

Abstract

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Measuring the effect of political risk, natural resources endowment and ownership advantage on FDI inflow in Egypt

Purpose: The main aim of this study will be to investigate the FDI determinants and its impact in Egypt. Also it adds to existing literatures that concern the factors that lead to FDI inflow in emerging markets.

Design/methodology/approach: This research is a social/ academic research, as it examines the business society's attitudes, trends and patterns towards what determines the foreign direct investment. Conducting quantitative research using questionnaires does this. This research will be a conclusive research with a cross sectional design and a descriptive purpose. This research study is undertaken to determine and portray the Egyptian market characteristics concerning FDI inflows

Findings: After the research was conducted the results showed that there was a positive relationship between the ownership advantage and FDI inflow in Egypt. On the other hand, that the natural resources endowment and political risk has no direct effect on the FDI inflow in Egypt.

Practical Importance: Currently in the global market, FDI is frequently used as a market entry strategy for investors, rather than an investment strategy (Rogmans and Ebbers, 2013). Furthermore, recent studies show that FDI can be an important and stable source of private capital for developing economies, particularly countries, such as Egypt, that are able to create a hospitable environment for new foreign investments (Singh and Jun, 1995). This research aims to introduce a model that determines the factors that draws FDI flows. Such implementation would only be successful if adapted and planned by governments as part of its strategic planning (Metaxas, 2010).

Originality/Value: This research will contribute to the enrichment of the literature of this discipline, as well as helping the government and its officials in enhancing the attractiveness of FDI in Egypt. This research examined the impact of ownership advantage, political stability and natural resources endowment on the FDI inflows in Egypt. These variables were used and tested before separately on different organizations in the Egyptian context. For this reason, this study has added to the field of investment in the Middle East context and enlightening future researchers about Egyptian market and its business climate.

Keywords: FDI, Ownership advantage, Political risk, Natural resources endowment. Paper type: Thesis