*	
	In the year of M&As		*In the 2015*		*Net profit in 2015 (In $m)*	*Market share in 2015(%)*
	Sharehold-ers' equity[9] ($bn)	Net profits ($m)	Shareholders' equity ($bn)	Net profits ($m)		
1. Intesa Sanpaolo Bank	6, 114.0 (2006)	864.2 2 (2006)	50, 450.52	3, 050.1	112.6 (3.7%)	8%
2. NSGB	U/A	U/A	U/A	U/A	219.1 (2012)	U/A
3. UNB	1, 610 (2006)	270.1 (2006)	4, 820	507.49	14.5 (3%)	5% (planning in 10 years)
4. ADIB	1, 480 (2007)	209.2 1 (2007)	5, 090	530.0	59.63 (11.25%)	3%
5. Blom Bank	894.25 (2005)	U/A	2, 535.897	903.50	42 (4.64%)	U/A
6. NBK	5, 500 (2007)	1, 002.1 (2007)	8, 600	929.7	50.19 (5.4%)	(30% in MENA countries), (8.4% in Islamic banking).

Source: Annual reports of the acquiring international banks in a number of years.

Furthermore, as shown in the prior table that since the adoptions of M&As within the country, most of the studied banks had achieved market shares of about 3% as a minimum within the Egyptian banking sector. It is noteworthy that since their initial entries to the Egyptian market, the acquiring banks planned to have market shares in the Egyptian banking sector. For instance, since its launching in the local market, Intesa Sanpaolo Bank was one of the largest banks in Egypt with 210 branches across the country governorates, accounting for total assets of $6.5 bn.[10] To date, the bank achieves a market share of the Egyptian banking sector of almost 8%.

[٩] Shareholders equity is a firm' total assets minus its liabilities

[10] Intesa Sanpaolo bank website.

Since entering the Egyptian market, NSGB is considered one of the top banks in the Egyptian market serving more than 600.000 customers through more than 160 branches covering the country governorates.[11] Union National Bank expanded its network of activities to 24 fully operational branches across Egypt since its acquisition strategy in the country.[12] Accordingly, the bank reached a market share of 5% in ten years. Since its starting in the host country, ADIB reached a market share of 3% of the Egyptian banking sector. Meanwhile, the National Bank of Kuwait, became one of Egypt's major players in financing small, medium, and long-term enterprises according to Islamic principles since entering the local market.[13] The bank reached a market share of 30% in the MENA region including Egypt, and 8.4% of the Islamic banking sector. Finally, Blom Bank expanded in its branches to reach about 26 branches, providing a complete range of retail and corporate banking services.[14]

From this discussion, it can be concluded that since their entering into the Egyptian banking sector, the studied acquiring banks planned to have a market share of the host market.

- ***(Q4.2)An inclination to take the risks of adopting international strategies(riskiness orientation)***

Parallel to the intent to enhancing the coalition performance, the acquiring banks' intent to risk-taking intent is also considered the first-ranked factor amongst the entrepreneurial factors in promoting for adopting M&As across borders(See Table 6.10). The results of one-sample t-test indicate that the acquiring banks' having specific Ownership-advantage of riskiness orientation shaped a relative importance(83.8%)in adopting M&As since it achieved an average of(4.19)that placed the main dimension within the *Encouraging* category in promoting for the foreign acquisitions of the local banks('Encouraging' category ranges between 3.40 and 4.19).

[11] NSGB website
[12]Union National bank website.
[13]Kuwait National Bank website.
[14] Blom bank website.

By using one-sample t-test results shown in Table 6.10, this mean shows a positive mean value which is statistically above the cut point(= 3.4)(neutral opinion)at the level of α =.05 since its p-value for t(12.473)was.000. This was owing to its significant statements: Q4.2.1 *'when M&As adopted, our bank management was having a clear vision of internationalisation risks'*, Q4.2.3 *'when M&As adopted, our bank management was willing to take advantage of international strategy'*, Q4.2.2 *'when M&As adopted, our bank management had valued the opportunities of the international strategy'*, Q4.2.4 *'when M&As adopted, our bank management was willing to take advantage of international strategy', and lastly*, Q4.2.5 *'when M&As adopted, our bank management was tolerant to any potential risks of international strategy'* that achieving significant means: 4.21, 4.21, 4.27, 4.21 and 4.06 at the level.05 of significance or above, as their p-values for theirs t(9.774), t(7.600), t(10.900), and t(7.758)were.000, .000, .000, .000, .000 respectively. This result was consistent with the findings of (Zhou, 2007; Autio et al., 2000; Lau and Bruton, 2011; Liu et al., 2011; Toyne, 1989).

According to the items of the risk-taking intent, it revolves around evaluating the opportunities and risks of cross-border M&As and comparing between them. Within this context, one of the senior interviewees explained how cross-border M&As provided an opportunity to follow the bank's clients in the other foreign markets, he noted,

> *'...by adopting M&A, this would enable the bank to reach to the Kuwaiti customers and investors in the Egyptian market'(Interviewee#10, National Bank of Kuwait, Executive Manager).*

Although the foreign banks profoundly valued the risks of M&As in the time of acquiring the local banks; there were other risks that emerging after acquiring the local banks. In this context, one of the senior interviewees referred to that after M&As, the acquiring bank did not have a plan of an organisational structure for the local staff' functions, which later brought lots of problems and risks to the acquiring bank, he noted,

> *'... however, the new hierarchy structure of the bank did not profoundly provide a functional structure of the local staff, because of its large size, which has a negative effect on our bank' strategy, as it led to many demonstrations and protests amongst the local staff '(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

According to the previous note, when the new hierarchy structure of the new M&A strategy overlooked the functions structure of the acquired banks' local staffs, this produced an unexpected risk for the acquiring bank; the clash between the local staffs of the acquired banks and the new management. Thus, in order to avoid that, it is recommended that when M&As were adopted, the acquiring banks should take into consideration the functional structure of the local staffs. In view of that, a further senior interviewee of the other acquiring bank referred to a related risk to the aforementioned risk, which negatively influenced the performance of the acquiring banks after M&As. This risk was more resignations of the local staff occurred owing to their stepping-down in their functions and salaries, as a result of an absence of the hierarchy structure of their functions and salaries. Besides, the resigned staffs went to the rival banks and, consequently, the acquiring bank lost its valued clients to rival banks. In this context, the senior interviewee of National Société Générale Bank(NSGB)noted,

> *'...the new strategy required us to bring our team; hence we stepped-down the functions degrees of the old staffs of the acquired banks. However, this policy led to lots of resignations of local staff as their salaries had been reduced when they stepped-down. Later on, the resignations of the acquired bank's staff influenced us negatively by losing the old customers of the acquired bank since those old staffs members who resigned from the bank took the bank's customers with them to the rival banks. Therefore, the local bank's staffs considered a valuable asset that should be treated carefully. Therefore, before acquisition, besides examination of the local bank's assets and debts, we should look over the bank's staff carefully in order to avoid resignations after acquisition; but we did not apply a correct approach when we managed the issues of the local staff'(Interviewee#4, National Société Générale Bank, Executive Manager)*

On the other hand, another senior interviewee gave another reason for the acquiring banks' unwise policies regarding the stepping-down of local staff in their functional positions and salaries after acquisition; the bad circumstances of the local market, which negatively affected the acquiring banks' profits and returns. The senior interviewee noted,

> *'...however, because of the bad circumstances of the local market, the bank did not achieve its planned targets, which forced the bank to diminish employee salaries'(Intervieee#1, Vice Chairman, Intesa SanpaoloBank).*

A further risk that the foreign banks did not take into consideration when they adopted M&As which emerged later was about the culture of the local staff that affect their commitments to the deadlines of their set tasks that allocating to them. As a result, the foreign banks were experiencing delays in executing the banks' tasks. The interviewee of Intesa Sanpaolo Bank noted,

> *'...although we deeply examined the risks of M&As strategies, after M&As, a risk emerged. This risk was related to the local staff member's lack of commitment to the deadline for any issue required from them. I think that is related to 'the culture', as local bankers are not committing to the deadline of the projects. Consequently, this affects any project that the bank undertaken and the achieving profits'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

In summary, it can be concluded that, although the foreign banks took all of their precautions of the possible risks of adopting the acquisition strategy across the borders, there were other emerging risks that the foreign banks did not consider when M&As were adopted.

- *(Q4.1)Being innovative.*

Toyne(1989)and Zhou(2007)reported that an intention of innovativeness is one of the unique capabilities that lead firms to embark on global strategies.

Through the current study, the results of the one-sample t-test(shown in Table 6.10)indicated that the acquiring banks' having specific Ownership-advantage of innovation is the second-ranked factor amongst the other entrepreneurial traits in promoting for adopting the foreign M&As across borders since this factor achieved a significant mean of(4.08) at α =(.05)of significance, as the p-value for t(10.583)was.000. This is owing to its significant items, '*our bank management considered M&As as a source for a new product or service ideas for the international markets'(q4.1.1), 'our bank management always is willing to consider new clients abroad'(q4.1.4), 'our bank management considered the chance of international markets than that of the domestic market'(q4.1.2), 'our bank management was having innovative ways of exploiting the opportunities of international market opportunities'(q4.1.5),* and *'our bank management was continuously searching for new international markets'(q4.1.1)*that achieved significant means of 4.24, 4.12, 4.03, 4.03 and 3.91 respectively at the levels of.05 and.05 of significance, as their p-values for their t(9.80), t(8.596), t(7.73), t(10)were.000, .000, .000, and.011. This result was consistent with the findings of (Knight and Cavusgil, 2004; ; Zhou, 2007; Li and Li, 2007).

Mainly, the acquiring banks adopted the M&As strategies across the borders in order to reach the other banks' clients in other countries, one of the interviewees clarified explicitly that,

> *'...by adopting M&A, this would enable the bank to reach to the Kuwaiti customers and investors in the Egyptian market'(Interviewee#10, National Bank of Kuwait, Executive Manager).*

A number of senior interviewees of the studied banks detailed various innovative ways that reflected their banks' strategies towards the banks' clients in the foreign markets. This involved offering new services for the banks' clients that were not largely offered in the local market, such as offering retail banking activities and on-line banking. These two innovative techniques have changed the consumption habits of the local society. Furthermore, in order to reach all the clients across the country, the foreign banks planned to expand by establishing new branches in new zones. Following is the interviewees' notes:

> *'...the bank has a global culture to be applied within its financial institutions across the borders. This involves the expansion of retail banking activities, improving customer activities so that they can be done online and expanding the bank's branches across the country, and developing the existing ones. In view of that, the acquired banks had been developed within its branches and new branches were established. The bank had introduced new products that did not exist before. The bank developed the customers' accounts, so they could be accessed online. Thus, the acquired bank had been transferred from the local to the global culture(Interviewee#10, Executive Manager, Kuwait National Bank).*

> *'...mainly, the bank was specialised in the retail banking in France, in French overseas' Territories, in Central and Eastern Europe, in Russia, and in Asia. Then, we extend the retail banking activities to Africa and Mediterranean countries such as Egypt. By doing that, the NSGB had introduced new culture to the local market'(Interviewee#4, Executive Manager, National Société Générale Bank).*

'...in the local market, we expanded retail banking activities more than before, while, we also have the corporate banking activities but not to the same degree as before'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).

The prior opinion is also confirmed by the other senior interviewees of Union National Bank and Blom Bank as follows,

'...when adopted M&As, the bank invested in new services that did not exist before such as retail banking, and financing SME's besides corporate banking, and the bank regularly generates new services and ideas'(Interviewee#7, General Head of Business Sectors, Union National Bank).

'... the bank strategy depended on diversification of its universal financial services to involve retail banking activities and SME'(Interviewee#8, Executive Manager, Blom Bank).

Another innovative technique towards the banks' clients that one of the studied banks adopted, was about producing its services according to *'Shari'a Law'*. According to one of the senior interviewees of the acquiring bank –ADIB-, the bank produced its retail and corporate banking activities according to 'Shari'a Law' which did not exist before in the acquired bank(National Development Bank); the interviewee noted,

'...before the acquisition, the bank was considered to be a commercial bank, however, after the acquisition, the bank transferred to a commercial version according to Shari'a law, offering products and services that match with the Shari' a code. Furthermore, in the past, modest loans were offered to small enterprises; now, small, medium, and large enterprises get funds, with more focus on small and medium enterprises and retail banking activities' (Interviewee#6, Executive Manager, Abou-Dhabi Islamic Bank).

It is noteworthy that producing new services(having retail banking activities beside corporate banking activities), the foreign banks had to prepare the acquired bank by reshaping the hierarchical structure of the acquired banks in order to include new departments and activities within the acquired bank(see Figure 6.1); one of the interviewees noted,

'...we completely changed the acquired bank's managerial methods, as lots of procedures, concepts and models have been introduced and developed since the adoption of M&As. The models and approaches we adopted are like the approaches and models we adopt in our subsidiaries in other countries as we want to standardise our approach and models among our global subsidiaries. We

were deeply involved in the acquired bank. One of the innovative methods that were introduced was changing the acquired bank's hierarchy structural(see Figure 6.1 for the bank's new hierarchy structural). Since the previous hierarchical structure of the acquired bank(Alexandria Bank)was very complicated and it was similar to our bank structure 30 years ago, it was easy for us to change the acquired bank's hierarchical structure and replicate our model in our home country as seen in the following Figure. The new hierarchical structure involves very important segments in terms of corporate and retail businesses equally. Furthermore, in the new hierarchy structural, not like before, most important departments follow the Board of director and chairman and directly such as auditing, human resources, security, legal and compliance departments'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).

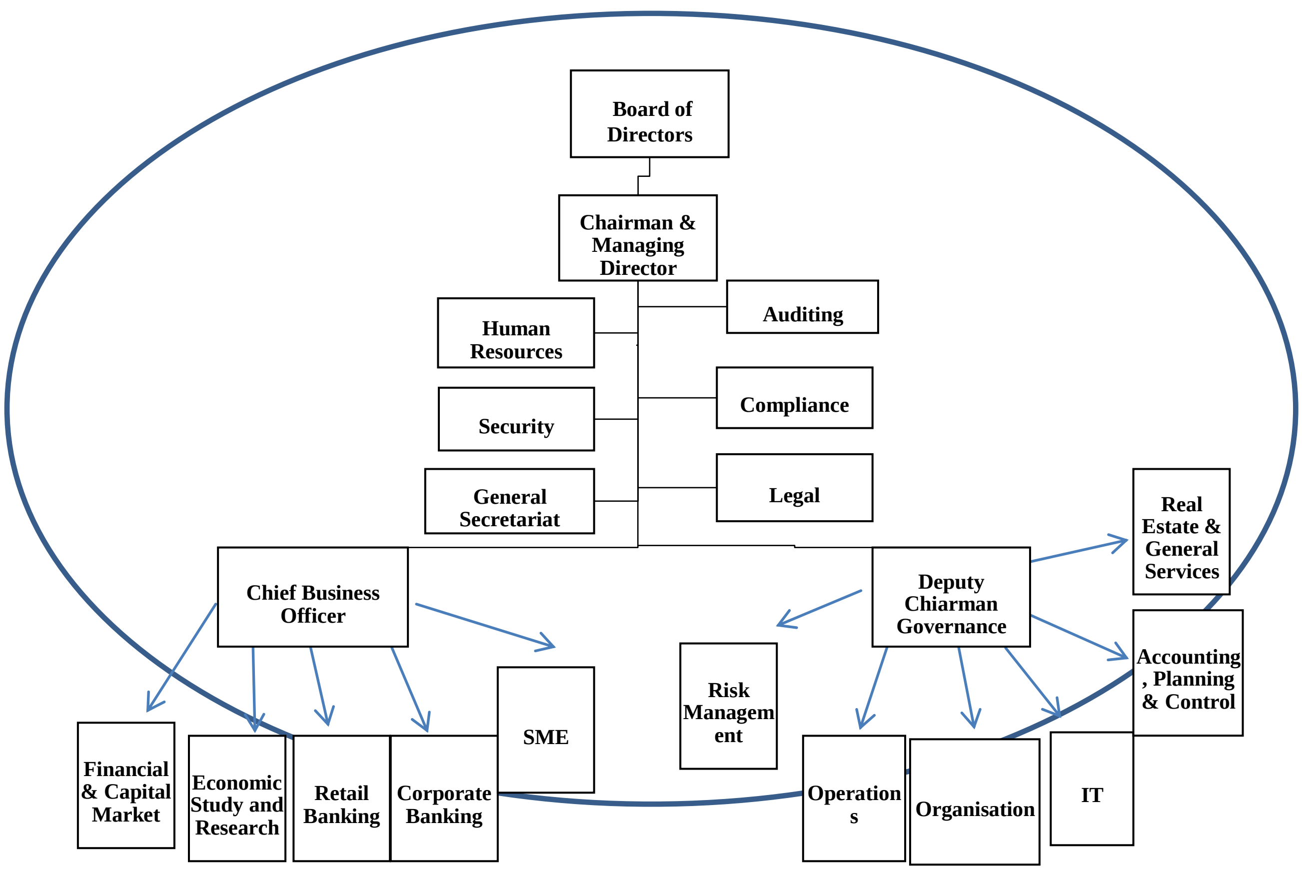


Figure 6.1: The new hierarchy structural of a local bank after acquisition.

Further preparation of the acquired bank was the techniques of dealing with the staff members of the acquired banks, who have much more information about the banks' clients and about the local market. For instance, Blom Bank and Union National Bank utilisied the experiences of the acquired banks' staff, especially the efficient staff, by posting them in new positions instead of losing them through disposing of them or by their resignations. Those local staffs had more knowledge about the local market and about the banks' customers; senior interviewees noted,

> *'...before the acquisition, the acquired bank was packed with staff. After the acquisition, the bank's new management exploited the bank staff by filtering them through two ways: firstly, by keeping the efficient old staff and secondly, by providing an early retirement system as an option for the staffs who see themselves as inefficient and unskilled in coping with the new strategy and who did not have the ability to go with the new strategy. At the beginning of our strategy, we brought our staffs to be responsible for our strategy in the country, however, we sent them back to Lebanon and depended on the acquired bank's local staff. Depending on old efficient staff helped us in our new strategy, as we appointed them in the banks' branches because of their information of the local markets and of the bank's clients'(Interviewee#9, Executive Manager, Blom Bank).*

> *'...the bank strategy at this time was that the bank did not want the old staff of the acquired bank to be stayed in the bank by having the same concepts, ideas, efforts, and skills and capabilities. Thus, after M&As, the bank kept the efficient old staff, which facilitated the bank's new strategy. On other hand, the bank offers a retirement system for the local staff who were unable to match the new concepts of the acquiring bank. This is because our strategy is to have skilled, empowered, and committed staff'(Interviewee#7, General Head of Business Sectors, Union National Bank).*

As mentioned previously, Blom Bank and Union National Bank took advantage of the local staff by reallocating them in various positions, especially the banks' branches. It is noteworthy that this innovative practice had supported these banks in their new strategies within the country(as mentioned earlier in the interviews).

On the other hand, Abou-Dhabi Islamic Bank and National Société Générale Bank adopted dissimilar innovative practices in their dealings with the acquired banks' local staff, as they employed new staff to replace the local staff. However, this way of dealing with the local staff negatively affected these banks as a result. Senior interviewees noted,

> *'...at this time, we thought that employing new staff will help the bank in its new strategy. Thus, after the acquisition, the bank departments became made up of 80% new staff and 20% old staff. The old staff were offered retirement schemes. However, this policy later affected the bank's strategy, as the bank lost of its valued customers, especially, the customers of the branches, who had high-quality relationships with the resigned old staff. Furthermore, the new staff did not have enough experience to efficiently manage the bank, especially its branches. Since,*

> *the bank branches needed the old staff members to be beside the new staff in managing the bank' branches'(Interviewee#5, Executive Manager, Abou-Dhabi Islamic Bank).*
>
> *'...the new strategy required us to bring our team, hence we stepped-down the local staffs' functional degrees. However, this policy led to lots of resignations of the local staffs. Later on, the resignations of the acquired bank's staffs influenced us negatively by losing the old customers of the acquired bank because the old staff, who resigned from the bank, took the bank's customers with them, especially when we know that these resigned staffs went to rival banks. Therefore, the local bank's staffs are considered as valuable assets that should be dealt them carefully. Therefore, before the acquisition, besides examination of the local bank's physical assets and debts, we should have assessed the bank's staffs carefully, but we did not deal with the local staffs correctly'(Interviewee#3, Member of Board Directors, National Société Générale Bank).*

From the above discussions, it can be concluded that, while Union National Bank and Blom Bank took advantage of the key resources of the acquired banks, in terms of the local staffs'experiences, Abou-Dhabi Islamic Bank and National Societtee Generale Bank did not exploit the acquired banks' local staffs. It is noteworthy that this policy negatively affected the performance of these banks after adopting M&As, causing financial losses. For instance, the acquiring bank *Abou-Dhabi Islamic Bank* made losses in the years 2011 and 2012 because of disposing and leaving of the local staffs. However, the acquiring bank's losses were been quickly transferred into profits by the year 2013(ADIB, annual report2013) since the bank had focused on intangible investments in terms of the local staffs(as a part of corporate social responsibility(CSR)by providing opportunities for learning and career development(ADIB, Annual Report 2013).

Additionally, the acquiring banks adopted a further innovative technique in managing their new subsidiaries in the country and their branches in different areas. This technique was about introducing the concept of *'profitability'* within the acquired banks that targeted different segments of the local market trying to gain new customers, as well as keeping the old ones in order to achieve high profits in a short space of time. In order to do that the top management of the banks specified definite profit as targets for local staff managers, especially, the branches, to be implemented. This concept was aimed at changing the mentality of the local staffs from that of 'state bank' to that of 'private bank', becoming more profit-orientated. The interviewees noted,

> *'...we introduced new concepts in the acquired bank. We changed the mentality of the local bank's people who still have the mentality of 'public bank' culture, as we need the mentality of the concept of 'private bank'. So, we wanted people to have a profitable mentality(private bank mentality)to enable us to compete in the market. Thus, we faced lots of resistance, but we realised that this process will take time, as we brought government teams instead of business teams to deal with the local mentality. We have succeeded-but not completely – however, we stick to our approach. Connected to the bank's changes, we have introduced training programs for the banks' staffs'(Interviewee#1, Vice Chairman, Intesa Sanpaolo Bank).*

> '*...then, the bank introduced a new concept to the acquired bank to drive the bank's staff members to achieve the top management targets. This concept was about having the mentality of 'profit concept by specified a target for the managers, especially, the managers of the branches that they have to execute to being remain in the bank. They have to contact their loyal clients and attract new clients. By stating a target to the managers, especially, the branches' managers, the bank can achieve its main target'(Interviewee#9, Executive Manager, Blom Bank).*

From these discussions, it can be concluded that, the acquiring banks were having innovative ways to be implemented within their new subsidiaries. Such an innovativeness was as expanding in retail banking activities and implementing the operations of the banks' clients on-line, changing the organisational structure, keeping the old staff, especially, the managers of the branches, and introducing the profitability concept into the acquired banks.

With reference to the secondary data, Table 6.12 shows the foreign trade and FDI volume of a number of countries(the home countries of the acquiring banks)and the inward FDI to Egypt between 2003-2015. By reviewing the inward FDI to Egypt between 2003-2015, it can be concluded that the volume of inward FDI to the country –Egypt- obliged the presence of the international banks in Egypt to serve their home countries' clients. Furthermore, Table 6.13 shows clearly that existing in the international markets is considered to be one of the main priorities of the acquiring banks to follow their clients and search for new ones, especially, Intesa Sanpaolo Bank, NSGB, Blom Bank, and

NBK(item Q1.4.3) by continuously searching to have strategies across the borders(statement Q1.4.4).

Table 6.12: The home countries' foreign trade, total FDI volumes, and inward FDI to Egypt.

Home country of the acquiring banks	The foreign trade in the other countries in(US$ billions)	FDI volume in(US$ trillion)	Inward FDI to Egypt between 2003-2015 in(US$ billions)
Italy	491, 507(in 2007)	607.8(2017)	3.254
France	47.000.000(in 2003)	1.100(2012), 1.452(2017)	4.921
Emirate	460.000(in 2017)	124.9	32.378
Lebanon	N/A	N/A	N/A
Kuwait	133(in 2016)	79.620	5.771

Table 6.13: The number of subsidiaries of the studied banks across the borders

Bank name &its home country	**Bank' subsidiaries volume in other countries**
1. Intesa Sanpaolo Bank(Italy)	41
2. NSGB(France)	77
3. UNB(Emirate)	5
4. ADIB(Eimrate)	5
5. Blom(Lebanon)	13
6. NBK(Kuwait)	16

In view of that, secondary evidence is consistent with the primary data.

It is noteworthy that international business scholars related the individuals' practices in the international markets to the cultural influences (Gray, 1988). They mentioned that individuals' actions are usually shaped according to their cultural backgrounds in terms of masculinity, avoidance of uncertainty, individualism and power distance (Hofstede, 2001). For example, masculine cultures were likely to have entrepreneurial behaviors since, arguably, in order to have large corporations, they considered innovators, proactive, and risk-takers(Moore, 1991; Hofstede, 2001; Hitt et al., 2002; Rothaermel et al., 2006; Liu et al., 2011; Zhou, 2007; Lau and Bruton, 2011).

Table 6.14 clarifies the four culture dimensions of the home countries of the total population of acquiring banks, the lowest country placed around zero and the highest around 100.

Table 6.14: Four indices of the cultural dimensions for the home countries of the acquiring banks.

Ownership(%)	Cultural dimensions / Country& acquiring bank name.	Masculinity	Power Distance	Individualism	Uncertainty Avoidance	Long-term Orientation	Indulgence
82%	-Italy(Intesa SanPaolo Bank).	***70***	***50***	*76*	***75***	*61*	*30*
77.5%	-France(Nationale Soceitte Generale Bank, Credit Agricole Group)	***43***	***68***	*71*	***86***	*63*	*48*
99%	-Lebanon(Blom Bank, Audi Bnak)	***65***	***75***	*40*	***50***	*14*	*25*
95% & 62%	-United Arab Emirates(Union National Bank, Abou-Dhabi Islamic Bank Ahlli-United bank).	***50***	***90***	*25*	***80***	-	-
94%	-Kuwait(National Bank of Kuwait).	***40***	***90***	*25*	***80***	-	-
-	- Greece(Piraeus bank, PNP Paribas bank).	***57***	***60***	*35*	***112***	-	-
-	-Egypt.	***45***	***70***	*25*	***80***	*7*	*4*

Source:https://www.hofstede-insights.com/product/compare-countries/.

According to the prior table that most of the studied banks are placed somewhat around masculinity features that of their characteristics are more innovativeness, assertiveness and risk-taken(Hofstede, 2001). Furthermore, the studied banks are placed around the power-distance dimension, and more closed to high uncertainty avoidance features. According to the table, all the acquiring banks have high uncertainty features, this interprets why the acquiring banks have considerable ownership shares in the acquired banks' assets. This may indicate there is a role of the culture background in influencing the foreign banks' ownership shares and strategic actions across the borders.

6.2.1 A summary of the primary and secondary data of the fourth research proposition.

To summarise, it can be concluded that both the qualitative and secondary data contributed to verifying the quantitative data. Table 6.15 shows in sequence the results of the fourth research proposition.

Table 6.15: A summary of the primary and secondary data results of the fourth research proposition.

4.Ownership -advantage of strategic capabilities	**Items**	**Primary data evidence**		**Secondary data**	**Conclusion on-*P4*-**
		Quantitative data	**Qualitative data**		
Q4.3. Expanding the business	Q4.3.1: Cross-border M&As will increase the bank' growth.	Very encouraging(**Sign**.)	Supporting	N/A	
	Q4.3.2: Cross-border M&As will increase the bank' market share	Very encouraging(**Sign**.)	-	Consistent	Consistent
	Q4.3.3: Cross-border M&As will increase the bank' profitability.	Very encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Q4.3.4: Cross-border M&As will increase the bank' overall performance.	Very encouraging(**Sign**.)	-	N/A	
	Q4.3.5: Cross-border M&As will increase the bank' shareholders returns/profits.	Encouraging(**Sign**.)	Supporting	Consistent	Consistent
	Average of the intent to expand business.	Encouraging(**Sign**.)	supporting	Consistent	Consistent
Q4.2. Risk-Taking orientation	Q4.2.1 : When M&As adopted, our bank management was having a vision of internationalisation risks.	Encouraging(**Sign**.)	-	N/A	
	Q4.2.2 : When M&As adopted, our bank management had valued the opportunities of internationalisation.	Encouraging(**Sign**.)	Supporting	N/A	
	Q4.2.3: When M&As adopted, our bank management was willing to take advantage of internationalisation.	Encouraging(**Sign**.)	-	N/A	
	Q4.2.4: When M&As adopted, our bank management was tolerant to any potential risks of internationalisation.	Encouraging(**Sign**.)	-	N/A	
	Average of riskiness capability	Encouraging(**Sign**.)	Primary data evidence		

Q4.1 Innovativness	q4.1.1 : Our bank management always encourages new product or service ideas for the international markets.	Very encouraging(**Sign**.)	supporting	N/A	
	q4.1.2: Our bank management considered the opportunity of international markets than that of the domestic market.	Encouraging(**Sign**.)	-	N/A	
	q4.1.3: Our bank management was having innovative ways of exploiting the opportunities of international market opportunites.	Encouraging(**Sign**.)	supporting	Consistent	
	q4.1.4: Our bank management always is willing to consider new clients abroad.	Encouraging(**Sign**.)	supporting	Consistent	Consistent
	q4.1.5: Our bank management was continuously searching for new international markets.	Encouraging(**Sign**.)	-	Consistent	Consistent
	Average of innovative capability	Encouraging(**Sign**.)		Consistent	Consistent

As mentioned prior that the fourth research proposition of the study was

-(P4): *'A foreign bank' motivation to acquire a local bank within a country encouraged positively by a foreign bank' having specific Ownership-advantage of entrepreneurial traits in terms of having risky and innovative capabilities, and an inclination to enhance the bank performance'.* According to the results of the primary and secondary data results shown in Table 6.15, the fourth research proposition is accepted and, according to the primary data, the proposition should be stated that(*P4) 'A foreign bank' motivation to acquire the local banks within the host country was encouraged positively(significantly)by the acquiring banks' having specific Ownership-advantage of entrepreneurial traits in terms of having risky and innovative capabilities, and an orientation to enhance the bank performance. And this may be related to the culture influences'.*

Following is further details about these factors in sequence:

- **Concerning the first-ranked factor of the fourth research proposition An inclination to *enhance the coalition performance(Q4.3),*** the quantitative data results referred to the significant mean of this factor in encouraging the foreign banks to adopt M&As within the country. This is because of its significant statements: Q4.3.1, Q4.3.2, Q4.3.3, Q4.3.4 and Q4.3.5. Within this context, the qualitative data profoundly explained the statements Q4.3.1, Q4.3.3 and Q4.3.5. Furthermore, the secondary data also verified a number of the factor's items.
- **Concerning the second-ranked factor of the fourth research proposition –an inclination to *take risks-(Q4.2),*** the quantitative data results referred to the significant average of this factor in encouraging the foreign banks to adopt M&As within the country. This is because of its significant items: Q4.2.1, Q4.2.2, Q4.2.3, Q4.2.3 and Q4.2.4.
- **Concerning the third-ranked factor of the fourth research proposition –being innovative-*(Q4.1)-***, the quantitative data results referred to the significant average of this factor in encouraging the foreign banks to adopt M&As within the country. This is because of its significant statements : Q4.1.1, Q4.1.2, Q4.1.3, Q4.1.4, and Q4.1.5. Within this context, the qualitative data explained in detail the factor statements such

as Q1.1.1 and Q1.1.3. Furthermore, the secondary data verified the other statements of the factor such as Q4.1.4 and Q4.1.5.

6.3 Pattern matching between the study's theoretical realm pattern and its observational pattern and an emergence of rival propositions

To combine the results of both Chapters 5 and 6, their findings of the quantitative and qualitative data results can be put, in order, in the following structural framework(see Figure 6.3). According to this framework, the adoption of M&A strategies within the studied six banks is facilitated by two main determinants. The first main driver related to the host country and the second main driver related to the home country. Firstly the host country's drivers are the host country's resources of institutional features and the acquired firms resources. Secondly, the second main driver related to the home firms Ownership-advantage of resources and strategic orientations.

The study's two main parts: the current study's theoretical proposed factors and the current study's findings formed two figures: Figure 6.2 and Figure 6.3. While Figure 6.2, demonstrates the theoretical-pattern of the study's conceptualisation ideas that emerged from the theories, ideas and hunches regarding the adoptions of the foreign acquisitions of the local banks. Figure 6.3 shows direct observations, field notes and findings of study quantitative and qualitative data results, in order. It demonstrates the observed factors, ideas and hunches regarding the adoptions of M&As within Egypt, the host country.

The proposed theoretical pattern of the current study

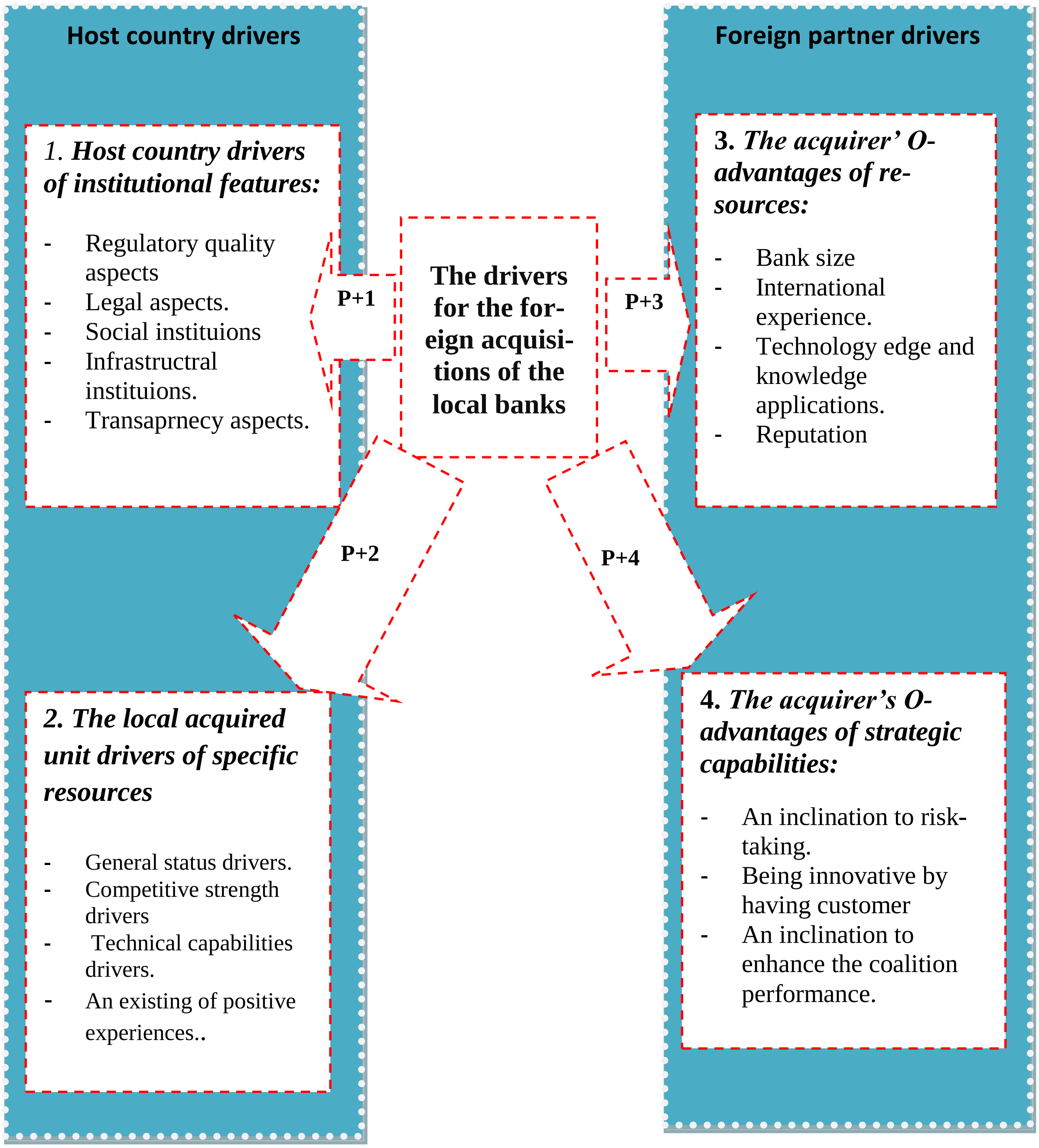


Figure-6.2-The study's theoretical-pattern.

The observed practical pattern of the current study

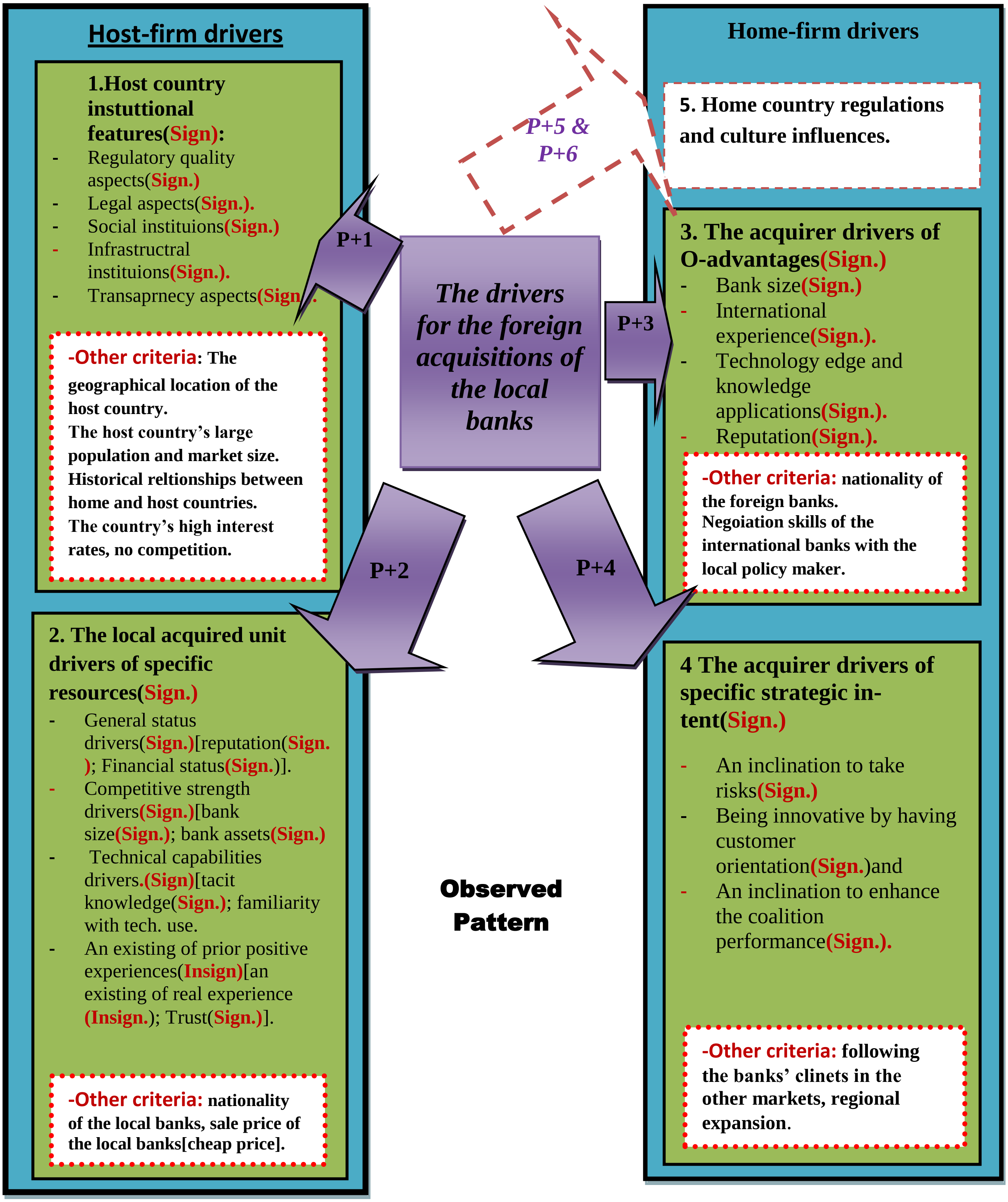


Figure-6.3-The study's practical pattern.

Using pattern matching enables the researcher to display the quantitative and qualitative data results. Concerning quantitative data results, pattern matching considers the basis for generalising a number of concepts and factors across presented cases accomplished by using a statistical tool(t-test)of significance. Concerning the qualitative data, pattern matching is a tool to represent uncover themes within the responses(these emerged data, ideas and hunches were not listed in the original questionnaire).

By comparing the two patterns and matching of them, it can be concluded that the adoption of M&A strategies within the studied banks was facilitated significantly, and positively by the two main drivers that related to the host and home countries. While the host country drivers involve its country's institutional features, and the host banks' owning of specific resources. The home country drivers involve the foreign bank's owning of specific resources and strategic capabilities. As shown in the observed-pattern that except the factor 'an existing of a positive prior experience between the merging firms', the observed-pattern demonstrated the significant roles of the study' drivers and their theoretical factors that emerged from the literature, besides the other contextual factors that are not listed in the original questionnaire(ideas and hunches of the theoretical-pattern)

In detail, regarding the first driver of the host country's drivers, the observed-pattern showed the positive significant role of the country's institutional features on encouraging the bank M&A, which included the country's regulatory quality features, legal protection features, social features, infrastructure features and transparency features. Furthermore, there are other factors related to the country institutional that the informants referred to and are not mentioned in the original questionnaire, the interviewees referred to the role of the geographical location of the country, its market size, and its historical relationships with the allied countries of the home countries, its high-interest rate and no competition. So, the recent view of Dunning(2006a) about L-advantage can explain the first dimension of the current study.

Concerning the second driver of the host firm, the observed-pattern showed the positive significant role of the local-partner' having specific resources. This involved the local-partner's having specific criteria included the general status criteria(reputation and financial performance), competitive strength determinants(bank size and resources), and technical capabilities(tacit knowledge and technology capability). However, an existence of a positive prior experience between the merging firms was not considered a significant factor for the bank M&A. Furthermore, there are other factors related to the host banks that the informants referred to and are not cited in the original questionnaire, the interviewees referred to the role of the low selling price of the local banks, and the local bank's nationality(Egyptian banks). So, specific O-advantage and the resource-based view can explain the second dimension of the current study.

Secondly, regarding the first driver of the home country's drivers, the observed-pattern showed the positive significant role of the parent bank' Ownership-advantage of specific resources, which involved bank size, international experience, reputation, and technology edge. Furthermore, there are other factors that are related to the foreign partner's Ownership-advantage that the informants referred to and are not cited in the original questionnaire, such as the nationality of the foreign banks, and the international banks' negotiaion skills with the locals. So, the international banks' Ownership-advantage of resources can explain the third dimension of the current study.

Concerning the second driver of the home country's drivers: the foreign partner having specific Ownership-advantage in terms of strategic orientation, the observed-pattern showed the positive significant role of the parent bank' having strategic orientations such as riskiness, innovativeness and an inclination to enhance the bank performance. These capabilities represented traits of entrepreneurial behavior. Furthermore, the informants referred to other strategic orientations that are not listed in the original questionnaire, such as following the banks' clients in the other markets and making a regional expansion. These listed points showed how the acquiring banks have employed their Ownership-advantage to internalise their financial products and services rather than sell or rent them overseas by following their clients abroad. So, besides this questionnaire query reflects how the acquiring banks have traits of entrepreneurial bahaviour(through innovativeness), this query reflects also the acquiring banks' orientation towards internalising cross-border activities –I-advantage-.

So, the international banks' having specific Ownership-advantage of entrepreneurial behavior can explain the fourth dimension of the current study.

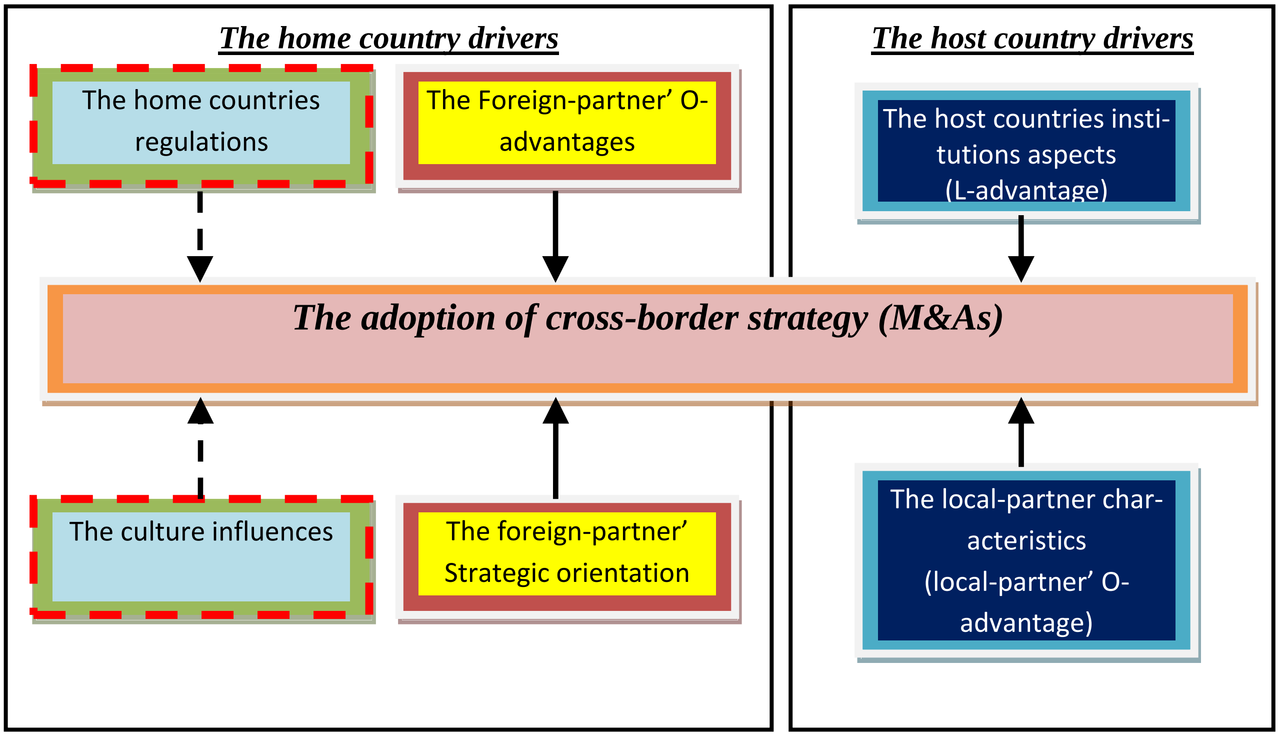


Figure 6.4: a simple drawing of the main and suggested drivers for the foreign M&As of the Egyptian banks.

From the above discussion, the considered theories within the current study can predict the observed-pattern.

In addition to that, the observed-pattern showed emerging new propositions, that the informants referred to them, and still need to be examined by the researchers. This is the role of the home country regulations on motivating initially the adopting of entry strategies. Furthermore, the secondary data showed that all the acquiring banks are from high-uncertainty cultures, which referred to a role of culture of the foreign banks(high-uncertainty avoidance)in having considerable ownership percentages, ranges from 64% to 98% of the local banks(see Figure 6.4). That urged the current researcher to suggest the following two research questions:

-(***RQ2):****To what extent the regulations of the home country have an effect on the international banks to go abroad?*

-(***RQ3):****To what extent the culture of the home banks have an effect on the international banks to go abroad?*

Accordingly, the current researcher proposes two research propositions for investigation:

-(P5)'*An initial motivation for the foreign banks' adoptions of entry strategy –M&As- is related significantly by their home countries regulations'.*

-(***P6)***'*An initial motivation for the foreign banks' adoptions of entry strategy –M&As- is related significantly by their home cultures dimensions, especially, uncertainty'.*

6.4Chapter summary

This chapter tries to prove/disapprove the third and fourth research propositions that related to the third research question of the current study. By using t-test analysis, the results of the study’s questionnaire survey distributed to senior interviewees of the acquiring banks verify that the home firm's determinants of Ownership-advantage of bank size, international experience, reputation, and technology edge and its determinants of entrepreneurial orientation of riskiness, innovative had encouraged significantly the adoption of M&As within the country.

Furthermore, there are other factors that are not cited in the original questionnaire, such as the Ownership-advantage of the nationality of the foreign banks, and their negotiation skills of the international banks with the locals. So, the international banks’ Ownership-advantage of resources and strategic capabilities can explain the third and fourth dimensions of the current study.

Also, in view of the results of Chapters 5 and 6, the study’s theoretical framework confirmed and the considered theories within the current study can predict the study’s observed-pattern. In addition to that, the study’s findings revealed an emerging new proposition that caused the initial movement of the foreign banks. That is the home country regulations and their roles in motivating initially the home banks to adopt strategies abroad. Furthermore, there may be a role of culture(high-uncertainty avoidance)in having considerable ownership percentages-, ranges from 64%-98%-of the local banks.

Chapter Seven: Research discussions, implications, recommendations, limitations, originality & future research

7.0 Introduction

This chapter mainly reflects the research results, conclusions, and limitations. Furthermore, it presents the research recommendations, contributions and suggestions for further research. However, initially, there will be a review of the research problem and questions, and its philosophy, strategy, and methodology. Then, there will be a review of the current study's theory and how the study findings are related to the adopted theory. Additionally, the chapter will review the current study's propositions and their modifications, and any emerging rival propositions.

7.1 A review of the research problem, questions, and propositions.

This research *investigates the main drivers and factors behind the foreign M&As of the Egyptian banks between 2005-2010?* In order to investigate the main research objective, two main research questions as follows:

7.1.1 Research questions:

- *(RQ1.1): Why did Egypt' institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?*
- *(RQ1.2): How did the local banks encourage the international banks to be existing in the country –Egypt-to acquire them between 2005-2010?*
- *(RQ1.3): How did the international banks go abroad and adopt international strategies in another country? And Why?*

7.1.2 Research propositions:

1. **For answering(RQ1.1), the first research proposition was suggested**(see details in Chapter 3)as follows:

-(P1):'A foreign bank' motivation to acquire the local bank encouraged positively by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality features, legal protection features, social features, infra-structure features and transparency features'.

2. **<u>For answering(RQ1.2), the second research proposition was suggested</u>**<u>(see details in Chapter 3)as follows:</u>

-*(P2):'A foreign bank's motivation to acquire the local banks in the Egyptian context encouraged positively by a number of determinants related to the local banks; they are the general status of the acquired banks, owing competitive strength determinants, owing technical capability determinants and an existing a prior positive experience with the local bank'.*

3. ***<u>For answering(RQ1.3), the third and fourth research propositions were suggested(</u>***<u>see details in Chapter 3)as follows:</u>

-*(P3):'A foreign bank's motivation to acquire the local banks encouraged positively by the banks' exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation'.*

-*(P4):'A foreign bank' motivation to acquire the local banks within the host country encouraged positively by the acquiring banks' having entrepreneurial traits in terms of having risky and innovative capabilities and an orientation to enhance the bank performance'.*

7.2 A review of the research paradigm, strategy, and approaches.

7.2.1 Research paradigm

Both the epistemological and ontological stances of the current thesis determined the adopted paradigm. *Firstly*, the current research's epistemology is that in the knowledge derivation process of the studied phenomenon, it assumes a scientific approach, however, it is not enough to depend solely on it, as it may have been claimed that other contextual realities exist, needing in-depth investigation through social conditioning. *Secondly*, the current research ontology is that while there may be a singular external reality of the studied phenomenon, reality cannot be recognized independently of the research participants and the researcher's awareness of the other contextual realities. This leads the current research to adopt a positivist paradigm that tends towards realism, which is based on the existence of more than a singular reality. According to the first stance, the positivist tradition, the current study was able to specify theories and their developments in the literature review related to the phenomena understudy; the drivers of the foreign acquisitions of the Egyptian banks. These theories reflected an exact and a single reality through proposing a number of contextual factors and independent variables shaping the phenomenon understudy. However, as there is more than a single reality, as there are the participants' perceptions and the researcher's awareness of the other contextual realities, the research leans towards realism, which is based on the assumption that there is more than a singular reality which can be identified through the participants and the researcher awareness of other contextual realities.

7.2.2 Research strategy

The current study investigated the main driver and factors that influenced the decisions of the actual performers in relation to the phenomenon understudy; the foreign acquisitions of the Egyptian banks. Thus, the research adopted a descriptive and explanatory approach, and applying mixed research methods(quantitative and qualitative methods)in order to answer the research questions and verify the research propositions.

Quantitative research method is employed to validate the first stage of the current study – the positivist stance – which is based on priori theory(Bryman and Bell, 2007) since the reality of the preliminary stage of the studied phenomenon is assumed to be independent and objective to the researcher(Bryman and Bell, 2011) to replicate and generalize the results(Saunders et al., 2007). Thus, at this stage, quantification in data collection and analysis was emphasized (Bryman and Bell, 2007).

Then, at the second stage, qualitative research methods are employed to obtain a contextual understanding of the studied phenomenon since qualitative research can explore more detailed descriptions of the research topic, where the participants' perceptions and judgments are necessary to have a better understanding of the research context (Bryman and Bell, 2011). As there is more than a single objective reality, there may be multiple contextual realities constructed by participants' perceptions and judgments (Denzin and Lincoln, 2005). In qualitative research, the participants interpret the phenomenon understudy through words and texts rather than quantification(Bryman and Bell, 2007). It is noteworthy that the main reason for employing qualitative research in investigating the studied phenomenon is to have a broad and in-depth explanation of a real event in its real-life context (Gephart, 2004)without going so far as to have a thoroughly interpretive stance(Dubé and Paré, 2003).

By employing mixed research methods, the researcher was able to have a more thorough understanding of the phenomenon of the foreign acquisitions of Egyptian banks and its factors that decide the decision, achieving a triangulation of the research methodological (Bryman and Bell, 2007). Quantitative and qualitative data besides secondary data are collected through multiple case studies. By adopting a mix of quantitative and qualitative data, and secondary data, the case study research goes beyond being simply qualitative.

7.2.3 The case study approach

This thesis adopted *case study* as a research approach to investigate contextually the phenomenon understudy –the foreign acquisitions of the Egyptian banks–. The current study's first stance is positivist tends that to realism stance, as the thesis paradigm, and quantitative and qualitative data, as the thesis methodology, match with a case study approach. Since a case study defined as an empirical investigation of an occurring phenomenon to understand it contextually(Yin, 2003).

The thesis' general aim matches the aims of the case study approach, as the current study's main aim is about an investigation of an existing phenomenon – the foreign acquisitions of the Egyptian banks – in its real-life context. The thesis's case study is a positivist case study that aims to verify *priori* theory since the current researcher identified a number of variables and rose up a number of propositions related to a definite theory that needed to be verified. Within this context, Piekkari et al.(2009)noted that case studies are employed to investigate existing phenomena with the purpose of confronting a definite theory with empirical data by using various sources of data.

Moreover, with the purpose to generalize the current study's theoretical propositions, the current study adopted multiple cases without referring to any individual case separately. In this context, Yin(2009) asserts that the use of a case study can range from the simple presentation of individual cases to reaching a broad theoretical generalization across multiple cases without referring to any of these cases individually, which improves the research validity. In this context, Yin(1994; 2009)note that similar to experiments, a case study can be employed to generalise theoretical propositions based on a theoretical background which requires verification. Thus, the current study uses a pattern matching protocol to place firstly the theoretical propositions, and then matched this pattern with the observed one. The current study used a purposive sample of six banks, which was supported by semi-structured interviews.

7.3 A review of the theories of entry strategies

The adopted theory is known as the OLI-framework, which seeks to shed light on why particular organisations embark on international strategies abroad. It consists of three components that motivate firms to adopt international strategies across borders. These three components are Locational(L-), Ownership(O-) and Internationalisation(I-)(Dunning, 1977; 1980; 1988). Because of globalisation settings, recently, Dunning(2006a) suggested the recent view of OLI-paradigm that employing the country's institutional features along with its three components. Thus, the recent paradigm of OLI considered multi-theoretical since the paradigm initially included the resource-based theory and the transaction cost theory, then, recently, the OLI-paradigm included the institutional theory(the macro institutional features of the countries). So, implicitly, this study adopted the three theories in the form of adopting the OLI-paradigm's recent development. The three theories are the institutional theory, the resource-based view, and the transaction cost theory. As the current study adopted the country's institutional features in the form of L-advantage, and adopted the resources-based view in the form of the local and foreign-partners' Ownership-advantage of specific resources and capabilities.

Only, Location(L-), and Ownership(O-) advantages are examined in the current study. That resembles Brouthers et al.'s(1996)study, which applied location and ownership advantages only to investigate the entry strategies of small and medium service firms.

But, by adopting the recent view of OLI-paradigm that taken into consideration the host country's institutional features, the current study implicitly adopted the internationalisation-advantage(the third element). Since the host country's institutional features can decide if the cross-border firms could internalise their activities or not(I-advantage). This is because the host country's qualified institutional features can manage effectively the culture clashes as well as the transaction costs of cross-border activities(Bhattacharya and Daouk, 2002).

This adoption harmonies with (Goodnow, 1985)'s a hypothetical suggestion regarding a framework for the factors influencing entry strategies. His framework involved *internal and external factors*. The internal factors included the firm's strategic orientation to go abroad, its competitive position, and the firm ownership of specific resources such as financial strength, technological capabilities, international experience and product features. The external factors included the host country's institutional features, such as economic, political, social conditions, and cultural consistency. Following is the discussion of the study's findings towards the theoretical factors and framework.

7.4 Discussing the main findings of the study

7.4.1 Discussing the main findings of the first and second research propositions(the host-country drivers)

7.4.1.1 Discussing the host country's institutional features(L-advantage & I-advantage)

In the 1970s and 1980s, scholars related the attractiveness of a particular location to international firms to only the size and growth of the local market and to the policies of the host governments of this location. This traditional view of location(L) factors has been critisied because of not including further relevant factors which are underlying these international strategies, such as the host country's institutional features (Goodnow, 1985) since the institutional features of the host country play a critical role in shaping the behaviours of the firms, especially, after globalisation (Dunning, 2006a).

Since the advent of globalisation in the 1990s, the attention had been paid to the country's institutional features and there has been a recent orientation amongst the scholars to extend the traditional criteria of any location's attractiveness to include the features of the host country's institutional determinants. As it is posited that they may influence the effectiveness of the cross-border firms' transaction costs, resources and capabilities(Dunning, 2006a). Especially when it is reported that most M&As are adopted by firms that are characterized by asset-seeking FDI(Dunning, 1998). It is noteworthy that asset-seeking FDI usually assess countries' regulatory quality features, investment incentives, protection of the legal and intellectual rights, good infrastructure features, especially, physical and technological resources, social capital, the host society's attitudes towards foreigners and transparency level(Dunning, 2006a; EIU, 2003).

In fact, the current research results found that location-specific features of the host country positively and significantly encouraged the foreign M&As of the local banks. This included the host country's regulatory quality features, legal protection features, infrastructure features, social features, and the procedures of controlling corruption within the country(according to the analysis results chapter). By these results, the current study verifies the recent view of L-advantage that extended L-advantage from the traditional view, which looks only at the market size and market growth as being significant factors, to the recent view, which also includes the country's institutional features. The importance of the country's institutional features can be clarified when we realise that cross-border firms relate an attractive location in the globe, to invest in it, to its institutional features. Seeing that the host country's institutional features enable firms to create values to their Ownership-advantage through that location. This result matches the other studies' results that referred independently to the important role of the host country's institutional features to FDI strategies, such as(Pan and Tse, 2000; Demirbag et al., 2010; Davidson, 1980).

The recent view of L-advantage includes the country's institutional features: the country's regulatory quality features, legal protection features, infrastructure features, social features and transparency features.

The top-ranked dimension of the host country's institutional dimensions in encouraging foreign acquisitions of local banks is the host country's regulatory quality features. This factor achieved a significantly positive average in promoting foreign banks acquisitions of local banks. This is caused by the significantly encouraging items:

1. *'Removing the restrictions on full foreign ownership of the local banks'*;
2. *'The government ownership of the local banks' assets did not hinder the foreign bank strategy of M&As'*;

3. *'Lowering of restrictions on the foreign banks' activities'*; and
4. *'The local authority's orientation towards achieving fair competition'.*
5. *'The strength of the local authority supervision of the local banks'.*

Most of the qualitative data and secondary data are in agreement with the quantitative data results(see the results chapter). For instance, one of the interviewees pointed to the important role of allowing the foreign banks to wholly own the existing local banks rather than issuing any new banking license for the new entrants as, according to this rule, the foreign banks became having the freedom to own the existing local banks rather than establishing a new bank within the country. This explains why the international banks adopted acquisition strategies rather than a green-field strategy within the host country, Egypt. Also, the secondary data are in agreement with that, as according to the OECD' investment report in 2007(the time of occurring a number of foreign acquisition cases), compared to other countries such as OECD, non-OECD countries, Egypt considered the least regulatory restrictive country in manufacturing, financial services and distribution sectors (OECD, 2007). This was due to Egypt's policies of being open to FDI, where the foreign investments in manufacturing and financial services had been fully liberalised. As a result, FDI inflows within the country had increased to a greater extent than had been the case previously(OECD, 2007).

Another significant encouraging item is the lowering of restrictions on the foreign banks' activities and operations. This item was supported by the qualitative data as referred by the interviewees. Lowering of restrictions on the banks' activities and operations had largely facilitated the foreign acquisition of the local banks. This is due to the acquirers' ability to achieve high gains in a short period, when restrictions on their banks' activities reduced. Consequently, this regulation had encouraged the international banks to set up in the country and adopt international M&A strategies within it. Another further significant element is the local authority's orientation towards achieving fair competition. The qualitative data seems to support this item, where an interviewee explained that before the wave of foreign M&As within the country, the government was dominated most of the local banks, which pointed to unfair competition within the local banking sector. But, after deregulation was introduced, state-owned, joint banks were liberalised. By reducing the government’s monopoly of the shares of the local banks, the competition within the banking sector became free and fair.

The second-ranked dimension of the host country’s institutional features that had encouraged the foreign acquisition of the local banks is the country’s legal protection features. This factor achieved a significantly positive encouraging average in promoting the foreign acquisition of the local banks. This was caused by the significantly encouraging means of most of the dimension’s items, they are

1. ‘*the host country’s arrangements against the investor’s property rights expatriation’;*
2. *‘the country arrangements for protecting the investor’s property rights’; and*
3. *‘the country arrangements for the property rights laws over foreigners’ financial assets’*

but, item that was not effective in its encouragement level is,

4. *‘the country’s arrangements for law enforcement’.*

The qualitative data seems to support these items since the interviewees confirmed the importance of the country’s arrangements against the nationalisation and its general protection of the investor’s property rights. Furthermore, the secondary data was in agreement with the primary data. Although Egypt’s score of property rights ranked in total at a medium level that ranged from 4.70 to 5.00/ 8.50 at the time of acquiring the local banks, at least, the country had the basic legal requirements for the protection of investors’ rights. This included legal protection against the investor’s financial assets and nationalisation. For instance, Egypt amended its investment Law No.(94)of the year 2005(the time of starting the foreign acquisition of the local banks), so as to guarantee protection against the nationalisation and protection for investors’ finances.

The third-ranked dimension that encouraged the foreign acquisition of the local banks is the country’s infrastructure features. This factor achieved a significantly positive encouraging average in promoting the foreign acquisition of local banks. This was caused by the significantly encouraging means of all the dimension’s items, they are

1. *‘the country’s home base of human resources’;*

2. *‘the country’s home base of public infrastructure’; and*
3. *‘the country’s home base of technological readiness infrastructure’.*

According to the results’ chapter, the qualitative data and secondary data were in agreement with the quantitative data. For instance, a number of the senior interviewees referred to the prior preparation of the country’s infrastructures for promoting foreign investment.These preparations included the infrastructures of the banking sector, including staff, IT applications, and other general infrastructures. Furthermore, the secondary data was in agreement with that, as an international report of the World Bank in 2004 showed that the Egyptian government prepared its institutions for foreign direct investment by upgrading their infrastructures, including personnel and IT. These arrangements had laid the groundwork for Egypt to have an acceptable level of IT and other public infrastructures, which attracted FDI towards the country. As a result, in 2004, the country experienced a leap in its global rankings, in such areas as technology index, firm-level technology absorption index, and technology transfer index. Thus, in 2004, Egypt occupied the highest ranking amongst the other Middle-East countries in IT flow.

The fourth-ranked dimension that encouraged the foreign acquisition of the local banks is the country’s social features. This dimension achieved a significantly positive encouraging average in promoting the foreign acquisition of local banks. This is caused by the significantly encouraging means of all the dimension’ items, they are

1. *'the openness of the national culture to the foreign culture’;*
2. *‘the local treatment of the foreigners’; and*
3. *‘the local society positive orientation towards globalisation settings’.*

According to the results’ chapter, the qualitative data and secondary data came in agreement with the quantitative data, seeing that the locals’ positive treatment of the foreigners and their openness to the other foreign cultures represented by the distinctive treatment of the foreigners within the host country.

With regard to the last-ranked dimension, which is the country’s transparency features, it also achieved a significantly positive average in encouraging the foreign acquisitions of the local banks since this dimension achieved a significantly encouraging average in *promoting the foreign acquisition of the local banks.* This is because of its two significant items, they are

1. *'the availability of transparency in the M&As rules'; and*
2. *'a clear understanding of the M&As rules'.*

but, the item that was not effective in its encouragement level is

3. *'the procedures of M&As implemented clearly'.*

In this context, the qualitative data seems to support those two items since the interviewees referred to the existence of a rule of M&As; 'the exile of ignorance examination' of the sold banks, which allowed the acquirers to check up the sold banks' records, assets and databases before the acquisition(Interviewees#4, #7, #10, #13). The secondary data does not support the quantitative and qualitative results of the two items since the secondary data referred to the country's low transparency at the time of the foreign acquisitions of the local banks. On the other hand, the third item of this dimension, *'a clear implementation of M&As rules'* achieved an insignificantly encouraging average because of the country's bureaucracy(Interviewees#1, #3, #5, #8). It is noteworthy that the country's bureaucracy points to the country's low level of transparency. Thus, the result of this item is in line with the secondary data. It is noteworthy that despite the high level of bureaucracy, this country's bureaucracy did not affect the foreign acquisition process of the local banks.

To conclude, while, on the one hand, transparency existed in the M&As process by offering a rule of 'the exile of ignorance examination' of the sold banks, which facilitated the sale of the local banks to the foreign banks since the foreign banks would not buy the local banks if they experienced low transparency in the M&As deals. On the other hand, low levels of transparency existed implicitly in the M&As process through the country's bureaucracy, hence, the implementation of M&As procedures was not considered a significant encouraging item.

Besides the prior factors, the observed-pattern of the study referred, through the interviewees, to the existence of other specific factors of the country's institutional features, which also motivated the foreign acquisition of the local banks. They are the geographical location of the host country, its big market size, which is a result of its big population, with no competition, and finally, the historical relationships between Egypt and the allied countries of the home countries of the foreign banks. In view of the prior results, the proposed first research proposition:(*P1*):*'A foreign bank' motivation to acquire the local bank was encouraged positively by a number of criteria related to the host country's institutional aspect; they involved the country's regulatory quality features, legal protection features, social features, infrastructure features and transparency features'* is accepted but it should be restated, in rank, as that '*A foreign bank' motivation to acquire the local bank was significantly positive encouraged by a number of criteria related to the host country's institutional features; they involved the country's regulatory quality features, legal protection features, social features, infra-structure features, and transparency features, seeing that, the country's low transparen-cy(I.e. bureaucracy) had not to affect fundamentally the execution of M&As deals, as long as, the acquiring banks exposed to clear rules and full understanding of these rules in M&As deals. In addition to other institutional features such as the country's geograph-ical location, its big market size, no competition, and its historical relationships with the allied countries of the home countries of the foreign banks(but these emerging factors need to be generalised)'*.

In view of the prior discussions, the first research question(*RQ1.1): Why did Egypt' institutional features attract the foreign banks to be existing in the country to acquire its local banks between 2005-2010?* was answered. As the current study found that, the for-eign acquisitions of the local banks were a result of the significant influence of the host country's institutional features. Therefore, the current study was able to relate the recent development of L-advantage by Dunning (2006), in terms of the host country's institu-tional features to the entry strategies decisions. This confirmed by other scholars asserted that the host country's institutional features smoothed the expansion activities of cross-border firms (ul-Haq, 2005; Ul-Haq and Howcroft, 2007).

7.4.1.2 Discussing the local-partner's having specific resources(Ownership-advantage and Resource-Based View)

Not only did the acquiring banks have specific resources that caused them to embark on an international strategy, the local firms, the acquired units, also should have specific resources and criteria which cause them to be selected as partners in M&A strategies.

The current study found that there were both significant and insignificant criteria in selecting the acquired banks as partners in M&As. The significant criteria were related to the acquired banks' having determinants of general status, competitive strength and technical capabilities. However, prior experience between the international and local banks was found insignificant when selecting the acquired banks as partners in M&As.

- Firstly, *the local banks' having determinants of general status were considered the top-ranked significant criterion amongst the other criteria in encouraging the foreign acquisitions of local banks*, which included the acquired local banks' reputation and financial status.

Concerning the acquired local banks' reputation, similar to the significant role of the international banks' reputation in adopting M&As, the local banks' reputation also had a significant role in encouraging the foreign acquisitions of them. The qualitative data seems to support the quantitative data results as the senior interviewees referred to the upper-rankings that the local banks occupied in the local market and their superior local supervision. For instance, most of the acquired local banks were having soundness reputation such as Alexandria Bank, Misr-International Bank and Misr-Romanian Bank that acquired by Intesa Sanpaolo, National Société Générale bank and Blom Bank respectively. Furthermore, the secondary data confirmed the soundness reputation of the Egyptian banking sector in general, by achieving the Egyptian banks a number of the global and regional rankings in general.

Concerning the acquired local banks' financial status, it had a significant role in encouraging the foreign acquisitions of local banks. According to the results' chapter, the qualitative and secondary data seem to support the quantitative data. For instance, the senior interviewees of the acquiring banks confirmed that the local banks had a high-quality financial performance, which encouraged the international banks to acquire these local banks in particular, as occurred when National Société Générale Bank selected Misr-International Bank, and when Blom Bank chose to buy Misr-Romanian Bank.

Next, *the acquired banks' having competitive strength* criteria is the second-ranked significant criterion amongst the other criteria that encouraged the foreign acquisitions of the local banks. This criterion included both the acquired local banks' size and their financial resources.

Concerning the acquired local banks' size, similar to the significant role of the international banks' size in adopting M&As, the acquired local banks' size had also a significant role in encouraging the foreign banks' acquisitions of the local banks. In this context, the qualitative results demonstrated that, Intesa Sanpaolo Bank, National Société Générale Bank and Abou-Dhabi Islamic Bank were interested in large sizes local banks, where the acquired local banks' large hierarchy structures similar to, to some extent, the international banks' hierarchy structures in the past. However, Union National Bank, Blom Bank and National Bank of Kuwait were interested in the small hierarchy structures of the local banks. For instance, Blom Bank decided to acquire the local bank -Misr-Romanian Bank- because of its small hierarchy structure, as it had a less significant workforce, and a smaller number of branches in order to develop a strategy to start increasing the bank' employees and branches.

Concerning the acquired local banks' financial resources, this element also had a significant role in encouraging the foreign acquisition of the local banks. The qualitative data seems to support the quantitative data results by noting that in their M&As strategies, the acquired banks attracted foreign banks because of their high-quality assets that could create significant profits after the acquisition. For instance, Misr-International Bank and Al-Watany Bank attracted National Societte General Bank and Kuwait National Bank respectively because of their portfolios which had high-valued local clients.

After that, *the acquired local banks' having determinants of technical capability is the third significant criterion that encouraged the foreign acquisitions of the local banks,* which involved the acquired banks' tacit knowledge and their familiarity with technology use.

Concerning the acquired local banks' tacit knowledge, the acquired local banks' tacit knowledge had a significant role in encouraging the foreign banks' acquisitions of the local banks. In this context, the qualitative data explained that the acquired local banks had a tacit knowledge of the local market in terms of having a tacit knowledge of performing corporate enterprises that did not apply widely in the policies of the international banks.

Concerning the acquired local banks' familiarity with technology use, similar to the significant role of the international banks' experience with technology applications, the acquired local banks' familiarity with technology use had a significant role in encouraging the foreign acquisition of them. Within this context, the qualitative data supported the quantitative data, as the senior interviewees of the international banks noted how the acquired local banks had an acceptable level of technology use, before acquiring them. They explained that between 2003 and 2005, before the foreign acquisition of the local banks, there was a prior preparation of the local banks by reforming the acquired local banks' infrastructures, especially, technology infrastructures, in order to facilitate the sale of the local banks to the international banks.

Last of all, the *existence of prior experience between the merging banks* ranked the last and was an insignificant driver in promoting the foreign acquisitions of local banks, owing to its insignificant medium mean. It is worth mentioning that the medium average of this factor was owing to the existence of 'trust' of the acquiring banks on the management teams of the acquired local banks rather than of the existence of real experience between the merging banks, which caused an insignificant result of this criterion.

In view of the prior discussions, the second research proposition*(P2):'A foreign bank's motivation to acquire the local banks in the Egyptian context was encouraged positively by a number of criteria related to the local banks; they are the general status of the acquired banks, owing to competitive strength criteria, owing to technical capability criteria and the existence of a real prior experience with the local banks'* is accepted, to some extent, but it should be restated, in rank, as that*(P2):'A foreign bank's motivation to acquire the local banks in the Egyptian context was significantly positive encouraged by a number of criteria related to the local banks; they are the general status of the acquired* *banks, competitive strength criteria, technical capability criteria, and was encouraged significantly by the trust on the management teams of the acquired banks rather than an existence of a real experience between the merging banks. In addition to the other criteria such as the nationality of the acquired banks(the Egyptian banks)and their selling prices.(low prices)(but these emerging factors need to be generalised).*

In view of the results of the second research proposition, the second research question(*RQ1.2): how did the local banks motivate the international banks to be existing in the country –Egypt-to acquire them between 2005-2010? was* answered. So, this result was able to relate the ownership of resources of the local-partner to the decisions of the foreign banks' M&As.

7.4.2 Discussing the main findings of the third and fourth research propositions(the Home-country drivers).

7.4.2.1 Discussing the foreign bank' Ownership-advantage of specific resources.

Depending only on the country's institutional features context is considered to be a rather idealistic way of shaping an organisation's strategy since it should take into consideration its Ownership-advantage of resources, whether they be tangible or intangible. While the tangible resources include organisational, managerial, personnel, financial, technological and physical resources; the intangible resources reflect the organisation's life cycle and history, and its strategic and social orientations(capabilities).

The current study found that the foreign banks' Ownership-advantage of specific resources significantly encouraged their acquisition of the local banks. These Ownership-advantage included the acquiring bank's reputation, size, international experience and technical capabilities, as will discuss here.

Reputation is the first-ranked factor amongst the other Ownership-advantages that significantly encouraged the foreign acquisition of the local banks. According to the results' chapter, the qualitative data was consistent with the quantitative data, as the senior interviewees of the acquiring banks demonstrated how their banks were considered the oldest and largest banks in their home countries, which gave them a good reputation. Furthermore, the secondary data was consistent with the primary data by referring to how the acquiring banks occupied the top rankings globally and regionally, which boosted their reputations.

Following this, *the international banks' size is the next factor that significantly encouraged the foreign acquisitions of the local banks*. The secondary data supported the primary data, as it highlighted how the acquiring banks had premium financial assets, financial performance(more than $500 million as profits), and a superior market capitalisation that encouraged them in M&As.

The acquiring banks' international experience is the next-ranking factor in significantly encouraging the foreign acquisitions of the local banks. The qualitative and secondary data seem to support the quantitative results, by referring to how the acquiring banks had international presences across various countries through their international subsidiaries. In this context, Padmanabhan and Cho(1999) found a relationship between the cross-border firms' international experiences and the likely international strategies' outcomes will be reachable.

The last factor that encouraged the international banks to acquire the local banks is related to the international banks' Ownership-advantage of technical capability criteria. This factor achieved a significantly encouraging average amongst the studied banks because of its significant components: experience in technology application and having new knowledge enable the acquiring banks to produce new services/products in the local market. Concerning the acquiring banks'Ownership-advantage of experience in technology application, the secondary data supported the primary data by referring to how the acquiring banks had various subsidiaries in many countries, specially developed and emerging countries, giving them up-to-date technology and the know-how. Furthermore, concerning the international banks' Ownership-advantage of developing new knowledge, the qualitative data explained how the acquiring banks had activities that did not widely exist in the acquired banks; such activities were related to retail business activities, which did not exist largely in the local banking sector.

In view of the prior results, the proposed third research proposition(*P3):'A foreign bank's motivation to acquire the local banks is significantly positive encouraged by the banks' exploitation of their Ownership-advantage, which involved the bank size, international experience, technical capabilities, and reputation'* is accepted, but should be stated as *'A foreign bank's motivation to acquire the local banks encouraged significantly and positively by the banks' exploitation of their Ownership-advantage of resources, which including(in order) the banks' reputation, size, technical capabilities, bank size, and international experience, in addition to other criteria such as the nationality of the acquiring banks(but these emerging factors need to be generalised)'.* As according to the senior interviewees, Egypt's decision-makers decided to have a diversity of foreign banks within the country by having different nationalities. This criterion explains why these foreign acquisitions which occurred within Egypt were by banks from various countries, including France, Italy, Emirates, Lebanon, and Kuwait.

7.4.2.2 Discussing the foreign firm Ownership-advantage of specific strategic capabilities.

This part of the research examines the acquiring banks' Ownership-advantage of entrepreneurial capability that enabled the international banks to embark on an international strategy. The scholars suggested that cross-border firms' Ownership-advantage of a specific strategic capability, in terms of entrepreneurial capability, has a role in shaping and embarking on a firm's international strategy since a firm's entrepreneurial capability can provide the enthusiasm and capabilities that needed to tackle global strategies. Thus, Kim and Hwang(1992)suggested an extension of the OLI-paradigm to involve strategic variables. In the Resource-based view, entrepreneurial capability is considered to be a firm's intangible assets by which a firm might increase its partnership capabilities and is involved in the merger strategy. In the literature, the scholars found a relationship between firms' entrepreneurial approach and adoption of entry strategies. Within the current study, entrepreneurial capability includes the firm's intent to innovate, take risks and improve the performance through increasing the market shares, growth, and stakeholders' values.

In detail, *improving the parent banks performance is the first-ranked factor amongst the other strategic factors that significantly positively encouraged the foreign acquisitions of the local banks.* According to the results' chapter, the secondary data seems to support the quantitative results. For instance, when the studied banks such as Intesa Sanpaolo Bank and the National Bank of Kuwait adopted M&As, their main objective was to gain a large market share of the banking sector of the host country, so as to improve the overall performance of their banks. Union National bank and National Bank of Kuwait targeted another market to achieve superior stakeholder equity and net profits.

Then, *the acquiring banks' strategic intent for the willingness to take risks is the next factor that significantly promoted the foreign acquisitions of the local banks*. However, it was clear that there were other risks that the acquiring banks did not take into consideration before acquiring the local banks, such as the resignations of the local members of staff who then went on to join rivals' banks after acquisition and culture conflicts between the insiders and outsiders.

Finally, *the acquiring banks' having a specific Ownership-advantage of innovativeness is the last factor in significantly promoting the foreign acquisitions of the local banks*. In this context, the qualitative data seems to support the quantitative data since interviewees from the acquiring banks referred to a number of innovative ways that applied in the local banks after M&As such as introducing new services that did not previously exist in the host market. As the international banks introduced retail banking services for the clients, as happened with the Kuwait National Bank, National Société Générale Bank, Intesa SanPaolo Bank, Blom Bank, and Union National Bank, but, Abou-Dhabi Islamic Bank introduced retail banking services which claim to be *'Sharia-compliant'*. It is noteworthy that an introducing new financial services required the acquiring banks to change the hierarchical structure of the acquired banks, which revealed another innovative way. Another innovative way is the 'Profit concept' that changing the mentality of the local staff from that of a 'public bank' to that of a 'private bank'.

In view of the prior results, the proposed fourth research proposition(*P4):'A foreign bank' motivation to acquire the local banks within the host country encouraged positively by the acquiring banks' having entrepreneurial traits in terms of having risky and* *innovative capabilities and also having an orientation of enhancing the coalition performance'* is accepted, but should be restated, in rank, as that *(P4):'A foreign bank' motivation to acquire the local banks within the host country was encouraged significantly positive by the acquiring banks' having entrepreneurial traits in terms of having risky and innovative capabilities and having an orientation of enhancing the bank' performance by increasing market expansion and shareholders' values'.*

In view of the results of the third and fourth research propositions, the third research question *(RQ1.3): How did the international banks go abroad to adopt international strategies in other countries?* was answered. Since the current researcher found that the foreign acquisitions of local banks as a result of the acquiring banks' possession of significant Ownership-advantage of resources (*P3)*and strategic capabilities(*P4).* Therefore, this study was able to find a relationship between the cross-border firms' Ownership-advantage of specific characteristics and the decision of international firms to adopt M&A strategies.

Furthermore, with regard to the aforementioned results of(*P1), (P2), (P3), and(P4),* the current study was able to relate the two components of eclectic theory(Locational and Ownership advantages), to the entry strategies of the larger firms and verified the theoretical hypothesis of the recent development of OLI-paradigm.

To conclude, in adopting M&As across the borders, there are various factors that significantly encouraged the cross-border acquisitions of the local banks. These factors are related to the host country's institutional factors and the acquiring and acquired banks' resources factors.

7.4.3 Discussing an emergence of other factors and other rival propositions

7.4.3.1 Discussing an emergence of other new factors

Firstly, as seen earlier in Chapter-5-, the current study verified that the host country's institutional factors played an important role in adopting the entry strategies by the banks. They involve L-advantage factors, which include the regulatory quality features, the legal protection features, the infrastructure features, the social features, and the transparency features. Besides these factors, the qualitative data discovered other institutional features of the host country *such as the location of the host country, its market size(big population), and its historical relationships with the allied countries to the home country and the host country's interest rate(high rate).*

Secondly, the current study investigated the local banks' characteristics that encouraged other foreign banks to acquire these local banks in particular. The local banks' characteristics enabled the acquiring banks to achieve a number of advantages within the host country. The current study verified that the acquiring banks were looked for the general status of the acquired banks, which involve the sold banks' reputation and their financial performance. Furthermore, the acquiring banks were looked for competitive strength criteria in order to gain a competitive advantage in the host country, and this includes the sold banks' size and their resources. Then, the acquiring banks were looked for technical capability criteria that can match the international standards to facilitate the foreign bank's setting up in the new environment. And it involves the sold banks' tacit knowledge and familiarity with technology use. Besides these factors, *the acquiring banks, according to the qualitative data, were also searched for the cheap selling prices of the local banks and for the nationality of the sold banks.*

Lastly, not only the local banks' characteristics have influenced the adoption of entry strategies but also the foreign banks 'ownership of the advantages is also considered influential in adopting entry strategies. The acquiring banks' Ownership-advantage includes reputation, bank size, international experience, and technical capability. Besides these factors, there are other advantages, according to qualitative data, such as the *nationality of the acquiring banks.* Furthermore, the acquiring banks' Ownership-advantage of strategic capability includes the acquiring banks' entrepreneurial capability, which consists of a willingness to take risks and having innovativeness capabilities in order to enhance the coalition performance through increasing market share, growth, and stakeholders' values. Besides these factors, the acquiring banks' strategic intent was involved also, according to qualitative data, *following the bank's clients abroad and regional expansion.*

7.4.3.2 Discussing an emergence of other rival propositions

Firstly, It is noteworthy that parallel to the major role of the host country's laws, the home country's laws also played an implicit main role, in a number of the studied cases, in motivating the foreign banks to go abroad and adopt strategies across the borders as, according to a senior interviewee of Intesa Sanpaolo Bank that the bank went abroad and adopt the international strategy in order to deal with anti-trust laws within its home country. As these anti-trust laws did not allow the banks in Italy to have more than(25%)of the market share of the banking sector, so as to avoid monopolizing the banking sector. This is also verified by(Interviewee10, Executive manager, Kuwait National Bank). Accordingly, a new research question*(RQ2)emerges as follows : To what extent the regulations of the home country have an effect on the international banks to go abroad? This suggests another research proposition(P5): 'An initial motivation for the foreign banks' adoptions of entry strategy –M&As- is related significantly by their home countries regulations'*.

Secondly, there is a role of the culture in influencing the foreign banks' ownership shares across the borders. Since most of the cross-border banks –under study- placed around masculinity, around the power-distance, and more closed to high uncertainty-avoidance features. The high uncertainty features of all the foreign banks interpret why the foreign banks owned considerable shares in the sold banks' assets. Accordingly, the new research question*(RQ3)*emerges as follows: *To what extent the culture of the home country have an effect on the international banks to go abroad? And this emerges the new research proposition(P6)**:** 'An initial motivation for the foreign banks' adoptions of entry strategy –M&As- is related significantly by their home cultures, especially, uncertainty dimension'.*

Both propositions should be investigating in-depth by future research.

7.5 The Study's implications & recommendations.

7.5.1 The study's implication for the literature.

First, this study investigated the factors behind the foreign acquisitions of the local banks within Egypt, the host country. It is noteworthy that most FDI studies have been applied to the developed and emerging economies and neglected the developing countries, especially those in the Middle-East. Therefore, this study provides genuine findings of applying FDI theories in a developing country, which provided modest contributions compared to the developed countries. Hence, this study verifies FDI theories in a new context, that is, in Egypt. By its application to a new context, this research was able to discover similarities and differences between the developed and developing countries. Hence, this study encourages researchers to examine any location of the world as a possible field of study for the application of FDI theories.

Second, theoretically, this study adds to the body of knowledge by drawing a theorised model about the M&A formation process by combining a number of different drivers involved the host country and the home country factors. Regarding the host-country factors, they involve in the host-country and the local-firm factors. Regarding the home-country factors, they involve the factors of the foreign-firms themselves. The researcher derived this theorised model and its drivers from both the previous empirical findings, which contributed to the researcher's understanding of the phenomenon understudy. These drivers clarified the different roles of the host-country institutional features, the local and foreign banks' specific characteristics and the strategic orientations in the M&A formation process. To the best of the researcher's knowledge, the entry strategies studies were applied the host country's features, the local-firms features and the international firms' features separately. Therefore, this study shed light on the whole mechanisms of forming M&A strategies, to some extent, through jointly applying the host-country drivers and home-country drivers.

Third, concerning the countries' institutional features since there is a recent orientation amongst the scholars to extend L-advantage to include the countries' institutional factors, this thesis adopted Dunning's(2006a) recent view of L-advantage that included a comprehensive view of the country's institutional features. Seeing that since globalisation, countries' institutional factors have considerable roles in motivating FDI strategies because of their influences on the efficiency of transaction costs, the resources, and the capabilities of cross-border firms(Dunning, 2006a). Additionally, by matching the theoretical and the observed patterns, the researcher discovered other features of the country's institutional features that may affect the adoption of M&As within the country.

Fourth, methodologically, to the best of the researcher's knowledge, most previous studies in banks' M&As depended on secondary data, hence, the banking sector has a shortage of studies that applied primary data in data collection to directly examine the bank M&As. So, the current study applied a practical questionnaire and interviews besides secondary data in examining the formation of M&A strategies. Thus, this study adds to the body of knowledge, mixed research methods in collecting data to examine profoundly the entry strategies, So, this study verified theories of entry strategies through using primary data(questionnaire and interviews)and secondary data(the WGI reports issued by World Bank and, the GCR Reports issued by WEF, and competitiveness reports issued by ACR, other national and world reports). Furthermore, by adopting pattern matching in considering the findings, this study was able to draw a practical pattern that clarified the role of main drivers in the study and discovered other drivers, and uncover themes that may influence the foreign bank M&As. By adopting that type of methodology, this study encourages other researchers to follow the same route as a potential means to examine thoroughly the entry strategies.

Fifth, to the best of the researcher's knowledge, most previous studies in M&As in the banking sector, especially, depended on indicators related to the countries and host firms without addressing any of entry strategy theories. Whilst this study applied international indicators found at the country-, and host-and home-firms levels, such as the countries' regulatory, social, legal, infrastructure, transparency features; the partner-banks' specific resources and strategic orientations of the foreign banks and then related them to entry strategy theories to verify them in a new context -Middle-East region context-

Lastly, this study provides more information about the procedures of cross-border M&As in the local market. Thus, this study was able to collect facts about *'how the formation' process of M&A strategy was executed within Egypt'*. In view of that, investigating the factors involved in the formation of M&A strategies within Egypt may contribute to understanding their outcomes, particularly any inappropriate outcomes, of these strategies. So, investigating the pre- M&A phase can contribute to understanding the outcomes of the newly merged firms. Consequently, this study can be a starting point for future research into post- M&A strategies in Egypt.

7.5.2 The study's recommendations for the business actors.

First, although the foreign banks took into their considerations the potential risks of adopting international M&A strategies; this study showed that the foreign banks mistreated one of the most important risks when they go abroad. This risk related to local staff members, who left their banks after the foreign acquisition. These local staffs' behaviors led to a significant threat for the acquiring banks' performance following M&As. Thus, the foreign banks should pay attention to the issues surrounding local staffs in order to prevent them from leaving and moving to rival banks, taking the banks' clients with them. Thus, upon completion of M&As, the new management should pay attention to the local staff members' functional degrees, how they can be promoted to the upper levels of the firm, salaries and the annual profits system, training courses, and their financial rights, must all be addressed, otherwise, the acquiring banks shall lose much-needed local staffs who have both skills and experiences in managing the bank, especially, its branches after M&As and who have important local and tacit knowledge about the bank' clients. Consequently, the acquiring banks may lose a large proportion of the banks' clients as a result since the local employees are responsible for keeping the loyalty of the banks' clients base following M&A.

Thus, it is recommended that when the acquiring banks bring in their own members of staff, they should avoid lowering the local employees' functional degrees since this will reduce their salaries, annual profits, opportunities for promotion, etc., which will encourage the local staff to leave the bank and join rival banks. Thus, the acquiring banks should have a plan to address this issue and introduce a functional structure which will lead to a satisfactory increase in the local staff' salaries, whilst offering promotion opportunities and training courses. By this way, the acquiring banks will be able to keep more of the efficient staffs, especially, who are related to the bank's clients, and hence, the acquiring banks keep the loyalty of the customers of the sold banks. Since the sold banks' clients have pre-existing relationships with the local staff and would potentially withdraw their business if the local staffs left. This would almost certainly negatively affect the acquiring banks' performance in the local market.

Additionally, after the acquisition, the acquiring banks should not reduce the size of the acquired banks' staff, but should instead invest in the existing staff by developing their skills and harnessing their experiences, rather than disposing of them since they considered more experienced and skilled staff in managing the bank, especially the branches of the bank since the local staffs are more knowledgeable of the banks' clients in distant zones.

Second, it is noteworthy that selling local banks to the international banks might benefit the host country at the time of selling through a number of advantages, such as meeting the country's financial needs and bringing in foreign currency, especially at times of crisis. Furthermore, by existing the international banks in the country, its financial system can utilize the international banks' know-how capabilities and foreign management's expertise. Moreover, the presence of international banks in society can enhance and increase competition in the local market and international banks can introduce new business culture, develop new services and expand by setting up new branches in new areas. However, a questionable query exists amongst the locals, which is, where is the corporate social responsibility(CSR)of the existing international banks? It is noteworthy that foreign banks should seriously take their CSRs into account, considering that a lack of CSRs could represent a threat facing the existence of foreign banks in the host country; especially when foreign investors move their profits outside of the host country rather than utilizing them to benefit the host country. An example of CSR that one of the international banks, Intesa SanPaolo bank, is undertaking is that the bank has taken part in a social initiative called 'CSR For My People'. In this initiative, the bank engaged in a number of effective activities related to local communities, such as providing open-heart operations, equipping operation rooms, the inauguration of educational centers for mentally challenged children, as well as carrying out health awareness campaigns in public schools and improving the quality of life in underdeveloped areas and slums. National Bank of Kuwait has adopted various CSR initiatives in its home country, such as educational, environmental, health, professional and athletic programs.

Third, the study's results show that the foreign banks were interested in diversifying their services by investing in retail banking activities (I.e. retail and household activities and

SME) more than investing in the corporate banking activities (large manufacturing and services enterprises), so as to quickly make short-term profits and to return-back their financial investments. However, the local society would soon begin to realize that the foreign banks' financing policies were not benefited the local society, but they try to damage the local society's trade and industry policy by transferring the local society from being producing to consuming. Thus, international banks should balance equally between their financing of retail banking activities and their financing of corporate banking activities. This could be achieved through the foreign banks' financing of a number of corporate activities(manufacturing and service enterprises) equal to financing the retail and small enterprises in order to benefit the local society. Since investing in corporate banking activities is perceived to demonstrate that foreign banks are interested in CSR seriously in the local society. Consequently, the foreign banks would avoid conflicts with the local society in the future.

Fourth, according to the secondary data, Egypt was one of the countries with low levels of transparency in general between the years 2005-2009(WB, 2009). And this period has witnessed a wave of local banks being sold meaning that low levels of transparency of the country did not represent an obstacle for cross-border firms to adopt international M&A strategies within the country. Instead, the foreign banks got benefit from low transparency countries by having low-priced deals as occurred in the current study(according to the interviewees).

7.5.3 The study's recommendations for the policymakers of the host country.

This study provided implicitly a critical assessment of the M&A phenomenon, formation process and its consequences in a specific time and whether or not the foreign banks M&As in Egypt can make a vital contribution to the national economy as a whole, and to individuals, as follows:

First, the policymakers should be enacting the legislation and laws that regulate the rights of local staffs in case of selling their banks to a foreign investor. Such rights, as raised by the current study, involve the annual increase in the workers' salaries and the annual profitability rates and linking to their career grades, allowing them to upgrade and career progression. Accordingly, the decision-makers of the local banks must decide the rights of the local workers before making a decision to sell the local banks to a foreign investor. As a result of that, the local authority will avoid any collision between the local workers and the new management after selling their local banks. Additionally, in the long run, the local authority and society will be avoided the threat of unemployment amongst their local workforce since the local workers may be left their banks after selling them due to lack of fulfillment of theirs careers advancement and ambitions and due to lack of financial returns.

Second, the policymakers should be enacting legislation and laws that regulate social responsibility for the banks sold to foreign investors in order to create a balance between the benefits and risks of existing foreign enterprises in the local market. For instance, according to the study's discussions and the secondary data of the international banks' financial services, most of the international banks' financial services were focused on retail banking activities rather than other types of financial services. For instance, the largest part of Intesa SanPaolo Bank's financial resources went towards financing retail and personal banking activities; the largest part of Blom Bank's products and services were all related to short-term operational activities(consumer credit cards: personal, car, mortgage, boat; import/export financing, short-term operational financing, Letter guarantees, foreign exchange transactions) more than long-term activities that financing large manufacturing and services enterprises; and Abou-Dhabi Islamic Bank's retail banking activities were the main part of the bank's operations since, the bank's retail portfolio grew to reach about EGP 13.5 bn in 2013, while corporate banking activities reached about EGP 4.1 bn(according to Annual Report, 2013).

The result of these banking policies appears in the transformation of the local society into a consuming-based rather than a productive one. Mainly, the reason for this is due to the laws in place, which reduced restrictions on the foreign banks' activities, to facilitate the sale of the local banks. According to this law, foreign banks are allowed to finance small and medium enterprises(I.e. the retail and short-term banking activities such as the loans of cars and households)more than finance large manufacturing activities(corporate and long-term banking activities). As a result that, these policies would deprive the national economy of the advantages of the existence of large and long-term manufacturing and services enterprises. Therefore, the policymaker should issue other laws that control the activities of cross-border banks; otherwise, their policies would harm the national economy. Thus, from the researcher's point of view, a more precise study is needed to evaluate the feasibility of selling the local banks to foreign investors and their benefits to the local society in the short and long -ranges. Especially, the country would lose its main sources for financing its large enterprises. Thus, it is recommended that the policymaker of the country should have a more in-depth evaluation of the consequences of existing foreign banks in the local society compared to the achievable returns that the foreign banks get in the present and in the future, especially the main aim of international banks is that to achieve rapid profits in a short time and then, to transfer these profits to their home countries.

Third, the policymakers should be enacting laws and legislation that prohibit the sale of the local banks during the time of the country's financial crises, since the current study found that the local banks were sold at low prices in the crisis time. It is noteworthy that during crises, any local assets are mainly responsible for bringing in financial resources to the country, and when the country sold its local assets at low prices, it definitely loses extra financial resources that would reflect huge costs to the country. This is because the foreign banks may sell the assets of the sold banks later at higher prices than that they paid at the time of the acquisition, which represents further costs to the host country. This implies that before selling the local bank, its original assets were managed inappropriately under the old management, and after selling it to a foreign investor, the value of the local banks' assets would rise for the reason that the 'stripped assets' were placed under better management(Lall, 2002, UNCTAD, 2000a). As a result, selling high-quality local banks at lower prices added extra costs to the country. Thus, the policymaker should consider other alternatives to selling the local assets firstly, which is to place these local assets under good management to improve them, and then if they were unable to improve these assets, they should sell them.

Fourth, the policymakers should be enacting laws and legalizations that oblige decision-makers within the country not to sell the assets of the country's institutions except on a scientific basis by means of scientific committees accompanied by feasibility studies to decide whether these assets are in need to be sold or are in need of development and better management. According to the exploration study that the low prices of the sold banks caused by faults in evaluating their selling prices. This is because the decision of selling the local banks to a foreign investor was made on a random basis rather than a scientific basis.

Fifth, a country should give great priority and importance to its infrastructure in order to attract foreign investment to it. According to the study's results, paying attention to the country's infrastructure, including technology, a human element, and their training, transportation, roads, and communications, and the most important, the societal awareness shall increase the presence of foreign investment within the country.

Finally, enacting laws and legislations that oblige foreign investors to commit to developing the banks they buy in order to ensure the upgrade and development of the productive elements in these banks. As, according to the study's exploration, a number of the acquiring banks did not make any substantial changes, whether technology transfer or training programs, to the acquired local banks. This may be because the international banks considered M&As strategies as changing ownership of the local assets rather than performing significant changes to the sold assets. Therefore, it is recommended that instead of selling the local banks to foreign banks, the country's policymaker should allow the foreign banks to adopt greenfield strategies rather than M&A strategies since greenfield strategies include the introduction of a new production unit with new equipment, new technology and the development of new skills and information systems(Maucher, 1998). Furthermore, greenfield strategies build a new production unit in the country, whilst M&A strategies denationalise the country's assets to add them to the foreign business(Lall, 2002).

Thus, this study's results bring to light that the decision-makers of the country should oversee the local assets after selling them in order to bring them up to competitive standards that can benefit the local society and its individuals.

7.5.4 The study recommendations for the policymakers of the home country.

First, According to the study’s exploration, the regulations of the home country that decided the market share of its banks, are the first spark for launching its banks their regional surroundings and then to their continental surroundings. Despite the positive results of these laws that they facilitate the establishment of the transcontinental banks, continuing with these laws could lose the home country's important financial resources to funding its projects and individuals. Thus, these laws are considered a repellent of firms' financial resources.

Second, According to the results of the study, international banks achieve a lot of privileges and returns as a result of investing their financial resources out of the home country, therefore the home country must enact laws and legislations that oblige the banks that go abroad to be socially responsible toward their home society, as a result of losing a one of its financial resources.

Third, According to the results of the study, the decision-maker in the home country can predict where their national investments will go. According to the current study’ results that the historical relations between countries, even if the historical relations exist between the host country and countries friendly to the home country, play an important role in choosing the host country for foreign investment. For instance, Intesa SanPaolo Bank chose a country like Egypt as a destination for Italian investments based on the existence of historical relations between Egypt and the friendly countries of Italy(United Kingdom).

Fourth, Also, the decision-makers of the home country can predict to what extent its enterprises have in their minds the intention to invest out of their home countries. As according to the results of the study, the vast majority of the studied international banks are those who have a masculine background. Accordingly, the home country can plan and enact laws to limit the exit of national funds in order to exploit them within the home country.

7.6 Originality of the study

First, this study analysed the motivations for the cross-border acquisitions of the local Egyptian banks. Therefore, this study is the first study investigating the drivers behind the international banks' adoptions of M&A strategies in a developing country, in this case Egypt. Consequently, the study's topic demonstrates this study's originality because most previous studies about FDI dealt with developed and emerging economies. Therefore, this study contributes to the body of knowledge and provides a new applied field of FDI theories in a developing country generally, and in the Middle-East region in particular.

Second, most previous studies in the M&As depended on secondary data as the main data source in verifying the theories of entry strategies. Thus, this study's originality emerged from the study's application of case study strategy, where primary data, a questionnaire and interviews, supported by secondary data are used to examine the foreign banks' M&As strategies in the host country. Using a case study strategy enables the researcher to examine the phenomenon understudy contextually, where qualitative data enabled the current researcher to get in-depth the phenomenon understudy. In view of that, this study adds to the body of knowledge since the current study applied different sources of data to verify the entry strategy theories and to get in-depth the studied phenomenon and investigated it contextually.

Third, It is noteworthy that most previous studies that were done for verifying the countries' institutional features depended on secondary data of WB reports, WEF and IMD reports. By reviewing their measurements for the countries' institutional pillars, the World Bank indices, for instance, it can be concluded that the entry strategies studies relied on 352 individual variables measuring perceptions of the countries' institutional features that were constructed by 31 different organisations, instead of depending on enabling and exact factors that connected directly to the studied phenomenon. In view of that, these studies are considered inadequate because of their dependencies on much more variables that related or unrelated to the studied phenomenon –entry mode strategies-. Alternatively, the current study focuses on the enabler and more related factors that contributed to the studied phenomenon–entry strategies-. So, this study avoids the limitations of the previous studies, which applied vast measurable variables of the country's institutional features.

Fourth, the current study verified the recent view of the OLI framework that emphasised the role of the country's institutional features in deciding entry strategies in the other countries. The country's institutional features involve the country's regulatory quality features, legal institutions, infrastructure features, transparency features, and social features. It is noteworthy that the old view of L-advantage of the OLI framework referred only to the role of the country risk and market size and growth in deciding the entry strategy type.The current study's findings came to verify the role of the market growth and size besides the role of the country's institutional features on shaping entry strategy.

Fifth, in investigating entry strategies, most previous studies applied, the country and bank-partner characteristics; from the one hand and the foreign banks' strategic and managerial orientation, from the other hand. However, this study investigated the factors of forming M&As strategies in a developing country, by combining different factors found at different levels: at the level of the country's institutional features, at the level of bank-partners characteristics, and at the level of bank-partner strategic and managerial orientation. By combining these levels theoretically and empirically in a matching-pattern, so, this study adds to the body of knowledge by creating an integrated pattern involving integrated factors that contributed to the formation process of M&A strategies.

7.7 Limitations and future research

This study had a number of limitations that might be considered new areas of research in the future.

First, this study's dataset involved 33 questionnaires distributed to top-level managers of six acquiring banks. In all, six banks formed the basis of the study. So, future research should examine a larger number of banks in order to generalise the study's findings over larger numbers of banks.

Second, this study can be generalised only to the Egyptian banking sector and could not be generalised to the country's other sectors. Consequently, future research can examine the current study's observed-pattern in the other sectors in order to generalise the study findings to other sectors in Egypt.

Third, this study applied the Likert-scale to collect quantitative data from the foreign banks' senior staff about the M&A phenomenon in Egypt. In this context, the researcher believes that Likert-scale may cause research bias, which was avoided by following a number of strategies including being careful during data collection and supporting the distributed survey by conducting interviews. Future research should employ another Likert-scale to collect quantitative data that can avoid research bias to an extreme extent.

Fourth, the current study examined the country's transparency from the decision-makers' viewpoint. However, instead of measuring transparency from this perspective, future research ought to work towards developing scales that examined 'transparency' from the perspective of the operational levels(Relly and Sabharwal, 2009). This was because few scholars had examined public perceptions concerning transparency of policy making. Furthermore, the previous global measurements were US-centric and based on developed countries(Relly and Sabharwal, 2009).

Fifth, one of the current study' findings that the acquiring banks' home country regulations has initially a role in encouraging firms to adopt international strategy. So, future research should investigate this point and draw a model to clarify the role of the home country regulations in the initial stages of adopting internationalisation. This is because the qualitative data of the study discovered that the initial movement of the foreign banks caused by their home countries' regulations in terms of existing anti-trust regulations.

Sixth, one of the study's findings is that the studied banks that have considerable ownership shares in the acquired banks' assets are from high uncertainty-avoidance countries. Within this context, (Hofstede, 1983, Hofstede, 2001) paid attention to the cultural role in shaping the individuals' behaviours, orientations, and actions. Thus, it is recommended investigating the influence of cultural dimensions on the cross-border firms' actions and behaviours. Within this context, Hofstede(2001)suggested four dimensions of culture: power distance, uncertainty avoidance, individualism and masculinity, which could be regarded as a further reference to the studies of non-Anglo-Saxon origins in explaining practitioners' actions from a variety of national backgrounds. He added that these four culture dimensions are needed to be applied in various fields such as public administration, information technology, international business, accounting and management control, total quality management, business ethics in order to investigate the practices of the national culture in these fields. Thus, it is recommended for future research to investigate the effect of the culture dimensions in order to assess the effects and consequences of the four cultural dimensions on organisational, national and international strategies (Hofstede, 2001). In this case, Hayton et al.(2002) stated that

> *'…larger sample sizes and more sophisticated multivariate analyses are necessary for future studies of culture and aggregate measures of entrepreneurship'(48).*

Seventh, the current study's main theoretical and conceptual framework can guide the researchers to the process of forming M&A strategies within the host country using a specific factors found at the host country and local-partner levels. The in-depth interviews undertaken in this study clarified that there were other factors, at the country and bank levels, which encouraged the adoption of international strategy, such as easy communication between the merging firms, historical relationships between the merging banks, the acquired banks' nationalities, the population size of the host market and low prices of the acquired banks. In view of that, future research can verify these emerged factors empirically which exist, at the host-country and local-firm levels.

Appendices:

Appendix 1: Study Questionnaire

An Examination of the motivations for the foreign acquisitions of the Egyptian local banks.

Dear Sir or Madam,

This questionnaire is designed to examine cross-border M&As in Egyptian market. Adoption of M&As across the borders can be influenced by the host country's institutionalized activities which include, for example, property rights; investment incentives and country regulations; and the country's culture. The host country institutional features can facilitate or constrain the acquisition strategy by other banks in the international market as, sometimes, country regulations, rules and laws, bank regulatory factors, and investor protection features, economic and social features influence the bank's strategy of cooperation with other partners in the international market. On the other hand, questions about the management practices and the acquired and acquiring banks' criteria, influence, also, the decision of involving in M&As strategies.

Your bank has been selected for this study based on a random sample. The study is purely academic and the data, which you provide, will be used only for scientific research. Your answers will help us to gain a better understanding of the effects of country-institutionalized activities and other international partner's criteria on adopting an acquisition strategy. Where possible, the questionnaire should be completed by the person(s)who is/are in charge of the major decisions within your bank(Chief-executive officers, top-management or executive managers), who do not have less than 6 years' experience within the current bank.

Of course, you are not required to identify yourself and your response will be kept strictly confidential. Only members of the research team will have access to the data you give and the completed questionnaire will not be made available to anyone other than the research team. An executive summary of the major findings of the research can be sent to the participating banks. If you would like to receive a copy of the summary report, please include the relevant forwarding address at the end of the questionnaire.

We very much appreciate your kind cooperation in this research and the research team hopes sincerely that you will find the study of interest and hopefully, also, to your bank.

Thank you very much for your time and cooperation

Yours sincerely,
Heba-Allah Abdel-Aziz
PhD Candidate,
Hull University
Business School.
hebamod@hotmail.com.
http://www.surveymonkey.com/s/X5SGTWJ

2. Section A(1):

In this part, the questions concern the country institutional determinants and their effects on your decision to adopt a cross-border acquisition strategy with banks across borders. We mean the country institutional determinants that hey involve the bank regulations, legal features, economic features, social features and transparency features. Please circle the number that reflects(1 =strongly Disagree, 2 = Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree)to what extent you think each of the following items influences your bank decision to adopt a cross-border acquisition strategy.

The items	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
Q1.: The country's regulation of allowing full foreign ownership of the local banks encouraged the bank M&As.	1	2	3	4	5
q2: Lowering of restrictions on bank's ctivities/operations encouraged the bank M&A.	1	2	3	4	5
Q.3: Strength of supervision of the local banks encouraged the bank M&A.	1	2	3	4	5
q4: The orientation towards achieving fair competition encouraged bank's strategy.	1	2	3	4	5
Q5: The government's ownership of the bank's assets did not hinder the bank's strategy.	1	2	3	4	5
Q6: Property rights laws over foreigners' financial assets encouraged our decision.	1	2	3	4	5
Q1.2.2: Arrangements for investor's protection of property rights encouraged our decision.	1	2	3	4	5
Q7: Arrangements for law enforcement encouraged our decision.	1	2	3	4	5
Q8: Arrangements against investor's property rights expatriation encouraged our decision.	1	2	3	4	5
Q9: The distributed Infrastructure of services and facilities encouraged our decision.	1	2	3	4	5
Q10: The country's home base of technological development and application encouraged our decision.	1	2	3	4	5

The items	Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Q11: The country's home base of human infrastructure encouraged our decision.	1	2	3	4	5
Q12: The cultural value system had a positive orientation towards globalisation.	1	2	3	4	5
Q13: The cultural value system had a positive orientation towards globalisation.	1	2	3	4	5
Q14: The cultural value system had a positive orientation towards globalisation.	1	2	3	4	5
Q15: There was transparency in the acquisition rules of the local bank.	1	2	3	4	5
Q16: The procedures of acquisition were implemented clearly to your bank.	1	2	3	4	5
Q17: There was a clear understanding of the rules of undertaking M&As strategy.	1	2	3	4	5
Q18: There was transparency in the acquisition rules of the local bank.	1	2	3	4	5

What other the host country institutional factors that encourgaging your bank to adopt M&As within the country?
(A list of the interviewees answers of the other factors)
1.
2.
3.
4.

3. **Section B(1):**

The acquired banks’ selection criteria: When selecting your partner for the acquisition strategy, how important is each of the following characteristics in encouraging the bank’s decision to adopt a cross border acquisition strategy. Please circle the number that reflects(1 =strongly Disagree, 2 = Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree).

The items	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
Q1: A prior positive experience with the local banks encouraged the bank in its M&As strategy.	1	2	3	4	5
Q2: Trust in the management teams of the local banks encouraged the bank in its strategy.	1	2	3	4	5
Q3: The local bank’s size encouraged us to adopt M&As.	1	2	3	4	5
Q4: The local bank’s resources encouraged us to adopt M&As.	1	2	3	4	5
Q5: The local bank’s familiarity with technology application encouraged us to adopt M&As.	1	2	3	4	5
Q6: The local bank’s developing new knowledge encouraged us to adopt M&As.	1	2	3	4	5
Q7: The local banks’ having tacit knowledge encouraged us to adopt M&As.	1	2	3	4	5
Q8: The local bank’s reputation encouraged us to acquire the local bank.	1	2	3	4	5
Q9: The local bank’ financial status encouraged us to adopt M&As.	1	2	3	4	5
What other local banks’ specific criteria that attracted the international banks to acquire them? - (list of various responses) 1. 2. 3. 4.					

- **Section C(1):**

Questions in this part concern with the acquiring banks' Ownership-advantage of resources that encouraged them to adopt acquisition strategy. Please circle the number that reflects the level of preference of the following items(١ =strongly Disagree, 2 = Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree).

The items	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
Q1:International bank's size encouraged the bank to adopt M&As.	1	2	3	4	5
Q2:International bank' international experience encouraged the bank to adopt M&As.	1	2	3	4	5
Q3: International bank's experience with technology application encouraged the bank to adopt M&As across borders.	1	2	3	4	5
Q4 : International bank's abilitiy to develop new knowledge encouraged the bank to adopt M&As strategy.	1	2	3	4	5
Q5:International bank's reputation encouraged the bank to adopt M&As strategy.	1	2	3	4	5
From your view, what other resources that encouraged the bank to acquire the local bank? **1.** **2.** **3.** **4.**					

- **Section D(1)**

Questions in this part concern the management practices when an acquisition strategy is adopted. Here, in this question, the researcher wants to capture the managers' practices in adopting and formulating a cross border cooperative strategy with other banks. Please circle the number that reflects the level of preference of the following items(١ =strongly Disagree, 2 = Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree).

The items	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
q1 : Our bank management always encourages new product or service ideas for the international markets.	1	2	3	4	5
q2: Our bank management considered the opportunity of international markets than that of the domestic market.	1	2	3	4	5
q3: Our bank management was having innovative ways of exploiting the opportunities of international market opportunites.	1	2	3	4	5
q4: Our bank management always is willing to consider new clients abroad.	1	2	3	4	5
q5: Our bank management was continuously searching for new international markets.	1	2	3	4	5
Q6: Our bank management was having a clear vision of cross-border risks.	1	2	3	4	5
Q7: Our bank management had valued the opportunities of internationalisation.	1	2	3	4	5
Q8: Our bank management was willing to take advantage of internationalisation.	1	2	3	4	5
Q9: Our bank management was tolerant to any potential risks of internationalisation.	1	2	3	4	5
Q10: M&As will improve the bank' growth.	1	2	3	4	5
Q11: M&As will improve the bank' market share	1	2	3	4	5
Q12: M&As will improve the bank' profitability.	1	2	3	4	5
Q13: M&As will improve the bank' overall performance.	1	2	3	4	5
Q14: M&As will improve the bank' shareholders returns/profits.	1	2	3	4	5
Other strategic orientations: 1. 2.					

Section E:(General Information):

1. **Bank Name:-------------------------**

Please Tick [X] in front of your answer:

2. **Before Acquisition, the bank was :**

1	State bank
2	Private bank
3	Joint bank between private and state.

3. **Gender :**

1	Male
2	Female

4. **Your Managerial position is:**

1	Member of Board of director
2	Executive Manager.
3	Top-management team.
4	General Manager.
5	Other(specify)...........................

5. **Experience within the bank:**

1	6-9
2	10-14
3	15-over
	Others(--------------------------)

Ended

4. <u>Appendix 2 :</u>

<u>Interview Questions:</u>

- Concerning section A of the questionnaire: why you are mostly agree/disagree or strongly agree/strongly disagree with the statement(1)or(2)or(3), …?.
- Concernign section B of the questionnaire: why you are mostly agree/disagree or strongly agree/strongly disagree with the statements(1)or(2)or(3), …?
- Concerning section C of the questionnaire : why you are mostly agree/disagree or strongly agree/strongly disagree or strongly agree/strongly disagree with the statement(1)or(2)or, …?
- Concerning section D of the questionnaire : why you are mostly agree /disagree with or strongly agree/strongly disagree disagree with the statements(1)or(2)or(3), …?

Appendix3:

Tests of normality of the acquiring banks responses:

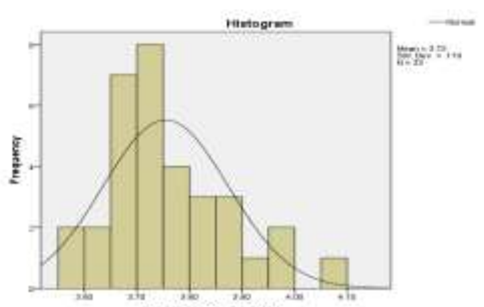
Descriptive

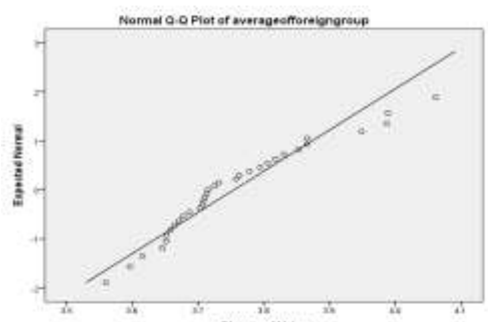
		Statistic	Std. Error
Mean		3.7546	.02075
95% Confidence Interval for Mean	Lower Bound	3.7123	
	Upper Bound	3.7968	
5% Trimmed Mean		3.7491	
Median		3.7147	
Variance		.014	
Std. Deviation		.11922	
Minimum		3.56	
Maximum		4.06	
Range		.50	
Interquartile Range		.16	
Skewness		.881	.409
Kurtosis		.390	.798

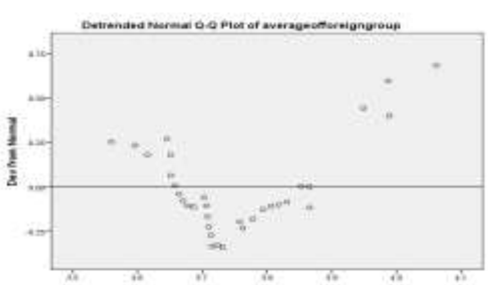
Tests of Normality

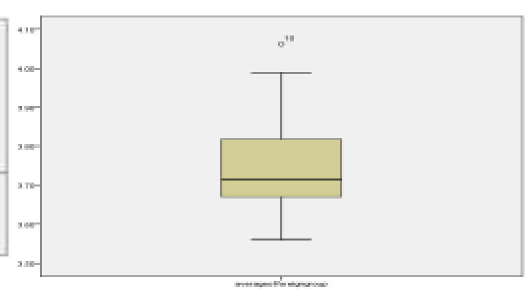
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Tests of normality of the senior staff of the acquiring banks	.152	33	.050	.935	33	.050

a. Lilliefors Significance Correction









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