Internationalization Strategies of Banks from Emerging Countries: A Comparative Study

Andreas Petrou

Cyprus International Institute of Management
21 Academias Avenue, Aglandjia
2107 Nicosia, Cyprus

Telephone: 0035799375522
Fax number:0035722331121
Email: andreas.petrou@ciim.ac.cy

Abstract

Studies of firm internationalization from emerging countries focused mostly on manufacturing firms and didn't evaluate the influence of home country economic development. This paper addresses these gaps through a comparative study of retail bank internationalization strategies across emerging, advanced developing and developed countries.

Hypotheses about bank motives and choices were tested on data collected from 145 foreign entries of 121 multinational banks from 47 countries through a survey instrument. Results suggest that emerging country multinational banks focus on asset seeking strategies and their foreign entries are small scale start-up investments within their geographic region. On other hand, the internationalization strategies of banks from advanced developing countries are similar to those of the 'second wave' manufacturing firms as they pursue both asset and market seeking strategies and benefit from economies of scope and scale by integrating assets and markets.

This study addresses the issue of latecomer internationalization strategies in a service industry and demonstrates that service firms from emerging countries may not be ready yet for a 'second wave' type of internationalisation. Furthermore, by comparing two groups of developing country multinationals we provide evidence of how internationalization strategies differ depending on the level of economic development of the home country.

Internationalisation Strategies of Banks from Emerging Countries: A Comparative Study

1. Introduction

Foreign venturing in developed countries by emerging country multinationals (EC MNEs) increased significantly in the last decade (Narula & Dunning, 2000; Elango & Pattnaik, 2007). Some of these foreign entries are large scale and involve purchase of assets from multinationals. For example, we have observed aggressive investments from companies like Lenovo, who have purchased the personal computer business of IBM, and Datta, who have purchased Jaguar and Land Rover from Ford Motors. As a result of their investments, some of these EC MNEs aspire to become potent international competitors challenging the leading global players (Luo & Tung, 2007).

These bold internationalization strategies from EC MNEs have only recently attracted researchers' interest. A number of scholars argued that high commitment ventures in developed countries cannot be fully explained by extant theory, as MNEs from emerging countries are expected to pursue low commitment, incremental entries in developing countries where they could exhibit some type of competitive advantage, and therefore suggested more theoretical development (Van Hoesel, 1999; Mathews, 2002; Li, 2003). As a result, a number of studies followed that attempted to develop theoretical frameworks that may explain this type of foreign direct investment (Mathews, 2006; Li, 2007; Luo & Tung, 2007).

However, the focus of these studies is on manufacturing since most emerging country FDI is in this sector and, as a result, very little attention was directed to service companies. For example, there is significant attention towards technological innovation and the need to keep-up with high-tech know-how (Makino et al., 2002; Li, 2003). Moreover, there are discussions about rationalization of production to the low-cost home country (Kumar, 1983; Van Hoesel, 1999). These are not as important issues in service industries as are the need for reputation, legitimacy and protecting existing relationships (Erramilli, 1991; Baalbaki & Malhotra, 1993; Williams, 2002).

Furthermore, we haven't yet seen many large scale international entries of competitors from emerging country service industries; could this suggest that service firms follow an incremental approach to internationalization as the Uppsala model would suggest (Johanson & Valhne, 1977)? Or is there a threshold depending on a country's level of economic development that triggers more aggressive service firm internationalization strategies as companies are more equipped to compete internationally? Institutional theory (North, 1990) suggests that the economic environment in a country can influence the internationalization strategies of local companies however this theory has not been tested adequately as most studies focus on single home countries mostly in Asia (Klein & Wocke, 2007). Finally, could this be attributed to the different scope of international competition in service industries? Industrial economic theory argues that the scope of competition which is determined by competitive factors may not necessarily be global (Porter, 1998). In fact, smaller scale regional strategies may be more effective for certain industries or competitor groups as the complexity of managing global operations is avoided (Katrishen & Scordis, 1998).

The objective of this paper is to evaluate service MNE foreign ventures in light of recent developments. The central question is: Do service MNEs from developing countries pursue aggressive strategies to overcome latecomer disadvantages and competitive weaknesses? Or do they pursue path dependent strategies? To explore this question we draw on recently proposed frameworks on latecomer internationalization strategies (Mathews, 2006; Luo & Tung, 2007) to investigate service MNE resource strategies, choice of locations and market entries. In order to establish whether the state of economic development of a developing country influences the internationalization of local firms we investigate whether there are differences in motives and choices between multinationals from emerging countries and multinationals from more advanced developing countries. Furthermore, we benchmark strategies of MNEs from developing countries with those of MNEs from advanced countries given that the objective of these companies is to create competitive advantage in the increasingly globalized business environment by pursuing aggressive strategies.

An explanation provided for the ability of developing country MNEs to venture in developed countries is the presence of inward investment from developed country multinationals in their industry (Luo & Tung, 2007). By having an opportunity to play a role in foreign multinationals' global value chain or through spill-over affects these companies accumulated knowledge which later they leverage in their internationalization strategies (Mathews, 2002). This may imply that companies across industries may behave differently in foreign venturing (Li, 2003; Dunning, 2006). Consequently, we choose to control for industry by studying FDI ventures in retail banking. Retail banks are defined as institutions offering a range of financial services to individuals and businesses. Our definition excludes investment or wholesale banks, which tend to focus on large financial transactions and specialized services to large companies.

The retail banking industry is chosen as the research setting because the level of development of banking in a certain country closely matches national economic development (Williams, 2002). Furthermore, this is an important topic as in the last decade we saw a significant increase in internationalisation of banks from developing countries. For example, the four largest Greek banks pursued during the last 5 years more than 15 foreign entries in the Balkan region, in East Europe and in North Africa. Finally, banks exhibit similar internationalisation strategies as other professional service industries such as legal, consulting, accounting and advertising firms which exploit their legitimacy, know-how and client relationships to internationalise (Terpstra & Yu, 1988; Erramilli, 1990).

2. Background

The main theoretical developments underpinning firm internationalisation is the Uppsala model which is concerned with the process of internationalisation (Johanson & Valhne, 1977; 1990) and the eclectic paradigm which provides an ownership, location and internalisation (OLI) explanation (Dunning, 1980; 1993). The Uppsala model (for a review see Hadjikhani & Johanson, 2002) draws on the behavioral theory of the firm (Cyert & March, 1963) to argue that the process of internationalisation is an incremental interplay between knowledge and commitment. The firm starts exporting to neighbouring countries where 'psychic' distance is short and as they accumulate more experiential knowledge they take more risks by first establishing sales subsidiaries and then manufacturing facilities in more distant countries. The ability of this model to explain firm internationalisation has been validated by studies of both manufacturing and service MNEs (Engwall & Wallenstal, 1988; Chetty & Eriksson, 2002; Hohenthal et al., 2003). However, the model has been criticised for its deterministic nature as many studies found that firm internationalisation is not always path dependent and that stages of the commitment process are often bypassed depending on the firm's managerial behaviour (Cavusgil, 1980).

Dunning's OLI paradigm draws on theories of industrial organization (Kindleberger, 1969; Hymer, 1976) and internalization (Buckley & Casson, 1976; Rugman, 1980) to argue that firms pursue foreign direct investment when they perceive ownership, location and internalisation advantages (for review see Dunning, 2000). According to the OLI paradigm the prerequisite for FDI is existence of some competitive advantage which the firm can exploit in foreign markets to compensate for the liability of foreignness. There has been wide empirical support to the eclectic paradigm both from studies in manufacturing and service however most studies researched firms in developed countries (Morck & Yeung, 1992). This paradigm has been criticised for not been able to explain the internationalisation of firms from developing countries which are often latecomers in global competition and possession of ownership advantage at home may not be sufficient at the initial stages of foreign venturing (Mathews, 2002; Li 2003). In response to this criticism, Dunning (1995; 2000) provided an updated framework suggesting that some of the ownership advantages of firms follow rather than lead internationalisation as firms may pursue asset seeking strategies to fill resource gaps before they can embark in market seeking strategies where they will exploit certain types of proprietary resources.

Studies of foreign direct investment of firms from developing countries identified two waves of internationalisation with distinctly different characteristics (Van Hoesel, 1999; Li, 2003). Studies of the first wave of internationalisation of Asia MNEs found a path dependent process of internationalisation with entries in developing countries and reliance on ethnic networks where they can exhibit some type of competitive advantage which is in line with extant theories (Lall, 1980; Giddy & Young, 1982; Lecrew, 1993; Van Hoesel, 1999). In addition, these multinationals entered developed countries in search for know-how which is often spatially determined than existing in a specific company (Kogut & Chang, 1991).

However, the second wave of MNEs from developing countries exhibit significant differences compared with the first wave of internationalisation as firms are prepared to take more risk in an effort to catch-up with competitors from developed countries (Li, 2003; Luo & Tung, 2007). This change in behaviour is attributed to globalization where an increasing number of MNEs from developing countries get exposed to international competition but also, to new skills acquired by collaborating with MNEs from developing countries by taking part in their global value chains or by simply operating in industries where presence of advanced MNEs creates spill-over effects.

Luo & Tung (2007) attempted to explain the international behaviour of the second wave of internationalisation of firms from emerging countries by proposing a spring-boarding perspective where latecomer MNEs operating in a more global environment than the first wave internationalisers they are motivated to seek assets and markets simultaneously. To achieve this, MNEs integrate and mobilise newly acquired know-how, in order to be able to compete in new foreign markets. Consequently, these multinationals disengage from path depended trajectories by pursuing high commitment foreign entries in developed markets at the early stages of internationalization.

Similarly, Mathews (2006) suggested that the international expansion of the second wave of firms from developing countries is driven by resource linkage, leverage and learning. Based on this framework firms gain competitive advantage as latecomers by accessing resources through linkage with external firms, by choosing foreign locations where they leverage their international network and by learning through linking and leveraging operations and relationships.

Both frameworks recognise the importance of asset augmentation where firms learn, integrate and exploit markets in a dynamic process. However, to achieve this, a firm must have significant international experience and organizational capabilities to deal with operational complexity and change. It is expected therefore, that not all developing country MNEs will be able to subscribe. Petrou (2007) studying foreign ventures of banks from developing countries found that these multinational banks (MNBs) mainly follow clients from home in low commitment foreign entries which were attributed to low bank capabilities.

3. Hypotheses

From an institutional economic perspective emerging countries on average are still inward centred with protection barriers against external competition, unsophisticated demand and poor governance regulations which lead to underdevelopment of factors that drive local banks' ability to compete internationally (Elango & Sethi, 2007). Unlike manufacturing where MNEs set operations in low cost emerging countries to support their global value chains, in most service industries MNEs would target a local market. Consequently, even in countries where foreign entry is relaxed recently the oligopolistic response of incumbents should have limited competitive pressures (Lecraw, 1993). Furthermore, spill-over effects from the presence of international competitors may not have been absorbed to become competencies for local banks particularly in tacit knowledge areas (Luo, 1998). As a result, the international motivations of banks from emerging countries would be defensive: to create international legitimacy and accumulate know-how to effectively serve and protect their clients (Petrou, 2007; Qian & Delios, 2008). As a result, we expect that these banks will behave like the first wave of manufacturing MNEs from developing countries by pursuing an incremental process to internationalisation and choosing locations that are geographically and culturally close to the home country.

On the other hand, advanced developing countries liberalised their markets over the last two decades and today are actively involved in global competition (Mathews, 2006). As a result, consumers are wealthier and there is demand for more sophisticated banking services such as credit cards, brokerage services etc. In addition, these countries due to higher reliance on international trade deregulated banking to facilitate movements of goods and services (Clarke et al., 2003). Advanced developing country MNBs by operating in an environment of international competition and by being latecomers in the international arena should have exhibited aggressive internationalization strategies similar to the second wave of manufacturing multinationals from developing countries in order to catch-up with international competitors and develop a competitive advantage (Mathews, 2002; Li, 2003).

The following discussion will suggest specific hypotheses about differences in internationalisation motivations and choices between emerging country MNBs (EC MNBs), advanced developing country MNBs (ADC MNBs) and developed country MNBs (DEV MNBs).

3.1. Foreign venturing motivations

Two main management motives associated with firm internationalisation identified in the literature are 'asset seeking' defined as the desire to access critical resources in the host country unavailable to the firm such as know-how, technology, and brands and 'market seeking' defined as the motivation to exploit new local market opportunities by capitalising on the firm's competitive advantage locally (Makino et al., 2002).

The international priorities of EC MNBs are to tap into resources otherwise unavailable to them if they chose to compete at home (Lecraw, 1993). These resources include know-how in sophisticated products for example, derivatives for managing risk and legitimacy and reputation within the international banking community so that they could collaborate with international banks to serve their clients abroad more effectively (Yannopoulos, 1983; Elango & Sethi, 2007).

These banks are unlikely to possess significant ownership advantages to compete in international market places. Their limited exposure to international competitors and customer groups with diversified needs would handicap these firms from servicing new demands due to their narrow set of experiences (Miller & Chen, 1996). Finally, due to lack of experience in dealing with host country regulators and shareholders EC MNBs will have difficulty setting-up foreign operations to target broad foreign target markets (Focarelli & Pozzolo, 2000). It is expected therefore, that EC MNBs' internationalisation is driven by asset seeking motivations while market seeking objectives are not a priority for these banks.

On the other hand, ADC MNBs operating in deregulated markets and being exposed to international competition may not have the luxury to concentrate on asset seeking strategies only. Catching-up and gaining advantage over international competitors also requires quick access to new markets and growth. These banks may have to access and internalise needed resources and almost simultaneously be in a position to exploit these resources in new markets (Mathews, 2006). For example, OTP Bank of Hungary managed within a decade to dominate the local market and become a major player in Eastern Europe through a series of acquisitions in countries such as Slovakia, Bulgaria and Romania.

MNBs from developed countries faced with saturated markets at home and armed with product and technology know-how and surplus resources such as experienced international managers and capital, they would search for growth opportunities abroad where they could leverage their ownership advantages (Tschoegl, 2002). The primary objective of these banks is growth and therefore, their foreign ventures should be directed in promising foreign markets. Khoury & Pal (2000) suggested that the presence of foreign banks from developed countries in the US could be explained by opportunities that existed in different market segments. The above discussion may suggest:

H1a: EC MNBs and ADC MNBs are more likely to be driven by asset seeking motives compared to DEV MNBs.

H1b: ADC MNBs and DEV MNBs are more likely to be driven by market seeking motives compared to EC MNBs.

A number of studies of foreign direct investment of banks from developed countries have drawn attention to the significant value MNBs can create by integrating new foreign ventures to their network of operations (Yannopoulos, 1983; Miller & Parkhe, 1998). This is supported by the dynamic capability theory which suggests that competitive advantage can be created from the firm's ability to continuously upgrade know-how and transfer capability within the network of operations, in order to achieve best usage and value creation (Luo & Tung, 2007). Know-how about customers and products can be fed into the network to improve customization, new product development and risk management. MNBs utilising such capabilities could achieve economies of scope and scale (Porter, 1986). These benefits arise from sharing client and market information, sharing best practice in key activities such as risk management and new product development and allocating funds efficiently. For example, Gray and Gray (1981) suggested that controlling internal fund flows reduces transaction costs and facilitates global asset and liability management.

EC MNBs are unlikely to emphasize economies of scope and scale because their international operations may not be ambitious enough to warrantee significant benefits (Clarke et al., 2003). As we discussed earlier, the Uppsala model suggests that these banks will pursue low commitment entries to protect their clients, access know-how and legitimacy.

The asset augmentation argument (Dunning, 2005; Mathews, 2006) may suggest that leveraging economies of scope and scale may be a unique opportunity for ADC MNBs to catch-up and remain competitive in international markets. However, achievement of economies requires sharing and integration of know-how which is not easy for any bank to achieve due to different cultures and practices across locations. Increasing internationalisation would require major adaptation of the firm's organization to achieve the coordination required to benefit from economies (Hitt et al., 1994). Banks from developing countries may find this an impossible task due to lack of international experience and management skills. As a result, we expect that:

H2: DEV MNBs are more likely to be motivated to achieve economies in a new foreign venture compared to ADC MNBs and EC MNBs.

3.2. Choice of geographic location

EC MNBs' choice of location may depend on three factors: where their clients go, where they can access know-how and where they could build legitimacy. The Uppsala model suggests that clients are most likely to be present in neighbouring countries, having internationalised to benefit from trade agreements (Fisher & Molyneux, 1996). Know-how and legitimacy acquisition could be achieved by getting close to key financial institutions often in financial centres as spatial proximity benefits the knowledge development process and interaction creates legitimacy (Dunning, 1998; Tschoegl, 2002). Furthermore, the Uppsala model suggests that EC MNBs will choose low 'psychic distance' regional financial centres. Consequently, we expect that EC MNBs will pursue incremental strategies by investing in countries in the region.

ADC MNBs aiming to catch-up with international competitors must directly serve demanding customers in advanced markets (Luo and Tung, 2007). Consequently, their internationalisation strategy may require drastic steps in developed countries which are unlikely to be within the bank's geographic region.

MNBs from developed countries operating in saturated and very competitive markets are bound to search for opportunities for growth in developing countries where ownership advantages could be exploited easier (Focarelli & Pozzollo, 2000). Berger et al. (2003) found that in Eastern European markets international banks were preferred over local banks which may be attributed to their reputation as creditworthy and efficient organizations. MNBs from developed countries that enter other developed countries face significant challenge from local competitors who enjoy market power and brand awareness (Edwards 1992). Therefore, we expect that,

> H3: EC MNBs are more likely to invest in countries in their own geographic region compared to ADC MNBs and DEV MNBs who are more likely to invest in countries outside their region.

3.3. Entry Mode Choice

Acquisitions provide the entrant with readily assets which can help MNBs achieve a number of objectives in short timescales; increase their size, build reputation and legitimacy, access know-how in technical areas, grow revenues and accelerate learning in managing acquisitions. ADC MNBs being latecomers to the global environment may consider acquisitions as the only option available to catch-up with international competitors particularly in accessing technical know-how, building reputation and increasing their size (Luo and Tung, 2007). Extracting value from acquisitions is conditional on the ability of the firm to properly assess targets and later to successfully integrate the acquired company to their own operations (Makino et al., 2002). ADC MNBs should have accumulated such experience as most advanced developing countries went through phases of national consolidation.

EC MNB motivations discussed earlier could be achieved through small scale foreign ventures given that the bank enjoys reputation and relationships with their target market and therefore, brand and distribution development should be minimal which, may point to a start-up route to entry. Furthermore, lack of experiential knowledge in three key areas will stop these banks from pursuing acquisitions: First, organizational know-how to manage integration of acquisitions second, experience in working with regulators, activists and shareholders given that these banks come from countries with undeveloped capital markets. Finally, inability to assess the risk profile of the acquired bank and the cost of integration due to, lack of experience of the business environment and the culture (Buch & DeLong, 2004).

The main motivation of MNBs from developed countries is to achieve sustainable revenue growth by accessing promising foreign market opportunities. Such strategies require a local brand, a broad distribution network and extensive know-how of the local business environment. These assets cannot be procured in the foreign market or developed quickly. An efficient option to achieve this is through acquisitions (Clarke et al., 2003). Therefore, we expect that,

H4: EC MNBs are more likely to pursue start-up foreign ventures whereas ADC MNBs and DEV MNBs are more likely to pursue acquisitions.

4. Method

We tested our hypotheses using data collected through a mail survey sent to executives at 476 multinational banks that pursued at least one foreign entry during the last eight years as identified in the Banker's Almanac. The research was executed in two phases of which the second focused on ventures of developing country MNBs. Questionnaires were sent to one or more executives at each bank depending on the number of foreign operations and executives were asked to provide information about a recent foreign venture. A total of 145 usable questionnaires were collected, representing 121 banks from 47 countries.

Two data quality checks were performed on this data set: post-research rationalization and non-response bias. One of the main issues relating to post hoc research designs is that respondents may have difficulty accurately responding to events from their past unless they were either outstanding or recent. Besides encouraging executives to provide information about a recent foreign venture, respondents were carefully selected to ensure that they participated in a foreign entry decision-making process, by identifying senior managers from banks' corporate strategic planning units, international divisions, and members of the executive committee. Furthermore, data were tested for consistency by comparing information on nine ventures provided by two different respondents, across all 7-point scale responses. It was found that 89% of responses were within an interval or less which is in line with researcher guidelines (Shortell & Zajac, 1990). In order to evaluate non-response bias, 38 randomly selected non-respondents were asked to complete a shorter version of the questionnaire.

Responses and organizational demographics of 21 participants were compared with the rest of the sample, which indicated no statistically significant differences on any of these dimensions. In addition, respondents to the first mailing were compared to respondents to the second mailing across the same organizational demographics. Again, no statistically significant differences were found, indicating that non-response bias is not present in the sample **(**Armstrong & Overton, 1977).

4.1. Variables

In order to test differences between banks from emerging countries, advanced developing countries and developed countries three groups are formed classified 2, 1 and 0 respectively. Furthermore, to classify a country into one of these groups a criterion was employed to capture a country's level of economic development. This is approximated by a country's GDP with the threshold between developed and advanced developing countries set at $30,000 and the threshold between advanced developing countries and emerging countries set at $10,000 It is recognised by IMF and the World Bank that countries reaching a GDP above $30,000 are able to produce superior products and services which are competitive on a global basis. This may suggest that banks in the country are also sophisticated as they serve these demanding clients. In addition, these organizations recognise that the economies of countries with GDP below $10,000 are driven by local input factors such as agriculture and natural resources, engage in basic manufacturing and lack sophisticated businesses with the management skills and experiences required to compete internationally.

In the sample there are 34 foreign market entries from banks based in emerging countries, 35 entries from banks based in advanced developing countries and 76 entries from banks from developed countries representing a total of 47 countries. Table 1 shows a list o the countries represented and the number of banks from each country.

Table 1 here

Descriminant variables capture managers' perceptions at the time of the investment and therefore, psychometric measurement based on multiple items seemed to be the most appropriate approach for operationalising these variables (Churchill, 1979; Peter, 1979) as it captures the managerial aspect of strategy at the time of decision-making (Cyert & March, 1963). As no established scales with proven psychometric properties exist to measure the constructs of interest in banking, it was necessary to develop indicators that could represent the domain of each construct following Churchill's (1979) construct development paradigm. Initially a set of items for each construct was developed drawing on the existing literature, which were later discussed in two-hour sessions with nine senior bank executives who were familiar with entry mode selection. After data collection an iterative procedure between factor and reliability analysis was adopted in order to refine the set of indicators for each construct (Hair et al., 1998). Finally, factors scores were calculated for each construct by averaging the responses across indicators. The constructs emerged from this exercise are reliable with Cronbach's alpha exceeding 0.70.

Asset seeking is operationalised by a three-item scale which includes managers' motivation to be close to other financial institutions, learn new skills, and learn new markets. According to Yannopoulos (1983), banks get close to financial institutions in financial centers in order to create legitimacy and learn by interacting with these banks. New skills may include products and processes such as complex derivative products and risk management whereas; market learning may include the business and legal environment and corporate culture (Gray & Gray, 1981). The scale is reliable with Cronbach's alpha equal to 0.826.

Market seeking motivations are captured by a three-item scale that includes, entering new local markets, exploiting a local opportunity and exploiting locally the bank's competitive advantage. This scale reflects the definition of market seeking motivations and a similar approach was used by Makino et al. (2002). The construct is reliable with Cronbach's alpha equal to 0.803.

Economies are captured by a two-item reliable scale with Cronbach's alpha equal to 0.789 which captures the motivation to exploit economies of scope and economies of scale. These two motivations were identified in the banking literature as important internalisation advantages because by adding new operations in an international bank network would yield significant synergies and cost benefits to the bank (Yannopoulos, 1983; Miller & Parkhe, 1998).

Foreign entries within the MNB home country geographical region were considered *Regional* and were assigned a value of 1 or otherwise were assigned a value of 0 and *Entry Mode* took the value of 1 if the foreign entry was through an acquisition and took the value of 0 if the entry was a start-up investment.

The two control variables, bank *Size* and international *Experience* were measured directly by the bank's tier one capital (Sabi, 1988) and the number of foreign countries in which the MNB was present (Cho & Padmanabhan, 2005) respectively.

5. Results

We start analysis by assessing correlations between the continuous variables examined in this study. The correlation matrix shown in Table 2 indicates that MNB size and international presence relate significantly to bank internationalisation motivations namely, whether the bank would seek assets, markets and/or economies of scope and scale. Given that size and experience reflect to some extent firm resources (Makino et al., 2002) this may suggest that resources dictate bank internationalisation.

Table 2 here

Hypotheses 1a, 1b and 2 were tested employing MANOVA as this analysis intuitively fits with the objective of this study that is, to understand how the economic development of the MNB's home country and the level of their resources could influence the bank's strategic internationalisation motives.

The SPSS GLM procedure was used for the analysis and Type III rather than type I tests were employed as it is insensitive to unequal sell sizes in the three groups (Tabachnick & Fidell, 1989). Preliminary analysis showed that the assumptions underlying MANOVA were met, inspection of the data showed that normality could be assumed, there was no evidence that the covariance matrices differ across groups and that group variances were unequal. The results of MANOVA are shown in Table 3. MANOVA provides multivariate assessment tests for the entire model and univariate tests to assess differences in group means for each dependent variable.

Three models were tested. Model 1 investigates differences between ADC MNBs and EC MNBs and Models 2 and 3 compare each of these MNB groups with MNBs from developed countries. The multivariate Model 1 revealed significant differences between ADC MNBs and EC MNBs with the multivariate tests Hotelling's Trace and Pillai's Trace to be significant at 0.001 level. Therefore, MNBs from advanced developing countries are different from emerging country MNBs in terms of their internationalization motivations, their size and international presence. Similarly, Model 2 indicates that ADC MNBs are significantly different from DEV MNBs as the multivariate tests Hotelling's Trace and Pillai's Trace are significant at 0.001 level and Model 3 suggests that EC MNBs are different from DEV MNBs.

Table 3 here

In order to identify the group influence on the dependent variables and determine which variables gave support to the significant multivariate results for each of the models we examined the ANOVA results. The group means and standard deviations across all dependent variables and univariate F statistics are shown for each model in Table 3.

Model 1 indicates that there are significant differences between ADC MNBs and EC MNBs, namely, on average ADC MNBs have stronger motivations regarding market seeking and economies of scope and scale. Similarly, on average ADC MNBs are bigger and have more international presence. Asset seeking motivations are similar for both groups and above the average scale rating.

Model 2 that compares ADC MNBs with DEV MNBs suggests that only asset seeking motives are different across the two groups. However, DEV MNBs are significantly larger with more international presence.

EC MNBs are different across all dependent variables compared with DEV MNBs as Model 3 indicates. EC MNBs have higher asset seeking motives whereas, DEV MNBs have higher motives regarding market seeking and achieving economies. Furthermore, DEV MNBs are approximately six times larger organizations and have six times more international presence.

Comparing group averages across each dependent variable we observe that ADC MNBs and EC MNBs have significantly higher asset seeking motivations compared to DEV MNBs which confirms Hypothesis 1a. Similarly, ADC MNBs and DEV MNBs on average are driven more by market seeking motives than EC MNBs which provides support for Hypothesis 1b. Unlike our prediction that ADC MNBs are less likely to be driven by motives to exploit economies due to inexperience, ADC MNB motives for exploiting economies of scope and scale are at similar level with DEV MNBs. In light of the importance attributed to economies of scope and scale in banking and their sizable number of international operations, these banks may have reached the stage where significant benefits are achievable.

MNBs from developed countries are more resourceful than banks from developing countries given that they serve large domestic markets and have an extensive international network of operations. However, there are also significant differences between ADC MNBs and EC MNBs which indicate that the level of economic development of a developing country which often is linked with openness to international trade provides local banks with resources and opportunities to internationalize and grow.

In order to evaluate location choices and entry mode selection we run cross-tabulations as the dependent variables are categorical. Table 4 shows a cross tabulation of the three groups of MNBs across three choices, regional entry, financial centre entry and entry mode. In each cell observed and expected values are reported. Furthermore, Chi-square statistics are calculated to establish differences between groups of MNBs across the three choices.

Table 4 here

Table 4 indicates that emerging country MNB foreign entries are mostly regional which is significantly higher than the other two group entries as the Chi-square statistic may suggest thus confirming Hypothesis 3. However, unlike our expectation ADC MNB regional entries are also significantly higher than DEV MNB entries. This may suggest that ADC MNB pursue regional strategies in order to mitigate for resource deficiencies and concentrate operation so that they can benefit from economies of scope and scale. Similar differences are also observed when examining financial centre entries. A significant number of developing country MNB entries are in financial centres which, is in line with findings that suggest that bank internationalization is influenced by asset seeking motivations. 56% of the sample EC MNB entries are in financial centres which may suggest that building legitimacy and specialised know-how by transacting with international financial institutions are strong motives at the early stages of internationalisation (Campayne, 1990). Finally, EC MNB choice of start-up foreign entries is significantly different from the choice of the other two groups of MNBs who prefer acquisitions, thereby supporting Hypothesis 4.

6. Discussion

Research findings suggest that on average MNBs from developing countries are smaller in size and have less international experience than developed country MNBs. Moreover, their internationalization motives and behaviours are not as ambitious which can be attributed to resource deficiencies. Consequently, a common motivation among developing country MNBs is to access know-how overseas and improve international reputation as globalization trends forced them to face international competition either by following clients abroad to protect relationships or by trying to catch-up as latecomers.

However, developing country MNBs are not homogenous (Klein & Wocke, 2007). Findings suggest that there are at least two groups with different profiles and different internationalisation strategies. EC MNBs are smaller banks and have less international presence compared with banks from advanced developing countries. Findings suggest that unlike ADC MNBs, these banks are not particularly motivated to tap into new market opportunities but rather, they focus only on asset seeking strategies. Overall, EC MNBs pursue internationalization strategies that are similar to the first wave internationalisation of manufacturing MNEs which may be attributed to the competitive nature of the banking environment at home (Focarelli and Pozzolo, 2000).

ADC MNB strategies are more similar to those of MNBs from developed countries. These MNBs are equally likely to pursue market exploitation strategies and pursue acquisitions as a route to entry which is an indication of leapfrogging strategies to fill latecomer disadvantages (Luo and Tung, 2007). Furthermore, these banks through economies of scope and scale augment assets and dynamically improve their ability to seek new market opportunities. Consequently, ADC MNBs' motivations and choices are similar to the second wave of manufacturing MNEs as they are equipped to compete internationally with developed country MNBs.

However, ADC MNBs' choice of regional locations is distinctly different from developed country MNB choices. ADC MNBs may try to bypass their resource and international experience limitations by building a regional stronghold which they can exploit but also defend more effectively through standardization of operations and managing better the complexity associated with diversity and size. Rugman and Verbeke (2004) argued that certain factors such as the competitive environment, customer requirements and regulation may differ across regions increasing the costs of managing global operations.

Regional strategies should fit well with ADC MNB priorities because they can provide a) the technical knowledge required through regional financial centres, b) the experiential knowledge about regional markets and cultures which include customer needs, risk profiles and the regulatory environment, by sequential entry in similar markets and c) yield economies of scale and scope more consistently as less management time and systems are required due to standardization. Consequently, pursuing regional growth opportunities may be their competitive advantage over developed country MNBs who tend to operate larger and more complex operations more globally.

This study also suggests that a bank's internationalization strategy may be influenced by the institutional environment at home. EC MNBs unlike manufacturing firms are still protected by local regulation and local markets provide good ground for growth. In addition, the institutional environment is underdeveloped; capital markets are immature and transparency is an issue because of poor corporate governance (Luo & Tung, 2007). These create reputation issues for the local MNBs that make internationalisation more difficult. Low urgency for rapid skill accumulation and growth and significant obstacles to enter foreign markets makes internationalisation a slow and path dependent process. China recently initiated efforts to import banking know-how by encouraging local banks to engage with international reputable banks such as RBS and Bank of America through joint ventures. These moves would certainly assist local banks become more competitive but this process of growth is notoriously slow. According to Buckley et al. (2007), the Chinese government encouraged local manufacturing firms to procure technological know-how in the early 1980's. Therefore, our findings that EC MNBs are behind the knowledge curve and therefore, unable to speed-up internationalisation like the second wave manufacturing EC MNEs should not be surprising.

7. Conclusion

This study makes a number of contributions to the body of research on firm internationalisation from developing countries. This is the first study to compare different groups of developing country multinationals originating from multiple countries and provide evidence that internationalisation strategies may differ depending on the economic development of a country. Currently it is not clear how the country of origin influences firm internationalisation strategies as empirical studies of developing country

MNEs mostly research firms from the same country of origin (Buckley et. al, 2007; Elango & Pattnaik, 2007; Filatotchev et al., 2007; Klein & Wocke, 2007).

In addition, by studying a singe industry we were able to identify specific strategies that industry firms pursue in order to gain competitive advantage over their multinational competitors. On this occasion, ADC MNBs build regional strongholds, which they can manage more efficiently than DEV MNBs, who pursue more global strategies. Most studies of the second wave multinationals from developing countries focus on the 'how to catch-up' question rather than on the 'how to successfully compete' question.

Finally, this study is the first to address the issue of latecomer internationalisation strategies in a service industry and demonstrate that our understanding of the second wave of emerging country manufacturing firm internationalisation may not apply in some service industries mainly because MNEs may not have the resources to directly compete internationally because of industry restrictions to international competition.

This study is not without limitations. The cross-sectional approach taken here cannot enlighten this study of the internationalisation path followed over time by these multinationals. A longitudinal study could provide information about the resource gathering process, the path of foreign market entry and changes of institutional factors at home which could help us understand how these factors interact to shape firm internationalisation.

7.1. Research Direction

As a consequence of this study a number of avenues for future research are suggested. One of the key priorities of service firm internationalisation is enhancing reputation. In this study we found that banks from developing countries take advantage of the spatial proximity in financial centres to link with reputable banks. This opportunity may not be present in most service industries; so what other means do service firms utilise and how do they build reputation?

In this study we suggested that bank resources and the institutional environment at home influence the internationalisation strategies of local banks. What is the exact relationship among these three constructs? Do institutional environment factors have a moderating or direct impact on firm internationalisation strategies? Understanding these relationships should better inform economic development policy of emerging countries.

Finally, we identified asset augmentation as a critical strategy for fast tracking MNBs. Luo & Tung (2007) argued that these initiatives are designed as a ‘grant plan’ to facilitate growth and as a ‘long range strategy’ to establish the latecomer as a credible international competitor. How does this work in practice? What mechanisms should be in place and what planning is required for the acquisition-exploitation initiatives to be effective.

References

Acito, F., & Anderson, R.D. (1986). A simulation study of factor score indeterminacy. *Journal of Marketing Research*, 23(5), 111-118.

Armstrong, J.C., & Overton, T. (1977). Estimating non-response bias in mail surveys. *Journal of Marketing Research*, 14(8), 396-402.

Baalbaki, I.B., & Malhotra, N.K. (1993). Marketing management bases for international market segmentation: an alternative look at the segmentation/ customization debate. *International Marketing Review*, 10(1), 19-44.

Berger, A.N., Dai, Q., Ongena, S., & Smith, D.C. (2003). To what extent will the banking industry be globalized? A study of bank nationality and reach in 20 European countries. *Journal of Banking and Finance*, 27, 383-415.

Buch, C. (2000). Why do banks go abroad? Evidence from German data. *Financial Markets, Institutions and Instruments*, 9(1), 33-67.

Buch, C. (2003). Information or regulation: What drives the international activities of commercial banks. *Journal of Money, Credit and Banking*, 35(6), 851-869.

Buch, C., & DeLong, G. (2004). Cross-border bank mergers: What lures that rare animal. *Journal of Banking and Finance*, 28, 2077-2102.

Buckley, P.J., & Casson, M. (1976). *The Future of the Multinational Enterprise*. London: Macmillan.

Buckley, P.J., Clegg, L.J, Cross, A.R., Liu, X., Voss, H., & Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 38(4), 499-518.

Campayne, P. (1990). The impact of multinational banks on international financial centres. In M. Casson (Ed.), *International Business and Global Integration*. London: Macmillan.

Cavusgil, S.T. (1980). On the internationalization process of firms. *European Research*, 8, 273-281.

Chetty, S., & Eriksson, K. (2002). Mutual commitment and experiential knowledge in mature international business relationships. *International Business Review*, 11, 305-324.

Cho, K. R., & Padmanabhan, P. (2005). Revisiting the role of cultural distance in MNC's foreign ownership mode choice: the moderating effect of experience attributes. *International Business Review*, 14, 307-324.

Clarke, G., Cull, R., Peria, M., & Sanchez, S.M. (2003). Foreign bank entry: Experiences, implications for developing economies, and agenda for the future. *The World Bank Research Observer*, 18(1), 25-59.

Churchill, G. (1979), "A paradigm for developing better measures of marketing constructs", *Journal of Marketing Research*, 16(2), 64-73.

Cyert, R.M., & March, J.G. (1963). *A Behavioral Theory of the Firm.* New York: Prentice Hall.

Dunning, J.H. (1980). Towards an eclectic theory of international production: Some empirical tests. *Journal of International Business Studies*, 11(2), 9-31.

Dunning, J.H. (1993). *Multinational Enterprises and the Global Economy.* London: Addison-Wesley.

Dunning, J.H. (1995). Re-appraising the eclectic paradigm in an age of alliance capitalism. *Journal of International Business Studies*, 26(3), 461-491.

Dunning, J.H. (2000). The eclectic paradigm as an envelop for economic and business theories of MNE activity. *International Business Review*, 9(2), 163-190.

Dunning, J.H (2006). Comment on Dragon multinationals: New players in 21st century globalisation. *Asian Pacific Journal of Management*, 23,139-141.

Edwards, P. (1992). Foreign banks in the UK middle corporate market. *The International Journal of bank marketing*, 10(5), 26-32.

Elango, B., & Pattnaik, C. (2007). Building capabilities for international operations through networks: a study of Indian firms. *Journal of International Business Studies*, 38(4), 541-555.

Engwall, L., & Wallenstal, M. (1988). Tit for tat in small steps: the internationalization of Swedish banks. *Scandinavian Journal of Management*, 4,147-155.

Erramilli, M.K. (1990). Entry mode choice in service industries. *International Marketing Review*, 7(5), 50-62.

Erramilli, M.K. (1991). The experience factor in foreign market entry behaviour of service firms. *Journal of International Business Studie*s, 22(3),479-503.

Filatotchev, I., Strange, R. Piesse, J., & Lien, Y. (2007). FDI by firms from newly industrialised economies in emerging markets: corporate governance, entry mode and location. *Journal of International Business Studies*, 38(4), 556-572.

Fisher, A., & Molyneux, P. (1996). A note on the determinants of foreign bank activity in London between 1980 and 1989. *Applied Financial Economics*, 6, 271-277.

Focarelli, D., & Pozzolo, A. (2000). The determinants of cross-border shareholding: An analysis with bank-level data from OECD countries. *Paper presented at the Federal Reserve Bank of Chicago Bank Structure Conference,* Chicago, May, 3-5.

Giddy, I.H., & Young, H. (1982). Conventional theory and unconventional multinationals: Do new forms of multinational enterprise require new theories. In A.M. Rugman, (Ed.), *New theories of the multinational enterprise*. London: Croom Helm.

Gray, J.M., & Gray, H.P. (1981). The multinational bank: a financial MNC?. *Journal of Banking and Finance,* 5, 33-63.

Hadjikhani, A., & Johanson, J. (2002). Special issue on the internationalization of the firm. *International Business Review,* 11, 253-255.

Hair, J.F., Anderson, R.E., Tatham, R.L., & Black, W.C. (1998). *Multivariate Data Analysis*, *5th ed*. Upper Saddle River, NJ: Prentice-Hall.

Hitt, M.A, Hoskinsson, R.E., & Kim, H. (1994). International diversification: Effects on innovation and firm performance in product diversified firms. *Academy of Management Journal*, 40(4), 767-798.

Hymer, S.H. (1976*). The International Operations of National Firms: A Study of Foreign Direct Investment*. Cambridge MA: MIT Press.

Johanson, J., & Vahlne, J.E. (1977). The internationalization process of the firm. *Journal of International Business Studies,* 8(1), 23-32.

Johanson, J., & Vahlne, J.E. (1990). The mechanisms of internationalization. *International Marketing Review*, 7(4), 11-24.

Katrishen, F.A., & Scordis, N.A. (1998). Economies of scale in services: a study of multinational insurers. *Journal of International Business Studies*, 29(2), 305-324.

Khoury, S.J., & Pal, P. (2000). Foreign banks in the United States: Entry strategies and operations. *Thunderbird International Business Review,* 42(5), 529-550.

Kindleberger, C.P. (1969). *American Business Abroad*. New Haven, CN: Yale University Press.

Klein, S., & Wocke, A. (2007). Emerging global contenders: The South African experience. *Journal of International Management*, 13, 310-337.

Kogut, B., & Chang, S. (1991). Technological capabilities and Japanese foreign direct investment in the United States. *The Review of Economics and Statistics*, 73, 401-413.

Kumar, K., & Kim, K.Y. (1983). The Korean manufacturing multinationals. *Journal of International Business Studies*, 3, 45-61.

Lall, S. (1980). Monopolistic advantages and foreign involvement by US manufacturing industry. *Oxford Economic Papers,* 32, 102-122.

Lane, H.W., & Beamish, P.W. (1990). Cross-cultural co-operative behavior in joint ventures in LDC's. *Management International Review*, 30, 87-102.

Lecraw, D.J. (1993). Outward direct investment by Indonesian firms: Motivations and effects. *Journal of International Business Studies,* 3, 589-600.

Li, P.P (2003). Towards a geocentric theory of multinational evolution: The implications from the Asian MNEs as latecomers. *Asia Pacific Journal of Management*, 20,217-242.

Li, P.P. (2007). Towards an integrated theory of multinational evolution: The evidence of Chinese multinationals enterprises as latecomers. *Journal of International Management*, 13, 296-318.

Luo, Y. (1998). Timing of investments and international expansion performance in China. *Journal of International Business Studies,* 29(2), 391-407.

Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481-498.

Makino, S., Lau, C-M., & Yeh, R-S. (2002). Asset-exploitation versus asset –seeking: Implications for location choice of foreign direct investment from newly industrialized economies. *Journal of International Business Studies*, 33(3), 403-421.

Mathews, J.A. (2002*). Dragon Multinational*, New York: Oxford University Press.

Mathews, J. A. (2006). Dragon multinationals: New players in 21st century globalization. *Asian Pacific Journal of Management*, 23, 5-27.

Merrett, D.T. (2002). The internationalization of Australian banks", *Journal of International Financial Markets, Institutions and Money.* 12, 377-397.

Miller, D., & Chen, M.J. (1996). The simplicity of competitive repertoires: An empirical analysis. *Strategic Management Journal*, 17, 419-439.

Miller, S.R., & Parkhe, A. (1998). Patterns in the expansion of U.S banks' foreign operations. *Journal of International Business Studies*, 29(2), 359-390.

Morck, R., & Yeung, B. (1991). Why investors value multinationality. *Journal of Business*, 33, 41-56.

Narula, R., & Dunning, J.H. (2000). Industrial development, globalization and multinational enterprises: new realities for developing countries. *Oxford Development Studies*, 28(2), 141-167.

North, D.C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

Peter, P. (1979). Reliability: A review of psychometric basics and recent marketing practice. *Journal of Marketing Research*, 16(2), 6-17.

Petrou, A. P. (2007). Multinational banks from developing versus developed countries: Competing in the same arena?. *Journal of International Management*, 13, 376-397.

Porter, M. E. (1986). Competition in global industries: A conceptual framework. In M.E. Porter (Ed.), *Competition in Global Industries*. Boston: Harvard Business School Press.

Porter, M. E. (1998). *On Competition*. Boston: Harvard Business School Press.

Qian, L., & Delios, A. (2008), “Internalization and experience: Japanese banks’ international expansion, 1980-1998. *Journal of International Business Studies*, 39(2), 231-248.

Rugman, A.M. (1980). Internalization as a general theory of foreign direct investment, a reappraisal of the literature. *Weltwirtschaftliches Archiv*, 116(2), 365-79.

Rugman, A.M., & Verbeke, A. (2004). A perspective of regional and global strategies of multinational enterprises”, *Journal of International Business Studies*. 35, 3-18.

Sabi, M. (1988). An application of the theory of foreign direct investment to multinational banking in LDCs. *Journal of International Business Studies*, 4, 433-441.

Shortell, S.M., & Zajac, E.J. (1990). Perceptual and archival measures of Miles and Show's strategic types: a comprehensive assessment of reliability and validity. *Academy of Management Journal*, 33(4), 817-832.

Tabachnick, B.G., & Fidell, L.S. (1989). *Using Multivariate Statistics*. New York: Harper Collins.

Terpstra, V., & Yu, C.M. (1988). Determinants of foreign investment of US advertising agencies. *Journal of International Business Studies*, 19(1), 33-46.

Tschoegl, A.E. (1987). International retail banking as a strategy: an assessment. *Journal of International Business Studies*, 18(3), 67-88.

Tschoegl, A.E. (2002). FDI and internationalization: evidence from U.S. subsidiaries of foreign banks. *Journal of International Business Studies*, 33(4), 805-815.

Van-Hoesel, R. (1999). *New Multinational Enterprises from Korea and Taiwan*. London, Routledge.

Williams, B. (2002). The defensive expansion approach to multinational banking: Evidence to date. *Financial Markets, Institutions and Instruments*, 11(2), 127-203.

Yannopoulos, G. (1983). The growth of transnational banking. In M. Casson (Ed.), *The Growth of International Business*. London: George Allen and Unwin.

Yeung, H.W. (1994). Third world multinationals revisited: A research critique and future agenda. *Third World Quarterly*, 15, 297-317.

Table 1. Countries of origin and number of respondent banks

Developed Countries		*Advanced Developing Countries*		*Emerging Countries*	
Country	**Number of banks**	**Country**	**Number of banks**	**Country**	**Number of banks**
Australia	2	Bahrain	2	Argentina	1
Austria	4	Cyprus	2	Brazil	3
Belgium	4	Czech Republic	1	China	2
Canada	2	Estonia	2	Costs Rica	1
Denmark	1	Greece	3	Egypt	1
Finland	2	Hungary	2	India	4
France	6	Israel	2	Indonesia	2
Germany	5	Korea	3	Jordan	1
Ireland	1	Poland	1	Lebanon	2
Italy	4	Portugal	3	Malaysia	2
Japan	4	Slovenia	2	Mexico	2
Netherlands	5	South Africa	3	Philippines	1
Singapore	1	Taiwan	1	Romania	1
Spain	4			Russia	4
Switzerland	4			Thailand	1
UK	5			Ukraine	3
US	8			Venezuela	1
Total	**62**		**27**		**32**

Table 2: Correlation Matrix

Variables	1	2	3	4
1. Asset Seeking				
2. Market seeking	-0.160			
3. Economies	0.102	0.284**		
4. Size	-0.108	0.253**	0.232**	
5. International Experience	-0.254**	0.298**	0.206*	0.424**

**p<.01, * p<.05 (two tail test)

Table 3: Results of MANOVA

Univariate Tests

Dependent Variables	***Model 1*** Group Means		F	***Model 2*** Group Means		F	***Model 3*** Group Means		F
	ADC MNBs (N= 35)	EC MNBs (N=34)		DEV MNBs (N=76)	ADC MNBs (N=35)		DEV MNBs (N=76)	EC MNBs (N=34)	
Asset Seeking	4.48	4.32	0.109	3.48	4.48	6.890**	3.48	4.32	4.851*
	(1.94)	(1.89)		(1.83)	(1.94)		(1.83)	(1.89)	
Market Seeking	5.02	3.03	22.726***	5.06	5.02	0.015	5.06	3.03	34.207***
	(1.59)	(1.87)		(1.58)	(1.59)		(1.58)	(1.87)	
Economies	4.88	3.61	11.866**	4.53	4.88	0.995	4.53	3.61	6.907**
	(1.57)	(1.49)		(1.78)	(1.57)		(1.78)	(1.49)	
Size	941	629	12.811**	4096	941	34.196***	4096	629	40.198***
	(393)	(327)		(3173)	(393)		(3173)	(327)	
International Experience	7.15	4.03	6.981**	25.87	7.15	20.867***	25.87	4.03	33.815***
	(5.90)	(3.60)		(17.67)	(5.90)		(17.67)	(3.60)	

Multivariate Tests

	Value	F	Value	F `	Value	F
Hotelling's Trace	0.380	4.783**	0.204	4.279**	0.351	7.311***
Pillai's Trace	0.275		0.169		0.260	

1. Standard deviations in parenthesis
2. * <0.05, **<0.01, ***<0.001

Table 4: Cross-tabulation of origin and destination of foreign ventures

Country of origin	**Regional**			**Financial Centre**			**Mode of Entry**		
	Yes	No	Total	Yes	No	Total	Acquisition	Start-up	Total
Developed country (DEV)									
Count	17	59	76	12	64	76	30	46	76
Expected count	(33)	(43)	(76)	(22)	(54)	(76)	(23)	(53)	(76)
Advanced Developing country (ADC)									
Count	19	16	35	11	24	35	14	21	35
Expected count	(15)	(20)	(35)	(10)	(25)	(35)	(11)	(24)	(35)
Emerging Country (EC)									
Count	27	7	34	19	15	34	3	31	34
Expected count	(15)	(19)	(34)	(10)	(24)	(34)	(10)	(24)	(34)
Total	63	82	145	42	103	145	47	98	145

Chi-Square (DEV/ADC): 11.140**	Chi-Square (DEV/ADC): 3.568*	Chi-Square (DEV/ADC): 0.010
Chi-Square (ADC/EC): 4.900*	Chi-Square (ADC/EC): 4.197**	Chi-Square (ADC/EC): 9.906**
Chi-Square (DEV/EC): 31.849***	Chi-Square (ADC/EC): 18.657***	Chi-Square (ADC/EC): 12.090**

* <0.05, **<0.01, ***<0.001