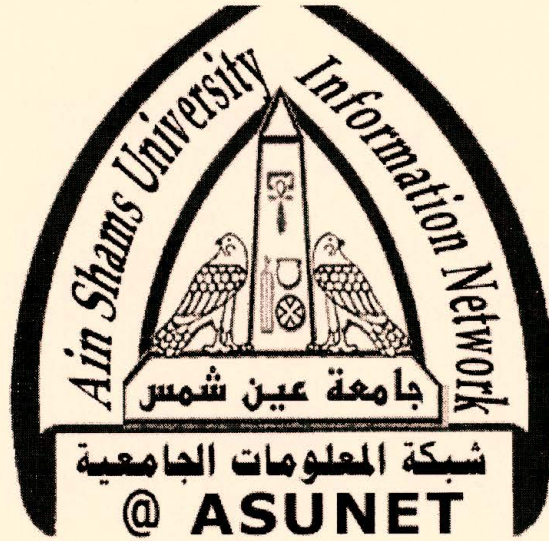




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شبكة المعلومات الجامعية التوثيق الالكتروني والميكروفيلم



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The University of Alexandria
Faculty of Commerce
Business Administration Department

Determinants of the Choice of International Technology- Transfer Mode: The Experience of MNCs Working In Egypt

A Thesis

**Submitted in partial fulfillment of the requirements for the
Master's Degree of Science**

In

International Business

Submitted By:

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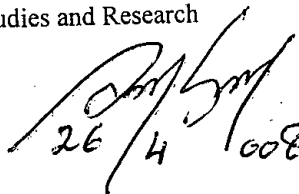
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بسم الله الرحمن الرحيم

"قل بفضل الله وبرحمته فبذلك فليفرحوا هو خير مما يجمعون"

صدق الله العظيم

(سورة يونس الآية 58)

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*This Thesis is Dedicated to All the Members of My Beloved
Family.....*

Abstract

Technology Transfer (TT) has been a major issue in International Business academia since the early seventies. The original theory, however, ignored to a large extent the economic costs and business aspects of the process, it concentrated on the 'public good' nature of technological knowledge and on its ability to move at low cost across countries. Gradually it was realized that costs are involved in creating the needed infra structure, in training professional staff in host countries to be able to install and operate the new technologies and to adopt the transferred technologies to local needs. The literature on TT indicates the superiority of Multinational Corporations (MNCs) as agents of these transfers. In addition to the Transaction Cost Economics Theory (TCE), many theories have been put forward to explain the TT activities of MNCs; examples include among others the Appropriability theory, the Imperfections in International Technology theory, and recently: the Resource Based View (RBV). From a RBV perspective MNCs has the option of choosing among a wide variety of TT modes, ranging from indirect/externalized modes of transfer like granting a licensing agreement at one end, to direct/internalized modes of transfer like establishing an affiliate in host countries at the other end. The first group of modes requires low resources involvement; yet, the second group of modes requires high investment in resources. The question of what determines the MNC's choice of a TT mode remains undetermined, this is due to many reasons among which include the difficulty inherent in defining and measuring related constructs; the interrelationship among several variables; the difficulty of collecting relevant data; cultural differences among transferors and receivers and industrial differences.

Many scholars have tried to answer the question of what determines the mode of TT; yet, most of the studies concentrated on one aspect of the process and neglected others. To be able to determine the exact factors which underlie the MNC choices all related variables need to be considered, these include: Transferor related variables, Transferee related variables, Technology related variables, Home Country related variables and Host Country related variables. The interaction of these five groups of variables is what determines the mode of TT. This research has tried to examine the combined effect of these five groups of variables on the MNCs' choices of a TT mode to Egypt in the context of the RBV, through examining the effect of five independent variables, namely: protectiveness of transferor; transferor's size; absorptive capacity of transferee; tacitness of technology; and protection of intellectual property rights in host country on one dependent variable, namely: the amount of resource commitment by the transferor and hence the mode of transfer. MNCs from three selected industries: chemical, pharmaceutical and food & beverages were surveyed. Results indicate that two variables are more related to the Egyptian context, namely: complexity of technology and protectiveness of transferor. Also one major research finding is that these variables changes across different industries, thus indicating that the choices of MNCs to a TT mode are affected by industrial differences. Results of this study indicates that ITT via MNCs is not enough to boost economic and social development in Egypt unless serious national policies are undertaken towards linking up Egypt to the global technology and innovative networks of these MNCs.

List of Abbreviations

- **FDI:** Foreign Direct Investment.
- **GAFI:** General Authority of Free zones and Investment.
- **GAFTA:** Great Arab Free Trade Agreement.
- **GATT:** General Agreement on Tariffs and Trade.
- **GNP:** Gross National Product.
- **IJV:** International Joint Venture.
- **IPP:** Intellectual Property Protection.
- **IPRs:** Intellectual Property Rights.
- **ITT:** International Technology Transfer.
- **LDCs:** Less Developed Countries.
- **MNCs:** Multinational Corporations.
- **QIZs:** Qualifying Industrial Zones.
- **R&D:** Research and Development.
- **RBV:** Resource Based View.
- **S & T:** Science and Technology.
- **TCE:** Transaction Costs Economics.
- **TRIPS:** Trade Related Aspects of Intellectual Property Rights Agreement.
- **TT:** Technology Transfer.
- **U-Model:** Uppsala Model.
- **UNCTAD:** United Nations Conference on Trade and Development.
- **WIR:** World Investment Report.
- **WOS:** Wholly Owned Subsidiary.

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