

## إقرار

أنا الموقع أدناه مقدم الرسالة التي تحمل العنوان:

**التحديات التي تواجه المؤسسات الدولية غير الحكومية في الدولة المضيفة:  
دراسة نظرية البناء علي قطاع غزة**

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الجامعة الإسلامية - غزة  
شؤون البحث العلمي والدراسات العليا  
كلية التجارة  
قسم إدارة الأعمال

## **The INGOs under Host Country Challenges: A Grounded Theory Study on the Gaza Strip**

التحديات التي تواجه المؤسسات الدولية غير الحكومية في الدولة  
المضيقة: دراسة نظرية البناء علي قطاع غزة

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قُلْ إِن صَلَاتِي وَنُسُكِي وَمَحْيَايَ وَمَمَاتِي لِلَّهِ رَبِّ الْعَالَمِينَ \* لَا شَرِيكَ لَهُ وَبِذَلِكَ أُمِرْتُ وَأَنَا أَوَّلُ الْمُسْلِمِينَ [الأنعام: 126]

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## نتيجة الحكم على أطروحة ماجستير

بناءً على موافقة شئون البحث العلمي والدراسات العليا بالجامعة الإسلامية بغزة على تشكيل لجنة الحكم على أطروحة الباحثة/ نهاية حسن محمود الهريايوي لنيل درجة الماجستير في كلية التجارة/ قسم إدارة الأعمال وموضوعها:

### التحديات التي تواجه المؤسسات الدولية غير الحكومية في الدول المضيفة The INGOs under Host Country Challenges: A Grounded Theory Study on the Gaza Strip

وبعد المناقشة التي تمت اليوم الأحد 09 جمادى الآخر 1436هـ، الموافق 2015/03/29م الساعة الواحدة ظهراً بمبنى اللحيان، اجتمعت لجنة الحكم على الأطروحة والمكونة من:

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## Abstract in Arabic language

### ملخص الدراسة

تهدف هذه الدراسة إلى تحديد واكتشاف التحديات التي تواجه المؤسسات الدولية غير الحكومية في الدولة المضيفة (فلسطين)، وتوضيح دور هذه المؤسسات في قطاع غزة و تقديم الإطار النظري في ظل الاقتراحات التي وضعتها الدراسة، بالإضافة إلى توضيح ردود وآراء المشاركين كعينة دراسة حيث تم مناقشة التحديات التي يواجهونها بناءً على تجاربهم وخبراتهم السابقة ومن ثم تحليل هذه البيانات وتقديم نتائج وتوصيات الدراسة.

تكوّن مجتمع الدراسة من المؤسسات الدولية غير الحكومية في قطاع غزة، حيث تم اختيار عينة الدراسة عشوائياً و تكونت من 7 مدراء للمؤسسات الدولية غير الحكومية في قطاع غزة. استخدمت الدراسة المنهج النوعي في جمع وتحليل البيانات، حيث جمعت البيانات بواسطة المقابلة كأداة لجمع البيانات للمنهج النوعي. كما تم تحليل بيانات الدراسة باستخدام المنهج المقارن المستمر للمنهج النوعي-نظرية البناء.

انبثقت من الدراسة 4 فئات تحليلية للبيانات تشمل فئة التحديات القانونية والسياسية، فئة التحديات المعرفية، فئة التحديات المعيارية، بالإضافة إلى فئة الاستراتيجيات التأقلمية للمؤسسات الدولية في قطاع غزة كمنطقة مضيضة، حيث أن كل فئة من هذه الفئات انبثقت منها فئات فرعية.

كشفت الدراسة عن التحديات الرئيسية التي تواجه المؤسسات الدولية والتي تعود جذورها للتحديات القانونية والمعرفية بالإضافة إلى طبيعة العلاقة بين الدولة الأم، الدولة المضيفة والمؤسسات المحلية غير الحكومية الممولة دولياً. وجدت الدراسة أيضاً بعض الفرص التي قد تؤثر إيجاباً على عمل المؤسسات الدولية في قطاع غزة. كما وجدت الدراسة أن مدى حجم هذه التحديات يعتمد على حجم المؤسسة الدولية ودرجة الثقة بها من قبل الحكومة المضيفة. أكدت الدراسة على أن هذه التحديات تتمثل في العلاقة بين الجهات المؤسسية الفاعلة وذلك نتيجة للوضع السياسي للبلد المضيف، وطبيعة الحكومة المضيفة ومدى الرضا عنها دولياً، والاستقرار السياسي والأمني، بالإضافة إلى وجود الاحتلال، حيث أن لهذه العوامل دوراً كبيراً في تسهيل أو عرقلة عمل المؤسسات الدولية في أي دولة مضيضة.

أخيراً، توصي الدراسة المؤسسات الدولية في قطاع غزة بالتركيز على التحديات القانونية والمعرفية التي قد تؤثر على عملياتها في قطاع غزة. أيضاً، توصي الدراسة الحكومة المضيفة بعمل القوانين الأكثر فعالية ومرونة تجاه هذه المؤسسة. كما توصي الدراسة الباحثين المستقبليين بعمل البحوث فيما يخص المؤسسات الدولية وعلم الإدارة الدولية كعلم حديث بالإضافة إلى استخدام المنهج النوعي لأنه منهج علمي يتم تجاهله من قبل الباحثين خاصة في قطاع غزة.

## Abstract

The purpose of this study is to identify and explore the issues and challenges that face the INGOs in the host country (Palestine). Such identifications of INGOs' role provide a theoretical framework for the study's propositions, highlight the international organizations' responses to challenges according to their experiences, and provide baseline data for future researches.

Participants were the managers in some of the INGOs in the Gaza Strip. There were seven managers in the study; each was randomly assigned to an interview according to his approval to be a participant as a main tool of this research. The study used the qualitative data, and data collection commonly method involved the interview. The analysis of the interview data was conducted by using the constant comparative method of the grounded theory approach.

Accordingly, four main categories emerged from the data: the regulative challenges, the cognitive challenges, the normative challenges and the adaptation strategies of the INGOs. Each category has its subcategories and due analysis.

As the theory emerged, the study found the main challenges that the INGOs face in GS are regulative and cognitive challenges. These challenges are mainly related to the relationship between host, home countries and other institutional agents. The findings also showed how these challenges affect INGOs' work and what the opportunities they have. In addition, it explored the size of pressure that the INGOs may face which depends on the size and the trust of this organization. The study also found out that the host government and its nature, the political stability of the country, the home country policy and the occupation all have a big role in working as a smooth or difficult environment.

Finally, the study recommended the INGOs should focus on the regulative and cognitive factors which mainly affect their operations in the GS. The host government is recommended to do more effective and flexible regulations toward the INGOs. Also, the study recommended the researchers to do more researches on the INGOs and the IB field in addition on using the qualitative methodology as a method which is neglected by the researchers, especially in GS.

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## List of Abbreviations

<b>INGOs</b>	International Non-governmental Organizations
<b>NGOs</b>	Non-governmental Organizations
<b>PNGOs</b>	Palestinian Non-governmental Organizations
<b>WB</b>	World Bank
<b>UN</b>	United Nations
<b>NPOs</b>	Non-Profit Organizations
<b>Gaza Strip</b>	GS
<b>IGOs</b>	Intergovernmental Organizations
<b>MNEs</b>	Multinational Enterprises
<b>TRI</b>	Toxic Release Inventory
<b>NPRI</b>	National Pollution Release Inventory
<b>EPER</b>	European Pollutant Emission Register
<b>FDI</b>	Foreign Direct Investment
<b>IWH</b>	Institute for Wirtschaftsforschung Halle
<b>HNCs</b>	Host National Countries
<b>HCHQ</b>	Host Country Headquarters
<b>IJVs</b>	International Joint Ventures
<b>SOE</b>	State-Owned Enterprises
<b>MNC</b>	Multi National Corporation
<b>MGRs</b>	Multinational Governmental Relations.
<b>IMF</b>	International Monetary Fund
<b>LDCs</b>	Less Developed countries

**List of abbreviations (*Continued*)**

<b>CAP</b>	Consolidate Appeal Process
<b>PA</b>	Palestinian Authority
<b>TNCs</b>	Transitional Corporations
<b>CEECs</b>	Central and Eastern European Countries
<b>EU</b>	European Union
<b>LISREL</b>	Linear Structure Relationships
<b>RSIs</b>	Relationship Specific Investments
<b>IBH</b>	International Bureau for Humanitarian
<b>IOSs</b>	International Organization's Strategies
<b>PE</b>	Political Environment
<b>CES</b>	Socio-Economic Status
<b>CE</b>	Cultural Environment
<b>ED</b>	Ethnic Diversity
<b>ID</b>	Institutional Distance
<b>GM</b>	Government Misunderstanding
<b>HCP</b>	Host Country Policy
<b>PI</b>	Political Instability
<b>IC</b>	Institutional Coordination
<b>O</b>	Occupation
<b>AD</b>	Adaptation Difficulties
<b>SLR</b>	Social Life Restrictions

**List of abbreviations (*Continued*)**

<b>GMR</b>	Good Management Relationship
<b>DWR</b>	Difficult Work Relationship
<b>FWC</b>	Free Work Conditions
<b>GL</b>	Gaining Legitimacy
<b>LHC</b>	Leaving Host Country
<b>DC</b>	Direct Coordination
<b>Ind C</b>	Indirect Coordination
<b>SP</b>	Strategic Planning
<b>GT</b>	Grounded Theory
<b>IRB</b>	Institutional Review Board
<b>AIDA</b>	Association of International Development Agencies
<b>OPT</b>	occupied Palestinian Territory
<b>COGAt</b>	Coordination of Government activities
<b>CCM</b>	Constant Comparative Method
<b>WB</b>	World Bank

## **Glossary of the International Non-governmental Organizations (INGOs)**

***The Consolidated Appeals Process (CAP):*** The Consolidated Appeals Process (CAP) is a program cycle for aiding organizations to plan, coordinate, fund, implement, and monitor their response to disasters and emergencies, in consultation with governments. The CAP contributes significantly to develop a strategic approach to humanitarian action and fosters close cooperation between host governments, donors, and aid agencies, in particular between NGOs, the Red Cross Movement, IOM and UN agencies. Working together in the world's crisis regions, they produce a Common Humanitarian Action Plan (CHAP) and an appeal for funds.

***Global Policy Forum (GPF)*** is an independent policy watchdog that monitors the work of the United Nations and scrutinizes global policymaking. They promote accountability and citizen participation in decisions on peace, security, social justice and international law. GPF gathers information and circulates it through a comprehensive website, as well as through reports and newsletters. It plays an active role in NGO networks and other advocacy arenas. It organizes meetings and conferences and publishes original research and policy papers. GPF analyzes deep and persistent structures of power and dissects rapidly-emerging issues and crises. GPF's work challenges mainstream thinking and questions conventional wisdom. It seeks egalitarian, cooperative, peaceful and sustainable solutions to the world's great problems.

***The Association of International Development Agencies (AIDA):*** Founded in 1995, the Association of International Development Agencies (AIDA) is a membership body and coordination forum of the international non-governmental organizations (INGOs) that share a common interest in promoting appropriate development and humanitarian programmes in the occupied Palestinian territory (OPT). AIDA seeks to support the Palestinian people's self-development by providing a mechanism for the members of INGOs to work collaboratively. Its core functions are networking the relief and development assistance community, facilitating information-sharing and promoting advocacy, security, and training. Currently AIDA has 82 members.

***Under Food and Drug Administration (FDA) regulations,*** an IRB is an appropriately constituted group that has been formally designated to review and monitor biomedical research involving human subjects. In accordance with FDA regulations, an IRB has the authority to approve, require modifications in (to secure approval), or disapprove research. This group review serves an important role in the protection of the rights and welfare of human research subjects. The purpose of IRB review is to assure, both in advance and by periodic review, that appropriate steps are taken to protect the rights and welfare of humans participating as subjects in the research. To accomplish this purpose, IRBs use a group process to review research protocols and related materials (e.g.,



informed consent documents and investigator brochures) to ensure protection of the rights and welfare of human subjects of research.

*The Coordinator of Government Activities in the Territories Unit (COGAT)* is responsible for implementing the government's policy in Judea and Samaria and vis-à-vis the Gaza Strip. In addition, COGAT constitutes the civilian authority for residential zoning and infrastructure and is responsible for addressing the needs of Israeli settlements in the West Bank. The Coordinator of Government Activities in the Territories Unit is subordinated to the Minister of Defense and is part of the General Staff. The unit carries out civilian policy of the Government of Israel in the West Bank and vis-à-vis the Gaza Strip in coordination and conjunction with the Prime Minister's Office, other government ministries, the security forces and the IDF General Staff.

*IRIN* delivers unique, authoritative and independent reporting from the frontlines of crises to inspire mobilize a more effective humanitarian response. After 19 years of award-winning coverage with the UN, it has just started a new chapter. IRIN is now an independent, non-profit media organization.

*OCHA* is the part of the United Nations Secretariat responsible for bringing together humanitarian actors to ensure a coherent response to emergencies. OCHA also ensures that there is a framework within which each actor can contribute to the overall response effort. OCHA's mission is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors in order to alleviate human suffering in disasters and emergencies, advocate the rights of people in need, promote preparedness and prevention and facilitate sustainable solutions.

# **Chapter 1**

## **General Background**

### **Introduction**

- 1.1 Problem Statement**
- 1.2 Research Objectives**
- 1.3 Research Importance**
- 1.4 Research Factors**
- 1.5 Research Propositions**
- 1.6 Research Methodology**

## **Introduction**

This thesis aims to identify and explore the challenges that the International Nongovernmental Organizations (INGOs) face in the host country (Palestine). Dunning (1988) defined International Business (IB) as the study of export activities, foreign direct investment, technology transfer and the management of transitional corporation (TNCs). Saleh and Dori (2009) defined IB as transactions and procedures for private businesses and governmental organizations that mediate between businesses and non-profit or public institutions and governmental agencies, non-profit necessarily between two or more countries. Czinkota et al (2010) defined IB as an asset of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations. These transactions take on various forms, which are often interrelated. Primary types of international business are export–import trade and direct foreign investment. The latter is carried out in varied forms, including wholly owned subsidiaries and joint ventures. Additional types of international business include licensing, franchising and managing contracts.

This study deals with the (INGOs) that work in the Gaza strip. This small strip has a large number of associations and INGOs totaling more than 82INGO (Palestinian Interior Ministry, 2013). These INGOs work as fundraising dealers to PNGOs in a variety fields including health, development, agriculture, education and human rights (Balousha, 2013). INGOs received more than half of the requested funds, which represent only 14% of the total of funds contributed to the (Consolidated Appeal Process 2012 CAP). Only a fraction (\$856,030) of the direct total contributions was channeled to national NGOs, i.e. 0.30% of total funding received. However, it is important to note that local NGOs also benefit from partnerships with UN agencies and INGOs, which account for almost half of the fund, received up to date (United Nations Report, 2013).

## 1.1 Problem Statement

As a host country and a country of crisis and wars, Palestine has lots of INGOs especially in the GS. As mentioned by some statistical studies that the total number of INGOs in GS is (65) organizations (Afana, 2013). Sammour (2014) stated that the total number of INGOs in the GS is (79) organizations. In the recent years, a lot of studies have documented the importance of INGOs but none of them discussed the challenges and factors that face and affect the INGOs work and its adaptation of the strategies in GS especially from the institutional distance perspective. The INGOs in GS suffer from hard circumstances especially in the latest years. In addition, INGOs play an important role in GS as development, humanitarian and relief organizations; over 90% of social services in Occupied Palestinian territories (OPt) are managed by non-governmental actors, according to a study by the European Union (UN). Yet, they face a number of challenges including unclear relation with political actors, insecurity, their ability to focus on service delivery and the lack of a common voice for Palestinian civil society. Opts are the second highest recipient of international humanitarian aid (after Sudan) from 2000-2009, and the humanitarian aid to Palestine increased dramatically from 836US\$ million in 2008 to 1.3 billion US\$ in 2009 according to the aid watchdog Development Initiatives' Global Humanitarian Assistance Program (GPF report, 2011). So, the main concern of this study is to investigate the challenges and factors that face the INGOs in GS and affect their work and their adaptation of the strategies. This study seeks to answer the following two main research questions:

1. What are the factors and challenges that face the INGOs in GS?
  - Are there any regulative challenges that face the INGOs in GS?
  - Are there any cognitive challenges that face the INGOs in GS?
  - Are there any normative challenges that face the INGOs in GS?
2. How do the INGOs react and adapt themselves to such challenges and circumstances?

## **1.2 Research Objectives:**

The purpose of this study is to explore and investigate the challenges that face INGOs in The Gaza Strip. The study focuses on how cultural, political situation and ethnical differences can affect INGOs operations.

After identifying these challenges, the analysis of data can help in:

- Gaining better understanding of the challenges and issues that impact the INGOs in the Gaza Strip.
- Discovering the regulative challenges that face the INGOs in GS.
- Identifying the cognitive challenges that face the INGOs in GS.
- Exploring the normative challenges that face the INGOs in GS.
- Generating a theory of these challenges.
- Providing baseline of data of future research.

The findings of this study will add new knowledge to the literature in the form of a theory that identifies the challenges and issues that impact the INGOs in GS.

## **1.3 Research Importance:**

This study contributes to the literature in different ways. After reviewing the literature, it showed that there are some studies that deal with the Palestinian Non-governmental Organizations (PNGOs) but didn't deal with the INGOs and how they work in an environment which is full of challenges and with the relationship between INGOs and other institutional actors. As a grounded theory, this study explores the INGOs' environment from the perspectives of the international and local senior managers not from the perspectives of local employees to make good contribution to solve the challenges in the host country. So, this study hopes to discover the host country's challenges facing the INGOs in the managerial area as an application of the institutional theory not from surveying the geographical area as literature showed. This study seeks to contribute effectively to filling the gap in the area of international business knowledge in Palestinian society, especially as it is one of developing countries in the world. The study attempts to highlight different targets regarding INGOs in multiple

ways. Firstly, it may help the INGOs to identify, avoid and react effectively to the institutional distance challenges that face them in the GS as a host region. Secondly, it is hoped to help the Palestinian society to have more effective services by making efforts to explore and solve some of the INGOs' challenges. Thirdly, it may help and encourage the future researchers to do more researches on the INGOs using the qualitative methodology and the grounded theory approach.

That this research also will:

- Identify the challenges and their impact on the INGOs.
- Come up with some recommendations for the INGOs in the Gaza strip.

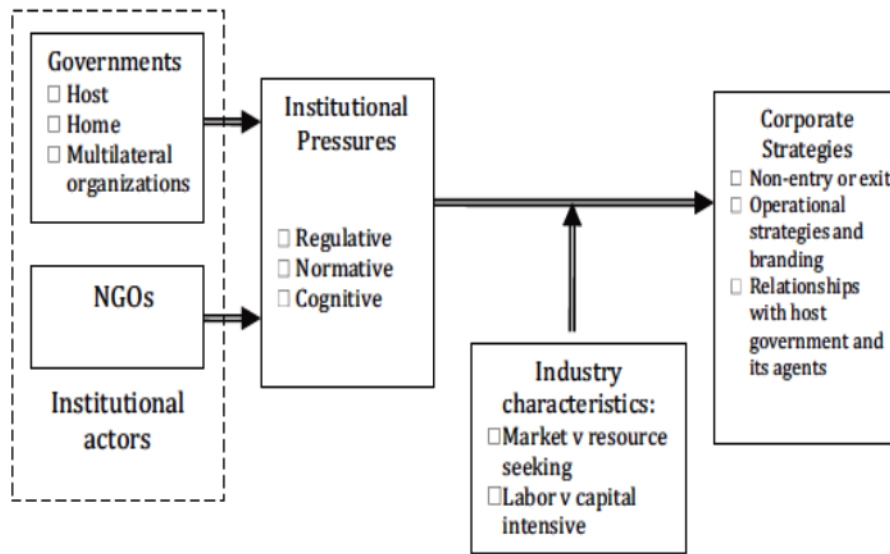
#### **1.4 Research Factors:**

As the study applies the institutional theory, it explores the Institutional Distances' (ID) dimensions as its basic factors:

- Regulative factors.
- Cognitive factors.
- Normative factors.

#### **1.5 Research Propositions:**

- There are significant issues and factors that face and affect the INGOs work in the GS.
- Regulative challenges affect the INGOs in the Gaza Strip.
- Cognitive challenges affect the INGOs in the Gaza strip.
- Normative challenges affect the INGOs in the Gaza strip.
- The INGOs have several adaptation strategies against the host country's pressures.



**Figure (1.1): INGOs operating under adverse environment. Source: (Meyer and Thein, 2012)**

Figure (1.1) shows the institutional environment which consists of the host, home and other institutional actors. This figure which is derived from Meyer and Thein (2012) helps this study to develop its theoretical framework and construct the study's factors.

### **1.6 Research Methodology (Data Collection and Population):**

This study used the qualitative methodology and the Grounded Theory (GT) approach. The data were collected through interviews. The research population and sample are the (INGOs) that are working in the Gaza Strip as mentioned below (Palestinian Interior Ministry, 2014). The reason for selecting this sample is that the INGOs have an important development role in the Gaza Strip, and as international organizations, they face a lot of challenges in conducting their programs in Gaza. And, there are no previous studies that deal with the INGOs as foreigners in the host country.

**Table (1.1) The number of INGOs in Gaza Strip. Source: (Palestinian Interior Ministry,2014)**

Number of INGOs	82
Number of employees	1047

# **Chapter 2**

## **Theoretical Framework**

**2.1 Section 1:** The International Non-governmental Organizations (INGOs).

**2.2 Section 2:** The International Business and the Institutional Distance.



## **2.1 Section 1: The International Non-governmental Organizations (INGOs)**

### **Introduction:**

World War II and the reduced security had forced the international organizations to play new roles in international relations. The peace process is one of the most important issues for UN role in the era of globalization. Both the UN and its agencies along with other organizations at the global and regional level have put the preeminent peace in the Middle East and the resolution of the Palestinian-Israeli conflict in their agendas (Tezel, 2003). In the last two decades, the WB and GS witnessed an increasing number of development projects led by the international agencies. These projects include population policy programs, environment quality, struggling poverty and surety the orphans. These international agencies have different experiences in international field in different regions of the world, and their distinguish feature is the amount of funding in order to achieve big programs in Palestine. Sammour (2014) argued that the NGOs are increasingly becoming an important force, because of the claim that they are efficient and effective as they are innovative, flexible, independent, and responsive to the problems of poor people. The growth of such NGOs over the past two decades had given them an increasingly important role and led them form a distinctive sector within civil society. They have been engaged in all sectors of social life, such as relief, rehabilitation, health, education, development programs, peace, human rights, and environmental issues using finance raised from voluntary, private sources, and donor agencies, and managing themselves autonomously at local, national and international levels. The Palestinian society includes two types of social institutions. The first type is presented by the traditional social institutions, which includes tribes, clans, extended families, urban, rural, families, sectarian networks and religious groups. The second type is made up of the modern institutions, such as political parties, charitable societies, trade unions, professional associations, women's associations, NGOs, media, advocacy groups and other service-providing organizations. Both types of social constructions are present and active in Palestinian society and represent different perspectives, whether

related to Palestinian cultural heritage, modern, western or traditional patriarchal values (Sammour, 2014).

In this chapter, the researcher used the INGOs in the context of the study. First, the researcher discussed some terms, definitions and facts about the NGOs and the INGOs in general. Second, the Palestinian Non-governmental Organizations (PNGOs) have been displayed in some details. Finally, the INGOs in Palestine as a host country have been the focus of the study sample. Some historical data about INGOs, their features, their role in Palestine as relief institutions operating in Palestine and some statistical data, issues and facts have been clarified.

## **2.1.1 The Non-governmental Organizations (NGOs):**

### **2.1.1.1 Defining NGOs:**

The term of non-governmental organization was coined at about the time of the founding of the UN in 1954 to distinguish private organizations from Intergovernmental Organizations (IGOs), such as Amnesty international, Oxfam international, CARE, Save the children and the World Wide Life Fund (Gamboni, 2006).

NGOs are the organizations that are not part of the government and their goals are not profit making (Jepson, 2005: Stiles, 2002). The three terms of third sector, NGOs and Non-profit organizations (NPOs) are used synonymously (Richel and Rudnicka, 2009). There are no generally accepted definitions in different circumstances. Nevertheless, there are some clear fundamental features of NGOs that make them independent from the direct control of any government. In addition, the NGO will not be constituted as a political party; it will be non-profit making and should not be a criminal group. So, NGO is defined as an independent voluntary association of people acting together on a continuous basis, for some common purpose, other than achieving government office, making money or illegal activities (Willetts, 2002). On the other hand, the World Bank (WB) sees NGOs as private organizations that pursue activities to relieve suffering, promote the interest to the poor, protect the environment, provide basic social services, and undertake community development (WB, 2001). According to Turner and Hulme (1997) NGOs are generally registered organizations, community groups, professional

associations, trade unions, cooperate charity organizations whose aim is to improve the wellbeing of their members and of those areas in which they exist.

NGOs perform a variety of functions. They provide information and technical expertise to governments and international organizations (such as specialized agencies of the UN) on various international issues, often supplying local information unavailable to governments. NGOs may also monitor human rights or the implementation of environmental regulations. Since the World War II and particularly since the 1970, NGOs have proliferated, especially at the national and local levels. Large NGOs have been created to address issues such as human rights, women's rights and environmental projects. At the same time, INGOs have become important actors in world affairs within other forums. A lot of factors have contributed to the growth of NGOs, including globalization, growth in the UN-sponsored global conferences, which often include parallel NGO forums, the communication revolutions and the spread of democracy, which has bolstered civil society and enabled individuals to operate organizations more freely. By the early of 21st century, there were some 6.000 recognized international NGOs (Gamboni, 2006).

### **Classification of NGOs:**

The concept of NGOs is linked to some criteria dealing with the size, membership and the function. Some patterns of NGOs are classified as follows:

1. Geographical distribution: local organizations, national and foreign international organizations.
2. Functional and activities: Agriculture, services, industrial and crafts.
3. Gender criteria: woman and man.
4. Size criteria: big, medium and small.
5. Class criteria: farmers, workers and middle class.
6. Culture criteria: religious, customary and ethnical (Ziada, 2012).

#### **2.1.1.2 There are some divisions of the organizations as follows:**

1. Governmental Organizations: has governmental funding and employees who have social guarantee.

2. Civil Organizations: depends on the efforts of civil funding such as private charitable institutions.
3. Joint Organizations: depends on the management and funding of the government and civil partners.
4. Intergovernmental Organizations (IGOs): an organization composed primarily of sovereign states, or other intergovernmental organizations. IGOs are established by a treaty or an agreement that acts as a charter creating the group.
5. International Organizations: social welfare organizations such as UNESCO and UN organizations (Ziada, 2012).

### **2.1.2 The International Non-governmental Organizations (INGOs):**

The World Bank defines NGOs as "private organizations that pursue activities to relieve suffering, promote the interest to the poor, protect the environment, provide basic services and undertake community development". An (INGOs) have the same mission as NGO but its international in scope and has outposts around the world to deal with specific issues in many countries (Teegen, 2003). Both terms NGO and INGO should be differentiated from IGOs which is defined as an organization composed primarily of sovereign states, or other intergovernmental organizations. IGOs are established by treaty or other agreement that acts as a charter. These organizations include the UN and the International Labor Organizations. INGOs can be defined by the primary purpose, some INGOs are operational, meaning that their primary purpose is to foster the community based organizations within each country via different projects and operations. Some INGOs are advocacy-based, meaning that their primary purpose is to influence the policy making of different countries governments regarding certain issues or promote the awareness of a certain issue. Many of the large INGOs have components of both operational projects and advocacy initiatives working together within individual countries.

INGOs differ in an important respect from Multinational Enterprises (MNEs) in that they lack profit motives. Their missions are socially motivated and tend toward the public good or collective good type focus those non-excludable goods, services or benefits provided to society such as poverty relief and pure drinking water (Teegen, 2003).

INGOs have a far longer history; many of the world's best known NGOs predate the emergence of the development industry. Save the Children was founded by Eglantyn Jebb in 1919 after the trauma of the First World War. Oxfam, which was originally known as the Oxford committee against the Famine, offers reliefs to victims of the Civil War. CARE began its life sending US food packages to Europe in 1946 after the Second World War (Lewis, 2009). In fact, NGOs had been active at the international level since the 18th century in western countries, when national level issue based organizations focused on the abolition of the slave trade and movements for peace. By the start of the 20th century, there were NGOs associations promoting their identities and agendas at national and international levels. For example, the World Congress of International Associations dealt with varied issues such as transportation. The INGOs became prominent during the League of Nations after the First World War, active on issues such as labor rights. In 1945, article 17 of the UN Charter formalized INGO involvement in UN processes and activities, and some INGOs contributed to the drafting of the Charter itself. United Nations, Educational, Scientific and Cultural Organization (UNESCO) and World Health Organization (WHO) both explicitly provided for INGO involvement in their Charters. But, INGOs again began to lose influence, hampered by Cold War tensions and by the institutional weakness of the UN Economic and Social Council (ECOSOC). It was not active until the 1970s when INGOs' roles again are intensified and played key roles within the succession of UN conferences from the Stockholm Environment Conferences in 1972 to the Rio Environment and Development (UNCED) in 1992, where INGOs were active in both the preparation and the actual conference itself, which approved a series of policy statements relating to the role of INGOs within the UN system in policy and program design, implementation and evaluation (Lewis, 2009).

### **2.1.3 The Palestinian Non-Governmental Organizations (PNGOs):**

PNGOs were established in September 1993, with the objective of enhancement, coordination, consultation and cooperation between members of organizations working in different development domains. After the divisions of the Gaza Strip (GS) and West Bank (WB) into two separated areas by Israel, PNGOs tried to continue their work through their two main offices in GS and WB. PNGOs carry out its operations through

different committees of their members working in different sectors; health, democracy and human rights, women and children, rehabilitation and agriculture. PNGO's role is to coordinate the INGOs work, but they haven't line authority on the NGOs. Now, PNGOs have 135 national NGOs in the WB and GS that work in various fields. A PNGO has an important role in coordinating the non-governmental sector. They have succeeded in establishing relations with different Civil Society Organizations, such as the Palestinian Union of Charitable Societies, the National Institute for NGOs, the various Palestinian political parties and the Professional Union. PNGO is the right hand for the NGO sector in Palestine with its objective of strengthening the Palestinian civil society and establishing the Palestinians state based on the principle of democracy, social justice, rule of laws, tolerance and respect of human rights, developing information management center and mainstreaming of society concerns into public policies, plans and programs. PNGO promotes coordination, cooperation and consultation not only among the Palestinian NGOs, but also between the PNGO sector and the different bodies of the Palestinian society. The establishment of common platform becomes even more vital while witnessing the current political segregation and ever more increased travel impediments between the WB, Jerusalem and GS. PNGO has effective role in developing a forum of civil society organizations that is meant to present an independent voice of civil society in Palestine. In fact, the civil society forum is crucial in addressing issues like democratic and social transformation and forwarding the agenda of reform at all levels. In this context, reports from International Bureau for Humanitarian NGOs (IBH) showed that the number of civil society organizations in the WB was 480 organizations until 1999, and 227 organizations in the GS until 2001.

#### **2.1.3.1 The Foreign International Aid:**

Funding and aiding were provided to the Palestinian Authority (PA) and NGO projects aiming at creating "peace dividend" to bolster goodwill towards Oslo agreement 1994; 24 countries are brought to Washington and pledged over \$ 2 billion as aid to the PA and Palestinian civil society actors to support the development in the WB and GS. In this period, the aid focused on three objectives: supporting the peace process, economic development, and capacity building in line with the autonomy delineated according to Oslo Agreement (Mintz, 2011). The PNGO project was initiated with three aims: the

improvement of the institutional capacity of NGOs receiving foreign grants, the strengthening of work relationships between the PA and NGOs, furthering NGOs as delivery mechanisms for services for the Palestinians. The PNGO project received US \$33 million from the WB and US \$36 million from other donors (Mintz, 2011). It is estimated that the number of PNGOs is 825 (The ministry of Interior, 2014). And, the total activities and programs of NGOs in Palestine in 2006 cost approximately \$223.607 million, while in 1999 it was \$112.736 million, and 61% from those revenues coming from International Aid, and the PNGO provided 21.5% of self-sources of the total revenue (El-Farra and Shaheen, 2009).

#### **2.1.4 The International Non-governmental Organizations in Palestine (INGOs):**

##### **2.1.4.1 Defining INGOs:**

After reviewing a lot of definitions of INGOs, it's observed that the INGOs concept is applied on the non-governmental organizations and international organizations that operate in the Gaza Strip, such as Non-profit organizations, civil organizations and institutions of collective actions. Some studies used the concept of Non-profit organizations, Private voluntary organizations, and Intermediary organizations in the USA, Charitable organizations in Britain, Voluntary agencies in India and the civil society organization in the Arab World and Palestine (Ziada, 2012).

As mentioned previously, the INGOs are defined as "private organizations that pursue activities to relieve suffering, promote the interest for the poor, protect the environment, provide perfect services or undertake community development (The World Bank). According to the Council of Ministry Resolution No.9 of 2003 of the Implementing regulations for the public and charities organizations No.1 for the year 2009, the INGOs, as foreign institutions, are defined as: "The institutions whose headquarters are outside the Palestinian territories or that the majority of their members are foreigners, and as foreign associations which offer social services in the concerned parties in order to open branches in Palestine" (Ziada, 2012).

In Palestine, INGOs operate under the Israeli occupation and tough political situation, a thing that necessitates a majority of NGOs that succeed to adapt themselves within social movements, work to foster, channel and empower alternative discourse.

### **Three distinguished features of the INGOs:**

- A group of individuals.
- Some purposes and aims.
- Organizational structure.

Mas (2011) defined INGOs as “An independent and moral personality that arises under an agreement of not less than seven people to achieve the goals of a legitimate public interest without targeting financial profits” (Ziada, 2011).

### **2.1.4.2 Stages of the Evolution of INGOs in Palestine:**

The history of the INGOs extends from the foundation of the civil society organizations in the GS and has a lot of effective and important achievements in Palestine (GS). In addition, a lot and different challenges and determinants have faced hard political instability, tough socio-economic circumstances in Gaza during this long history of INGO.

These stages can be stated as follows:

#### **The first stage 20<sup>th</sup> century:**

The Ottman rule includes the British occupation and the Israeli occupation 1948, the Jordanian rule to the West Bank and the Egyptian to Gaza Strip in 1967. The INGOs' activities in this period are described as charitable and relief activities focused on literacy, women and children care.

#### **The second stage 1967-1994:**

This stage focused on a variety of activities which are full of gaps that were created by the Israeli occupation. In addition, INGOs had a political role in protecting the



Palestinian identity, history and heritage. After the first Intifada 1987, the INGOs focused on health, education and agriculture programs.

### **The third stage 1994-Now:**

This stage started at Oslo Accords and the foundation of the PA and it's continued until this time where INGOs have become more specialized and professional. This effective role of INGOs refers to some considerations as follow:

1. Decreasing the constraints and obstacles that were practiced by the Israeli occupation against NGOs.
2. The PA's weakness in carrying out the relief and development activities which were made by NGOs.
3. Providing the PNGOs with donations from the international donor institutions (Ziada, 2012).

#### **2.1.4.3 The Role of INGOs in Palestine:**

There are no accurate statistics of the total number of the INGOs in the occupied Palestinian territories, but the estimates about this number vary during the years; sometimes it's estimated more than hundred organizations, and other times the number is more than 200 organizations. AIDA mentioned that the INGOs number is 82 organizations. The different estimates of the number of INGOs basically refer to the calculation such as the existence of offices of INGOs in the occupied Palestinian territories to provide funding regardless of the actual presence of their offices in Palestine. In general, we can say that the number of INGOs is 83 organizations with a long history in the occupied territories that carry out activities and provide funding (Palestine Interior Ministry, 2013).

#### **2.1.4.4 INGOs in the Gaza Strip:**

##### **The Foreign INGOs:**

There are two types of INGOs in GS. The researcher divided them into foreign INGOs and Arab and Islamic INGOs. This is explained as follows:

**Table (2.1): The names, number of foreign international organizations in Palestine and their employees (Palestine Interior Ministry, 2013)**

No.	Organization	No. of employees	No.	Organization	No. of employees
1	Association of Virtue and Democracy	2	2	International Cooperation South (CISS)	2
3	Norwegian People Aid (NPA)	9	4	Welfare Association	18
5	AMIDEST	9	6	International Medical Corps (IMC)	26
7	American Near East Refugee, improving lives in the middle East (ANERA)	17	8	Holland – War Child (WAR)	1
9	Middle East aid- Hagar	6	10	Action Against Hunger (ACF)	14
11	Catholic Relief Services (CRS)	65	12	Oxfam GB-Britain	8
13	Medicine Sans Frontiers (MSF) France	33	14	Perol Despwar	4
15	World Council of Churches (NECC)	84	16	Medicines du Monde- France	6
17	ST. John Eye Hospital	19	18	The council for European Palestinian Relations (CEPR)	2
19	Families Relief (A.R)	3	20	Oxfam – Italy	4
21	InsaniYardimVakfi (IHH)	6	22	Committee de bienfaisance et de secours aux Palestinian (CBSP)	4
23	Norwegian Refugee Council (NRC)	32	24	The Palestine Children's Relief Fund (PCRF)	5
25	Baptist Society	1	26	Terre des homes	10
27	The Forum of Palestinian Doctors in Europa	1	28	Deyazay Dernegi	4
29	Danish Crescent Charity	2	30	Aide humanitaireile de la tortue	1
31	Center for Mind Body Medicine (CMBM)	6	32	Aman Palestine Berhand -Malaysia	6
33	Cooperazioneinternazionale (COOPI)	17	34	dvv international	2
35	Save the Children	26	36	Mercy Corps	45
37	AssociationInternationalforum of lolidarty-emmaus	1	38	SOS Children's Village	58
39	The Palestinian Fund for Relief and Development	13	40	Youth School	6
41	Yardimeelidernegi	5	42	CARE International (CARE)	15
43	CooperativeHoosing Foundation (CHF)	120	44	Right to Play	3
45	Terredes homes Italy (TDH)	2	46	American friends service committee cquakerr	4
47	Handicape International	9	48	The International Orthodor Chvisstion Charities (Iocc)	13
49	Help Age International	19	50	sunshine4palestine	1
51	International Relief Fund For the Afflicted and Needy Canada (I.R.F.A.N)	7	52	World Vision	16
53	Educe Aid	3	54	Agency for technical cooperation and development "ACTED "	7
55	International Organization for Peace, Care and Relief	1	56	Enlighten Association	7
57	Premier Urgence	9	58	les opprimes	0
59	Medicon Del Muudo- Spain	2	60	PersatuanBantuanPerubatan Malaysia	0
61	Gaza Children's Fund Incorporation (CFI)	4	62	The council for European Palestinian Relations (CEPR)	2

**The Arab and Islamic International Organizations:**

**Table (2.2): The number of Arab and Islamic INGOs and their employees in Palestine. (Palestine Interior Ministry, 2013).**

No.	Organization	No. of employees	No.	Organization	No. of employees
1	Qatar Charity	19	2	4 Shaba Global Organization	4
3	World Assembly of Muslim Youth (WAMY)	4	4	International Union For Muslim Scholars	5
5	Shaheed Palestine Association	3	6	Arab Medical Union	6
7	Al Fakhoora	1	8	Al Quds International Institutions	6
9	A. M. Qattan Foundation	33	10	Alawrasaa Association on Education of Culture	1
11	Muslim Hands	8	12	Qatar Red Crescent Society	14
13	My Ummah	1	14	Baraka city	3
15	benevolent act mabarratpalestine bureau	8	16	Ummah Welfare Trust (UWT)	3
17	Islamic Relief - France	12	18	Islamic Relief Worldwide (Britain)	66
19	Charitable Association for Palestinians Relief	4	20	Human Appeal International	7
21	Medical Emergency Rescue Committee (MERC)	4			

Tables (2.1) and (2.2) show the number of the foreign and Arab and Islamic INGOs that work in Palestine and the total number of their employees, where the number of INGOs is 82 organizations and the total number of employees is 1047. These organizations are also involved in the Association of International Development Agencies; their major staffs chosen based on the memberships that play a coordinating role among these organizations since they were established in 1995. Also, the tables show that 5 of these organizations are ineffective which include the benevolent act mabarrat Palestine

bureau, Enlighten Association, les opprimes, Persatuan Bantuan Perubatan Malaysia, The Council for European Palestinian Relations (CEPR).

In addition, the INGOs have several roles that include:

1. Advocating the Palestinian issue on the international level.
2. Directing implementation of local development projects and relief activities and providing services.
3. Providing funds to the Palestinian civil society organizations, including the financing of (project-based funding) and the (core funding).
4. Building partnerships with the civil society organizations, including working directly on supporting activities and services among the international partners and the Palestinian parties.
5. Building long-term strategic partnerships through international partners and parties to provide “core funding” and technical assistance to local parties based on "An institutional plans" or "strategic plans."
6. Encouraging building the partnerships based on the implementation of international and regional projects, or participating in such projects, using international funding sources and sometimes through the involvement of Israeli organizations or organizations affiliated to other neighboring countries (Kostanini et al., 2011).

Concerning the role of the civil society, organizations focus on a direct role in carrying out the activities as the leadership role in the partnerships and the funding opportunities to finance projects (sometimes through the funding provided by the formal bilateral cooperation Agencies. In addition, every INGO had a big role in the last years because of the obstacles which controlled the PNGOs movements and the fact that the international organizations are safer than other Palestinian organizations in meeting the conditions that are set by the international parties. Yet, the strategic partnerships between the international governments are considered relatively few; there are two main groups of international NGOs working in partnerships for long time. Some of them had traditional systems in the work (no change) such as the Dutch and Belgian organizations and other organizations that have sustainability in the Palestinian occupied territories where they are allowed to build long term partnerships based on their projects.

In some cases, the INGOs, which work directly to carry out the activities and have short term partnerships with the civil society organizations, achieve activities which aim to consolidate the point views, support the civil society organizations with the innovation and knowledge, get international network memberships and fund real opportunities (Kostanini et al., 2011). Sometimes, the INGOs have a political role aiming at protecting the civil society organizations from political threats; this political role may reach legitimization and then is considered as the first level for organizations to have effective role in putting the public policies on the local level.

### **2.1.5 The Main International Donor Organizations in Palestine:**

- **The World Bank:** it focused its support to build a center for the development of civil society organizations in 1997.
- **The American Agency for International Development:** it is considered as the major donor to support civil society organizations in the WB and the GS. The agency works to support the implementation of the projects held by local civic organizations with the partnership of NGOs whether generally international or mainly American.
- **Swiss Agency for Cooperation and Development:** Swiss works to support very small civil society organization's projects with a focus on economic development projects, good governance and activities for youth.
- **Norwegian Cooperation:** it aims at peace-building and state-building through providing direct funding to 70 NGOs and the indirect funding through the Norwegian organizations, such as Norak organization for working with non-governmental organizations.
- **Decentralized Aid:** it is provided by the European regional and local authorities to finance the Palestinian civil society organizations through the mediation between the European civil society organizations.
- **United Nations (UN):** The United Nations program was established in 1980 to support the Palestinian people and the civil society organizations which aim at providing services and capacity building.

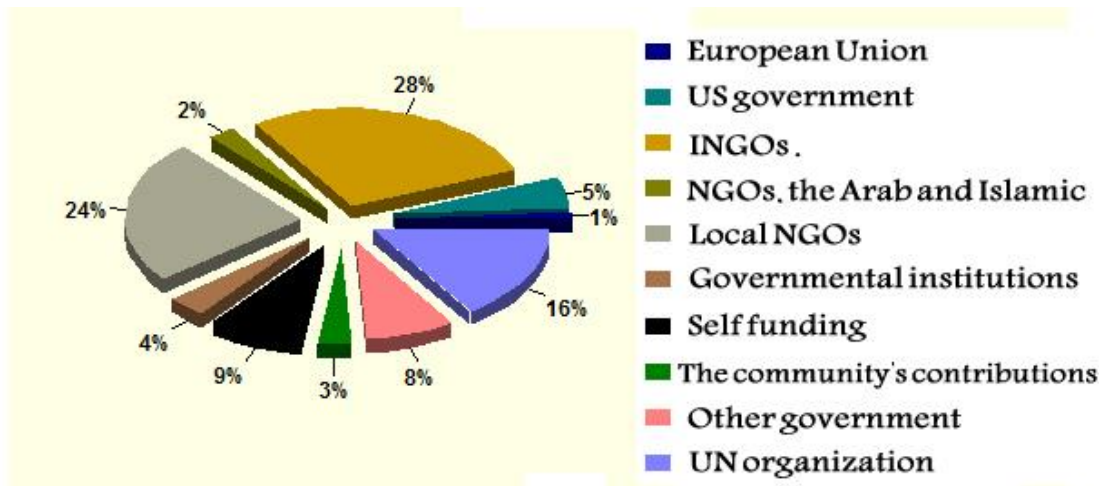
The most important of these INGOs are UNRWA, WHO and UNICEF which are considered more important organizations in supporting community civil organizations (Kostanini et al., 2011).

### **2.1.6 Funding of the INGOs:**

The international aid depends on the global flow of a capital for funding. There are two important processes of negotiation whereby NGOs seek resources from external actors, leaving them susceptible to external control; they are responsible for their constituents (Mintz, 2011). In general, the funding process is an important issue; the classification of NGOs' work and channels of international aid is widely based on neutrality. Yet, international aid through direct, bilateral or multilateral institutions neither originates nor is delivered into political vacuums. To understand the relationship between international funding and NGO, it is necessary to understand the political economy of war and peace; project funding reflects the motive and agendas of the donor as much as the needs of the recipients.

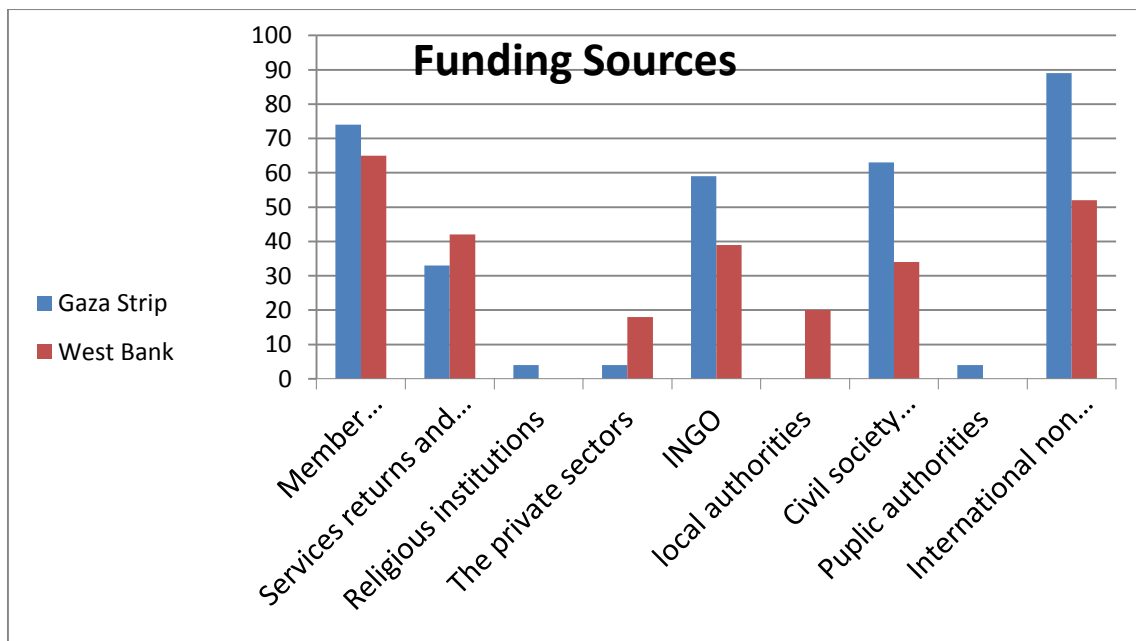
International aid in Palestine under Israeli occupation highlights the immediate dilemma to the aid in conflict zones; while international law, which follows article 43 of Hague Regulations as well as the fourth Geneva Convention, maintains that Israel is responsible for the social and economic welfare of those under its occupation, the donor communities' steady supply of humanitarian aid and relief has relieved Israel of this responsibility, there is a widespread view that humanitarian aid has maintained the level of poverty due to the strict closure regime just sustainable enough to avoid a total humanitarian crisis while donor-funded construction projects, such as homes or roads to replace the destroyed in the light of land confiscation, legitimize Israel's ongoing colonization (Mintz, 2011). In this context, the researcher summarized some statistics about INGOs as follow:

Rabah (2009) showed that the largest proportion of funding for the projects that came from the INGOs is 28% and the funding from the local NGOs is 24%, while the lowest proportion funding for the projects came from the non-governmental Arab and Islamic organizations is 2% and 1% is funded by the European Union as mentioned in figure(2.1).



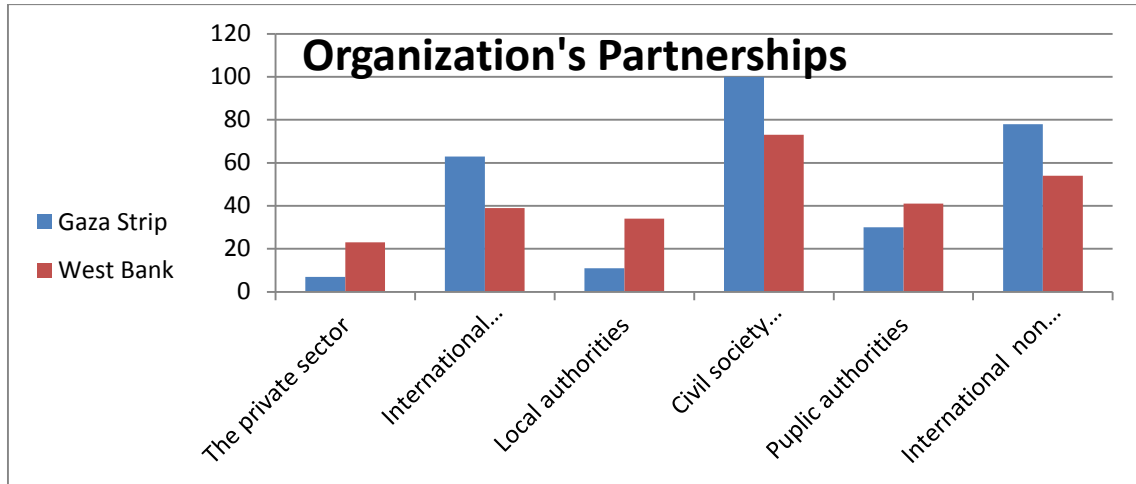
**Figure (2.1): The proportion of funding from INGOs and local NGOs. Source: (Rabah, 2009).**

After reviewing some statistics about the external funding of local community organizations, figure (2.2) shows that the GS received 60% of the INGOs funding. While 60% of these organizations are funded by International organizations compared to the WB, which gets 50% of the funding from non-governmental organizations, 40% of them get the funding from the International organizations. In addition to the direct funding, the PNGO has an important role in managing the funding which was directed to the civil society organizations by acting as a mediator's role between the PNGOs and the NGOs and the international agencies (Kostanini et al., 2011).



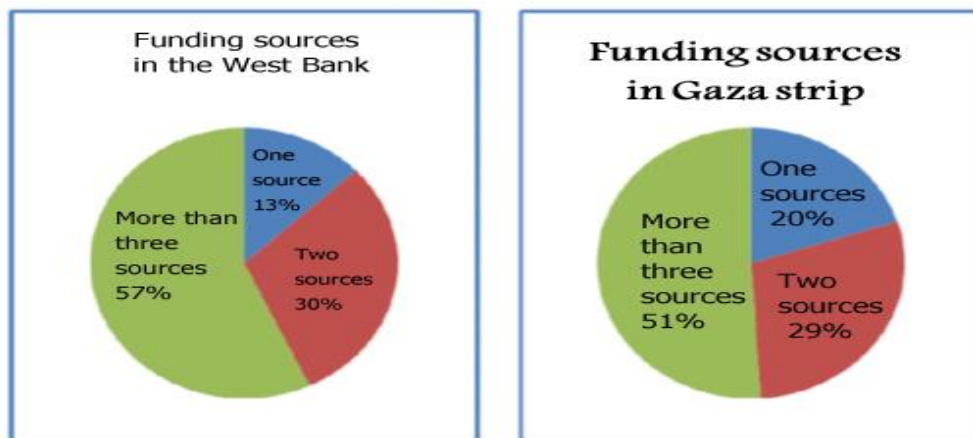
**Figure (2.2)The Funding Sources. Source: (Kostanini et al., 2011)**

According to (Kostanini et al, 2011), the proportion of funding from INGOs to civil society organizations in the GS is 89%, while in the WB its 52% as shown in figure (2.3).



**Figure (2.3): The Organizations Partnerships in Funding. Source: (Kostanini et al., 2011)**

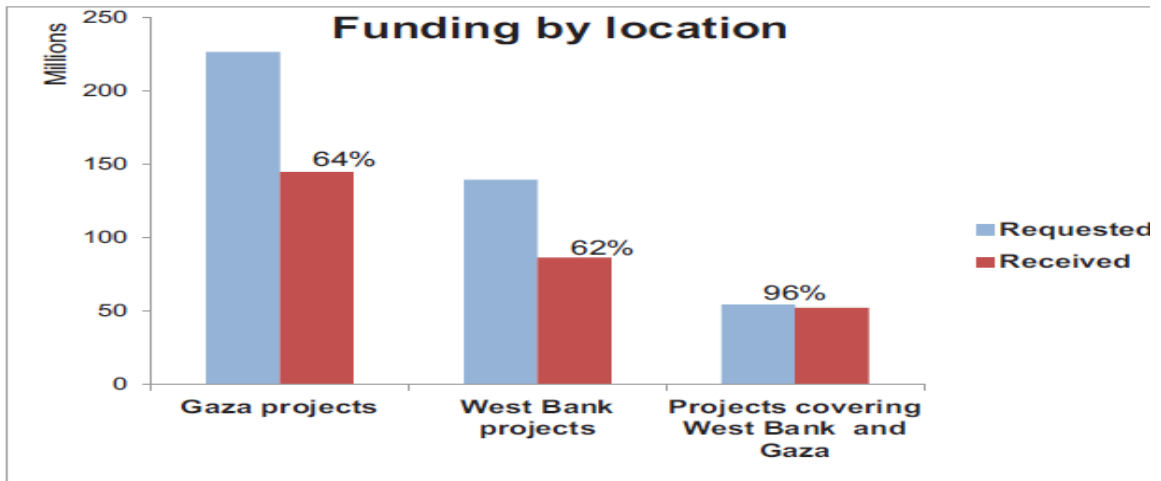
The international funding has multiple sources as figure (2.4) showed, where 60% of organizations depend on 3 sources compared to 13% that depend only on one source, while 30% of organizations depend mainly on two sources: NGOS and INGOs (Kostanini, et al., 2011).



**Figure (2.4): The Funding Sources in GS and WB. Source: (Kostanini et al., 2011).**



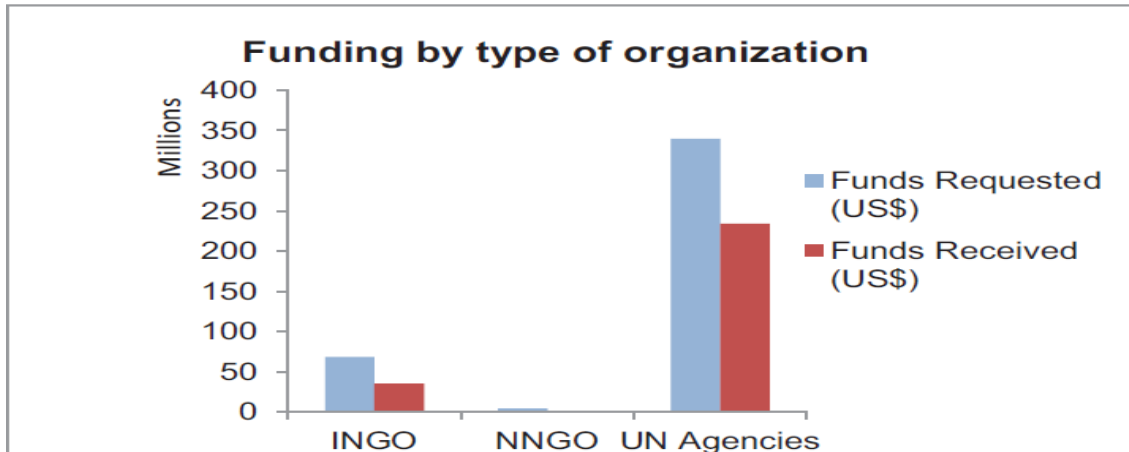
According to the UN report (2013), funding projects focused on the GS. The NGOs received \$144.4 million out of \$226 million requested, and the NGOs projects in the WB received \$86.2 million out of \$139.2 million requested (UN report, 2013).



**Figure (2.5): Funding by location. Source: (UN report, 2013).**

From figure (2.5), both areas equally received more than 60% of the funding requirements, projects targeting both the GS and the WS received \$52 million out of \$54 million, (96%) of the fund requested. INGOs received more than half of the requested funds, which represented that only 14% of the totality of funds contributed to the 2012 CAP (Consolidated Appeal Process).

A fraction of 856.030\$ millions of the direct total contributions was a challenge to the national NGOs, i:e 0.30% of the total fudging was received. However, it is important to note that the local NGOs also benefit from partnerships with UN agencies and INGOs, which account for almost half of the fund received to date (UN report, 2013).



**Figure (2.6): Funding by type of organization. Source: (UN report, 2013).**

## **2.2 Section 2: The International Business and the Institutional Distance**

### **Introduction:**

Dunning (1988) defined International Business (IB) as export activities, foreign direct investment, technology transfer and the management of transnational corporations (TNCs). There's a variety of theories about IB which include nine theories. **First, Capital Market Theory** which is part of portfolio investment. It suggests three positions that attract investment in the less developed countries (LDCs). Firstly, it is the undervalued exchange rate, which allows lower production costs in the host country. Secondly, since there are no organized securities; therefore, long term investments in LDCs will often be FDI rather than purchase of securities. Thirdly, there is limited knowledge about the host countries' securities. **Second, Existence of Firm Specific Theory** which is developed by Stephen and Hymer (1976). According to this theory, firms invest abroad because of that certain firms have specific advantages such as, access to raw material and economies of scale and superior management. **Third,** Buckley and Casson (1976) and Hennart (1982) developed the **Theory of Internationalization** which suggests that firms can overcome market imperfections by internalizing their own markets. This means that internationalization involves a vertical integration in the form of bringing new operations and activities under the governance of the firm. **Fourth,** Dunning (1980-1988) considered that the internationalization is very important and used it in developing **the eclectic theory** which shows that the

parameters of the investment in one country are different from another and from a company to another, and it reflects the economic, political and social conditions of the host country. **Fifth, The Product Life Cycle Theory** which was developed by Raymond Vernon in 1966. It can be used to analyze the relationship between product life cycle and possible foreign direct flows (Das, 2012). **Sixth, FDI and Oligopolistic Markets Theory** states that the oligopolistic big firms tend to dominate the global market on account of entry barriers. Big firms intend to retain their monopoly power by sustaining these entry barriers. They do not want new competitors to enter by allowing market vacuum. Thus, they want growth maximization of the firm. A firm's relative rate of growth determines its relative size and relative market power. So, the oligopoly theory explains defensive investment behavior of a multinational firm. **Seventh, Monopolistic Advantage Theory** which suggests that the Multinational Enterprises (MNE) possess monopolistic advantages, enabling them to operate subsidiaries abroad more profitably than local competing firms. Monopolistic advantages include the benefit accrued to a firm that maintains a monopolistic power in the market. Such advantages are specific to the investing firm rather than to the location of its production. Stephen H. Hymer (1976) found that foreign direct investment (FDI) takes place because powerful MNEs choose industries or markets in which they have greater competitive advantages, such as technological knowledge not available to other firms operating in a given country. These competitive advantages are also referred to as firm-specific or ownership-specific advantages. **Eighth, Resource-based View Theory** is reviewed to identify the range of factors encouraging some owner-managed SMEs to enter export markets. Four categories of human and financial capital are examined: the general human capital resources, the principal founder's management knows how, the principal founder's specific industry knows how, and a principal founder's ability to obtain financial resources that can act as a buffer against random shocks. **Finally, the Institutional Theory** which focuses on the assumptions that local institutional context equally supports all forms of business activity regardless the type of technology, the identity of the investors and the relationship between the international institution and the host country government. This theory examines the determinates of change in the local institutional context as the ability of organizations to predict, plan and adapt to such change influences the ability of the organization, to select, organize and attain peak

performance across the portfolio of local institutional contexts that they face and also assist an organization with a given institutional context particularly when institutional change is more prevalent in the host country than the home country (Hensiz, 2012). Institutional theory is the foundation of institutional distance. It perceives institutional environment as a key of the determinants of the firm structure and behavior. Institutional distance is a measure of cross-country differences and refers to the extent of similarity or dissimilarity between the regulatory, cognitive and normative institutions of two countries (Kumar et al., 2010). This study makes a contribution to the existing literature on international organizations' challenges by adopting the institutional theory's perspective focusing on what differences in institutions in home and host countries that affect the INGOs adaptation strategies in the Gaza Strip.

In Chapter 3, the literature review presented is useful for the theoretical background of this study. In this study, the researcher aims to develop a framework derived from Meyer and Thein (2012) which provides the theoretical bases for this study, and could add a very useful contribution in investigating the institutional distance challenges that face INGOs under adverse environment in the Gaza Strip. This study used the three dimensions of institutions: regulative, normative and cognitive developed by Scott (1995). Institutional distance is defined as the extent of similarity and dissimilarity between the regulatory, cognitive and normative institutions of two countries (Ledyava et al., 2009). When it applied to international business organizations, a key assumption derived from the institutional organization theory which this study applies is that foreign entrants need to gain legitimacy in the host environment.

Meyer and Thein (2012) aim to generate a theoretical framework about how home country institutions influence business outside the country's boundaries and about the pressures that affect their operations and strategies. They set out three pressures as basic factors which include regulative, normative and cognitive. Data are gathered by the interviewing local and foreign consultants. Meyer and Thein used "a critical case" in Myanmar. This study uses a sample of the INGOs that operate in the GS. Specifically, it allows us first to explore what pressures that can affect INGOs at all, and second to explore how firms act under such pressures.

Meyer's and Thein's theoretical framework suggests that the corporate strategies are affected by the institutional pressures. In addition, the theoretical framework states that the international institutions are affected by other institutional actors which include political parties and NGOs. Moreover, Meyer's and Thein's model used four sectors which are "market versus resource seeking, and labor versus capital intensive" to explore variations of the impact of institutional pressures.

**According to Meyer's and Thein's framework, factors' definitions are as follow:**

**Regulative pressures arise** *among other sources from legislation affecting for example exports and imports, tax laws and foreign host country practices.*

**Normative pressures arise** *from norms advocated by actors such as government and nongovernmental organizations or the values and beliefs that underlie behavior and that form the basis for legitimacy in actions (Newman, 2012).*

**Cognitive pressures** *arise from shared beliefs and assumptions that organizations abide to without conscious analysis or thought or how they understand about the host country they operate in it.*

Ledyava et al (2009) explained that the regulative pillar refers to a formal institution, which is written and often originates from the state. The normative and cognitive pillars represent the informal institutions, such as norms, values and cultures, which act as "unwritten rules." Scott (1993) defines the normative pillar as a legitimate means to pursue goals, whereas the cognitive pillar refers to the beliefs and value system of society. In real word, the normative and cognitive aspects of institutions are often difficult to distinguish from each other (Ledyava et al., 2009).

The institutional differences comprise the regulative, cognitive and normative distances between two countries. It was suggested that the larger these distances between the host and home countries are, the more difficult it is for the international organization to establish legitimacy in the host country and to transfer organizational practices from the home country to the host country (Paul W. et al., 2004).

All forms of institutional differences can influence the business in the host country. Regulative institutions in GS normally are controlled by the government of the host country, authority and the Israeli occupation, and the division between GS and WB. The restrictions of movement and the closer of Erez crossing prevent INGOs from operating and moving freely (USAID report, 2003). Other regulative institutions may impose tariffs, taxes, reporting requirements or legal liabilities that create additional costs for firms operating in a foreign country (Meyer and Thein, 2012).

Normative institutions establish norms on how to conduct business a broad such as human rights. Norms vary, and there is little international agreement beyond very abstract concepts as to what actually constitutes internationally applicable hyper norms (Meyer and Thein, 2012). Normative pressures that affect business vary depending on where a firm originates from and where it operates.

Cognitive institutions guide organizations to understand the nature of reality and the frames through which the meaning is developed. In the context of this study, it refers to cognitions of corporate decisions makers and of the nature of the host country which they want to operate in. the diversities of business environment connect between business activities and undesirable practices of the host country government.

Regulative, normative and cognitive institutions also affect the international organization's performance and strategies, at least under some conditions. One of the recommendations cited by Meyer's and Thein's study is that "to do further researches about international organizations pressures; both home and host pressures because there is some lack of research in this field of international business." This what this study tries to do; the researcher aims to generate a theoretical framework that could contribute to investigating the INGOs pressures and challenges in the host country (Palestine) by modifying Meyer's and Thein's theoretical framework and adding new propositions. In the following section, a discussion for the derived theoretical framework is explained.

#### **2.2.1.1 The Factors of the Study:**

Theoretical framework is defined as a set of existing theories, concepts and relevant definitions that are used in a specific field of study. In any study, theoretical framework

is the evidence used to support the researcher's theory regarding a particular matter. Researchers use this set of information to build a case for why their interpretation of things is the correct one. The theoretical framework guides us to explore and generate some propositions of this study. The propositions in a qualitative research are in contrast with hypotheses in a quantitative research which is an argument based on the study's findings.

In this study, the proposed framework was mostly derived from Meyer's and Thein's framework and contains three types of factors (See chapter1, Figure (1.1)).

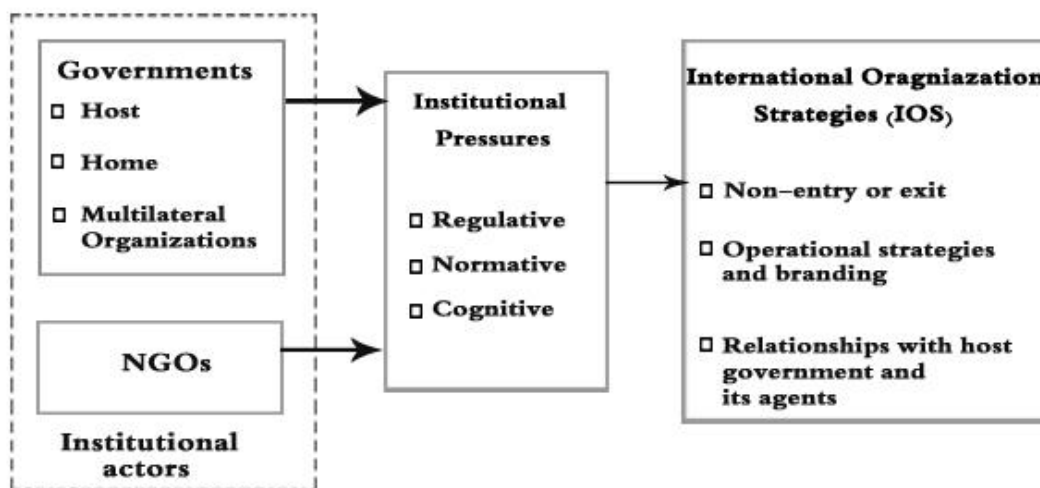
- **Factor 1:** One main factor in this study which is considered as a main concern is the International Organization's Strategies (**IOS**) that are expected to be affected by the five factors mentioned above.
- **Factor 2:** Political Environment (**PE**) is a factor derived from Meyer's and Thein's theoretical framework. Political environment consists of the local laws and legal systems of those countries in which international institutions operate and of international laws, which govern relationships between sovereign countries (Dresky, 2011). This study deals with the relationships between the INGOs and the host country's governments.
- **Factor 3:** Socio Economic Status (**SES**) is the relationship between economic activity and social life. Social economic factors, often called socioeconomic factors, are used to study or to compare social life and economic activity, included as aspects of education, wealth and employment (Blackely, 2012). In this study, socioeconomic factors represent the socioeconomic status of the host country (The Gaza Strip) where the INGOs are operating. The host country's socioeconomic status represents an attractive factor or as a challenge? And how this affects the INGOs strategies in the host country.
- **Factor 4:** Cultural Environment (**CE**) is a set of shared values, understandings, assumptions and goals that are learned from earlier generations, imposed by present members of a society, and passed on to succeeding generation (Dresky, 2011). In this study, cultural environment includes the diversities of business culture environment such as language, religion, social habits, music, and arts.

- **Factor 5:** Ethnic Diversity (**ED**) is a factor developed by the researcher, and it is defined as the difference between two countries on relatively objective contextual factors that influence business conduct (Newman, 2012).

**ED** is a factor proposed and added by the researcher. Ethnicity is a driving force behind political instability around the world (Dresky, 2011). ED is added to explore how ED affects the INGOs strategies and responses.

In specific, choosing ED is based on the Gaza Strip situation as a host country and an environment which is full of challenges.

In this study's theoretical framework, the institutional actors are part of the host country environment and of the institutional actors; they complete each other. These pressures belong to the INGOs in the environment of institutional actors.



**Figure (2.7): Initial theoretical framework. Source: Developed by the researcher (2015)**



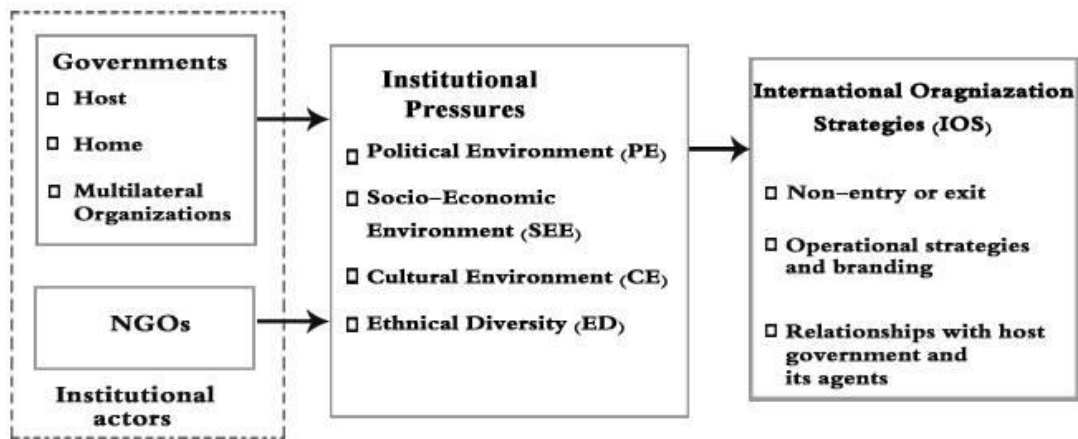


Figure (2.8): Detailed theoretical framework. Source: Developed by the researcher (2015).

### 2.2.1.2 Research Propositions:

This study sets five propositions to investigate and explore the challenges and the effect of the five determinants (PE, SES, CE, ED) on the main theme IOS. These propositions are:

**P1:** There are some political challenges which face the INGOs and affect their IOS in the GS.

**P2:** The socio economic status is a challenge which faces the INGOs and affects their IOS in the GS.

**P3:** There are some cultural challenges which face the INGOs and affect their IOS in the GS.

**P4:** The ethnic diversity is a challenge which faces the INGOs in the GS.

**P5:** The INGOs have several adaptation strategies against the challenges they face in the GS.

**Summary:**

After identifying the INGOs in the context of the research as a source sample of the study, it is clear that the INGOs have a critical role in the GS, and it is important to encourage researches to know and solve the conflict they face, and this is what this study hope to contribute.

In this chapter, the researcher provided background information about the NGOss in general followed by the PNGOs, then the INGOs in the GS are discussed in detail, and some statistics about it are provided. In addition, as a grounded theory study, the theoretical framework helps the researcher to develop the factors of the study, the research's propositions and the data analysis in the light of the institutional environment in the host country. This theoretical framework supports the study with a complete body of analysis and leads to emerging categories and theory. In this study, the theoretical framework includes the three dimensions of the institutional distance: regulative, cognitive and normative. Then, the researcher developed the factors of each dimension as host country challenges. Each of these dimensions and factors was identified in details. The propositions of the study were stated, and this helps in developing the theory in the following chapters of the thesis.

# **Chapter 3**

## **The Previous Studies**

**Introduction**

**3.1 Initial Previous Studies**

**3.2 Final Previous Studies**

**3.3 Commentary**

**3.4 Study Contribution**

## **Introduction:**

This chapter presents an overview of the current literature review related to the challenges that face the INGOs in the host country. Two literature reviews were carried out. The first was a preliminary review undertaken in the initial stages of the research, with a second and more comprehensive review conducted at the end of the research. The first review was conducted to help the researcher identify the most common points that deal with the host and home environment, challenges, and the effect of the institutional distance dimensions on the cross-country business. In addition, the review helps the researcher to draw the theoretical framework of this study. The second literature review was conducted at the end of the study, and this is a common practice when using grounded theory methodology because the emerging theory should come from the participants involved (Kelly, 2008). It is, therefore, not necessary or recommended that a comprehensive review of the literature be conducted at the beginning of a grounded theory study (Kelly, 2008). Kelly (2008) argued that the literature review at the initial stages of the research helps the researcher identify the gaps in the literature and this is what applied in this study. In general, the first literature review helps the researcher to gain important background knowledge of the topic. And the second literature review supports the researcher in discovering the contributions that the study made at the end of the study. So, this chapter reviews and explores the literature. The researcher examines and comments all the literature where there is a comparison between this study's contribution and the related literature. The most important issues of each reviewed study and the related findings are provided. In addition the review identified the gap in literature dealing with the institutional distance and documents the contribution of this study.

### **3.1 The Initial Previous Studies:**

**(Tintin, 2013): "The Determinants of Foreign Direct Investment Inflows in the Central and European Countries: The Importance of Institutions."**

This study aimed to investigate the determinants of Foreign Direct Investment (FDI) inflows in six Central and Eastern European Countries (CEEC) by incorporating the

traditional factors and institutional variables over the 1996-2009 period. The study used four different comprehensive institutional variables: economic freedom, state fragility, political rights, and civil liberties to understand whether institutions are a robust determinant factor of FDI inflows in the CEEC. The study used FDI dataset by four main investor countries (European Union, the United States, China and Japan). The panel least squares estimation method with fixed effects is adopted as the main approach in this study. Also, institutional trade theory is applied. Data were collected from the Vienna Institute for International Economic studies (WIIW). The WIIW dataset uses the standard definition of FDI "FDI is the category of international investment in which an enterprise resident in one country (the direct investor, source) acquires an interest of at least 10% in an enterprise resident in another country (the direct investment enterprise, host) (UNCTAD, 2007). Findings showed that the European investors, who are the major investors in CEEC, take economic, trade and institutional factors into account while investing in the CEEC. The American investors put more emphasis on the European Union (EU) membership, GDP size and open economy variables. The Chinese Investors are highly concerned with GDP size, openness and the EU membership status of the CEEC. The Japanese investors have a similar pattern of the European's investors that they take all economic, trade and institutional variables to invest in the CEEC.

**(Bandara and others, 2013): "Foreign Direct Investment in Sir Lanka".**

This research aimed to formulate a systematic and in-depth study of FDI in Sir Lanka, investigating the determinants, impact and policy issues. This study discussed the determinants and their impact on FDI in Sir Lanka. Special attention is given to civil war, human capital and stock market price level. Civil war is a major source of political instability and is likely to discourage FDI. Based on the nearly three decades in Sir Lanka during the period of 1983-2009, data were collected from the foreign firms in Sir Lanka and tested by using statistical methods. The findings showed the importance of recognizing country specific limitations in human capital in understanding the relationship between human capital and FDI. This study also showed a significant negative relationship between host country stock market valuations and FDI in the context of Sir Lanka and other countries with under-developed stock markets. In

addition, Sri Lanka has poor performance in attracting FDI into technology intensive sectors. And, absence of positive spillovers from foreign firms to local firms may have resulted in poor performance of local firms in terms of upgrading their specific capabilities. Finally, weak institutional environment, poorly managed exchange rate policy and poor infrastructure appear to be major issues in terms of boosting future FDI inflows to Sri Lanka.

**(Kunda, Elanago, Lahiri & Contractor, 2013): “Institutional, Cultural and Industry Related Determinants of Ownership Choices in Emerging Market FDI Acquisitions.”**

This study aimed to explain the choices of multinational Foreign Direct Investment (FDI). The choices include full, majority and minority ownership on the basis of 3 locational factors: the differences or distance between the countries of the acquirer, target firm operationalized in terms of institutions, and culture and Sectorial relatedness. Also, the study aimed to explain the level of equity in partial FDI acquisitions based on three differences between home and host nations: Formal institutions differences - laws, regulations and explicit practices, Cultural or informal differences especially in risk-taking attitudes, and Sectorial differences, to which extent the industry of the acquirer is related or unrelated of the target firm. The sample of this study includes some acquisitions by foreign multinational firms, from Europe, USA and Japan, in two major emerging markets: China and India over 11 years' time period (1998-2008). The data were collected from Thomson's SDC Platinum database. This database has been widely used in empirical studies relating to cross-border acquisitions (Ficici, 2009). The findings showed that the minority acquisition over majority becomes higher when acquisitions involve low institutional distance or high uncertainty avoidance distance. However, the likelihood of minority acquisition over the majority becomes lower when acquisitions involve industry relatedness. The study contributes to the literature by using country or location distance to show how the multinational firm, being "multiple embedded" country can take advantage of the dual location of home and host countries.

**(Peltokorpi and Forse, 2012): “Expatriate Personality and Cultural Fit: The Moderating Role of Host Country Context on Job Satisfaction.”**

The study examined the interactive effects of host country context (Brazil and Japan) and expatriate personality traits on job satisfaction. In addition, the direct impact of cultural empathy and emotional stability on expatriate job satisfaction, host country context has interactive effects with expatriate personality traits on job satisfaction. The study used the statistical methods by using questionnaires from 61 expatriates in Brazil and 130 expatriates in Japan. Data were collected from expatriates in metropolitan areas in Brazil and Japan. The findings showed that the expatriate personality traits interact with host country specific characteristics in the prediction of job satisfaction. In addition, the study found that host country context affects the expatriate personality traits-job satisfaction linkage, providing support for the cultural hypothesis (Ward et al., 2004).

**(Hacioglu and Zorlu, 2012): “The Conflict Issue in International Business and the Global Leadership.”**

The study aimed to draw a theoretical framework of the challenges and conflicts in international business and the role of global leadership in conflict resolution in international business. Also, the study examined the challenges and their linkages to the group interaction, the role of the leadership in managing these challenges in international business, the role of the global leadership in conflict resolution. The findings showed that the organizational conflict in the international business stems from ambiguity, clash of interest, diversities and imperfection exaggeration. The culture is the most important factor that defines the roots of the conflict and the global leadership behaviors. So, global leaders must have enough knowledge and internalize the national and organization culture. In this context, solving conflict at international business organization via global leadership styles will contribute to the development of organizational commitment, job satisfaction and participation.

**(Lindbergh and Jonsson, 2012): “The Impact of Institutional Impediments and Information and Knowledge Exchange on SMEs Investments in International Business Relationships.”**

This paper aimed to investigate the impact of institutional impediments and information and knowledge exchange in international business relationships on small and medium-sized Enterprises' (SMEs) specific investments in international business with performance of SMEs. The study used the linear structure relations (LISREL) model. Data were collected by using a sample of 255 international SMEs. The findings showed that the institutional impediments and the exchange of information and knowledge in business relationships led to increased Relationship Specific Investments (RSIs). Moreover, these investments' results increased the level of performance for the international SMEs. In addition, this research contributes to the study literature by showing the effects of institutional differences on a rational level.

**(Thein and Meyer, 2012): “Business under Adverse Home Country Institutions: The Case of International Sanctions against Myanmar.”**

This research aimed to investigate how the MNEs operate under extreme adverse pressures (the home and host country pressures), test such pressures that can be effective in inhibiting business at all, and to explore how firms act under such institutional pressures and how MNEs adopt their strategies to these home institutions. This study contributes to the relevant literature in multiple ways. First, it offers an integrative framework to analyze home country institutional pressures on business in a host country. Second, it provides a rich qualitative analysis of business in Myanmar, a context that to-date received limited consideration in the international business literature. In addition, the study opens a survey on locally relevant research questions in South-East Asia that received little attention in international business current research (Tipton, 2009). The study used Myanmar as a case study to identify four sectors of industry using 2×2 matrix structure to capture critical variations across industries in which despite international sanctions some MNEs have continued or even extended their operations between 1996 and 2011. The findings illustrated why normative pressure can be powerful in influencing firm strategy, even in the absence of regulative



restrictions. Firms vary in their responses to institutional pressures due to differences in exposure to reputation risk, size of business opportunities and non-recoverable nature of their investment. Non-governmental Organizations (NGOs) seem aware of such differential sensitivity to normative institutions and target their action accordingly. The study may help all actors (NGOs, businesses, governments) to influence institutions governing business operating outside their home country and open a new field of research into the extra-territorial effects of institutions.

**(Jong and Houten, 2011): “The Impact of Multi National Enterprises (MNE) Culture Diversity on the Internationalization Performance Relationship: Theory and Evidence from European Multinational Enterprises.”**

This paper aimed to find the impact of Multi National Enterprises (MNE) diversity on the internationalization relationships. One of the most important issues of International Business contexts which can strengthen the effect of internationalization on performance is the national culture of host country vis-à-vis the home country. The hypothesis of the study is related to both the variations in MNE performance and the variations in the environment. Therefore, the study was constructed on a multi-level database that incorporates firm level and environment level. The data were collected from the Burry Van Dijks (BVD, 2011) Oribis database, which is the most appropriate single source firm level database for this research because it is the most comprehensive and inter temporal pan-Europe databases containing detailed information about public and private companies. The sample was selected according the criteria that the firm had at least one foreign subsidiary. It originated in a European Union (EU) member country. The findings of the study support the interactions between MNE cultural diversity and the degree of internationalization that conditions the non-monotonic inverted U-shaped relationships between the degree of internationalization and firm performance and between MNE cultural diversity and firm performance.

**(Rugman Correa, Torres & Caracuel, 2011): “Differentiated Effects of the Formal and Informal Institutional Distance between Countries on the Environmental Performance of Multinational Enterprises.”**

This study aimed to offer a general framework that includes differentiated analysis of the effects of the formal and informal environmental distance between home and host countries. In addition, it offered the term of "environmental performance standardization" as scenario in which the Multinational Enterprises (MNEs) facilitate their operations in different countries to reach similar levels of environmental impact. The study used statistical methods to test its hypotheses. The study used a sample of MNEs with headquarters based in the USA, Canada, Spain and France and subsidiaries in four countries. Data were collected by using the public data available from different national environmental registries and private information from Standard and Poor's (Capital IQ, 2004). The USA publishes the Toxic Release Inventory (TRI), Canada publishes the National Pollution Release Inventory (NPRI), and Spain and France publish the European Pollutant Emission Register (EPER). The findings demonstrate that a high formal environmental distance between home and host countries leads the sampled MNEs to exhibit high variance in environmental performance based on legal requirements for each local context. Also, the results showed that when the formal environmental distance is high, the MNEs comply with environmental regulations to void legal costs. It's more efficient to improve their environmental performance as necessary within the local context than standardize their approach to environmental issues based on the most stringent regulations in the different countries in which they operate. Large informal differences between home and host countries result in lower differences between the headquarters and subsidiaries environmental performance in the different countries in which these units operate.

**(Wright, Fitatochev, Lu & Lui, 2010): “International Experience and FDI Location Choices Firm: The Moderating Effects of Home Country Government Support and Host Country Institutions.”**

This study aimed to examine the extent to which Chinese government support of a Foreign Direct Investment (FDI) projects and host country institutional environments

interact with prior entry experience by Chinese firms and how this internationalization affects FDI. It applied the theory of Internationalization which emphasizes that knowledge about host country about foreign entry decision and organizational capabilities are vital in dealing with risks and uncertainties in foreign operations, as well as minimizing the resource provisions necessary to buffer the adverse effects of venturing into the unknown (Kogout and Znder, 1993). This study used the empirical approach, and data were collected by using observations. Findings indicated that the importance of firm's prior international experience in FDI entries depends on the institutional context of both home and host countries. Findings also provided partial support or a perspective that home government support and host country institutions can offset the need for prior international experience in firms FDI activities.

**(Rammal and Khakhar, 2010): “Culture and Business Networks: International Business Negotiations with Arab Managers.”**

This study aimed to examine the key factors in the Arab world and business negotiations such as socio-economic, culture and political situations that influence the negotiation process between Arab and Non-Arab managers. The data were collected from 30 Arab managers who work in Lebanon and have more experience in international business. The study used the semi-structured interviews with those managers. The findings showed that Arab negotiators place an emphasis on building relationships and using referent power (wasta), the political uncertainty influences the bargaining power of the Arab negotiators, and political volatility influences the Arab managers to use time during negotiations.

**(Jindra and Bjorn, 2010): “Internationalization Theory and Technological Accumulation: An Investigation of Multinational Affiliates in East Germany.”**

This dissertation applied the theory of technology accumulation to explain the internationalization of foreign and West German multinational enterprises (MNEs into East Germany). Also, it provides a complementary and novel approach. It assumed a dynamic interaction between existing location specific technological capabilities within the host country, MNEs location choice and their internationalization and innovation. Data were collected from Institute for Wirtschaftsforschung Halle (IWH) FDI micro

database on the full population of MNEs that entered East German manufacturing until 2005 and corresponding survey data. Findings showed that the existing location specific technological capabilities affect MNEs technological activities and that the location of MNEs innovation requires the joint presence of technological specialization in combination with a diversified industry structure. The study derives implications or technology accumulation theory as well as various fields of science and technology policy.

**(Buckly, Forsans & Munjal, 2010): “Host-Home Country Linkages and Host-home Country Specific Advantages as Determinants of Foreign Acquisitions by Indian Firms.”**

This paper explained the eclectic paradigm of international expansion of multinational enterprises (MNEs) by concentrating on country specific factors and extending these explanatory elements to include host-home country linkages. The data were collected from Thomas One Banker for the period from January 2000 to December 2007. India's official source of data on foreign direct investment and the Reserve Bank of India neither compile data across-border mergers and acquisitions nor publish disaggregated outward FDI data. The data were tested by using the statistical methods and the regression model. The findings showed that the host-home country linkages are important determinants of foreign investment behavior, such as trade linkages and membership of international organizations add significantly to the explanatory power of the eclectic paradigm.

**(Berry, Guillen & Zohou, 2009): “An institutional approach to cross-national distance.”**

This study has proposed a new approach to conceptualize, measure, and examine the influence of cross-national distance. They have used the institutional theory of national business, governance and innovation systems to ground their conceptual definitions, analysis and choice of empirical dimensions and indicators. They have used the Mahalanobis approach which is scale-invariant and have taken into consideration the variance-covariance matrix, to handle the relatively high correlations between the indicator variables in all cross-national research and the different scales. Findings show

that cultural distance significantly dissuades firms from investing in foreign countries. They found both culture and other distance dimensions have differential effects. The findings showed not only the limitations of using distance variable that is based exclusively on cultural dimensions, but also the importance of considering multiple dimensions of distance when analyzing the influence of cross national distance across a range of research question. They have shown opposite effects for their culture, political, administrative, demographic and geographic distance dimensions across their four empirical examples.

**(Freeman and Lindsay, 2009): “The Effect of Ethnic Diversity on Expatriate Managers in their Host Country.”**

The study aimed to explore how Australian expatriate managers interpret their experience of working in a new ethnically diverse workplace in Malaysia. Another objective is to understand the challenges and opportunities that arise in situations where individuals move into an environment of ethnic diversity in the host country using social identity and acculturation theories. Phenomenology was selected as the research approach for this study. Data were collected in 2008 in the form of semi-structured interviews. A list of interview questions was provided to each participant one week in advance of the interview. Face-to-face interviews were conducted outside office at time and location chosen by the participants. Findings showed that when Host National Countries (HNCs) and expatriate identify with the same social group, irrespective to their ethnic diversity, HNCs would be more willing to support the expatriate. In addition to, it showed that HNCs classification of an expatriate as a member of their in-group positively influenced the expatriates' adjustment-facilitation. The key of performance in such a context (ethnic diversity in a host country) depends on the individual's ability to change and adapt beyond culture and language skills. Also, the key of success in management in an environment which is full of challenges such as ethnic diversity is that the cross-cultural training can enhance the development of personal attributes by expatriate managers involved in ethnically diverse workplace.

**(Ma and Delios, 2009): “Host Country Headquarters and MNE Diversifications.”**

This study aimed to examine subsequent MNEs of country products and their geographic diversifications strategies in a large emerging market with a focus on the strategic role played of the Host Country Headquarters (HCHQ). The research used a sample of Fortune Global 500 corporations that had appeared in China in the period 1979-2005. Data were collected from MOFCOM, whose researchers collected annual data on Fortune Global 500 Firm's FDI in China. They used Lees (1983) generalization of the Heckman selection model to correct for potential selection bias. The findings of the study showed that the establishment of an HCHQ had a positive effect on subsequent MNEs within country diversifications in China. This effect was greatest when an MNE entered locations and industries that had the highest level of institutional intervention.

**(Teeb, 2009): “The Determinants of Foreign Direct Investment in Developing Countries: The Case of Libya.”**

This study aimed to determine how Libyan economic has positively affected FDI and to consider how Libya made a lot of improvements to attract FDI as a host country. Also, it aimed to understand a host country's factors. Libya is chosen as the case study for the determinants of FDI in the host country. Quantitative methods such as, cross-tabulation, pie chart and bar chart, testing (using the SPSS statistical program), are used to analyze the data. Data were collected by using questionnaires which were conducted with a sample of foreign companies that have been operating in Libya. The findings showed that there are still a lot of weaknesses that prevent Libya from having the ability to attract FDI. Also, it was found that tax incentives are only one of many factors that affect a company's investment decision. And, the general level of Libyan labor skills and the level of research and development in the country are very low compared to other developing countries; both foreign and local companies still depend on foreign labor skills. Finally, it was found that there were flows within local private sector and the capital market and that provided production input and funding for foreign companies and this leads to a weakling of the ability of the local market to attract FDI.

**(Park, Paik & Chen, 2009): “Host-Country Policies and MNE Management Control in IJVs: Evidence from China.”**

This study aimed to examine how host country policies are related to MNEs management control over International Joint Ventures (IJVs). Host country policies towards IJVs have often been linked to entry decisions (Gomes-Casseres, 1990). It is largely unknown how they affect MNE behavior after venture formation. The study used statistical methods (SPSS program), questionnaires were sent to the general managers of 1046 operating IJVs with known names. Data were collected from a large sample of manufacturing IJVs in China during 2002-2003. Data were tested by using. The findings showed that MNEs exercise less output and process control when minority equity restriction is present, more process control when they receive government investment incentives and less social control when they are required to partner with an State-Owned Enterprise (SOE). Also, the findings enhanced the understanding of IJV control is an essential part of IJV governance, and has a significant impact on IJV performance. The study provides insights into the types of control MNEs could exercise under the host country's policies, and to what extent. In addition, the study showed the impacts of host-country policies, which affect not only MNEs early entry decisions but also subsequent managerial activities.

**(Deari, Kimmel and Lapez, 2008): “Effects of Cultural Differences in International Business and Price Negotiation: A case Study of Swedish Company with Operations in South Africa.”**

The study aimed to analyze cultural differences regarding negotiations and pricing and to formulate recommendations to Swedish company doing international business in Latin America. It also investigated the kinds of difficulties and the ways to avoid them. The study used the qualitative approach. Researchers used inductive method by their own observations, interviews and researches. They didn't statically analyze data, because their case is more related to the qualitative data. The findings showed that culture affects both the negotiation process and the price negotiation, sometimes to a crucial level. These three issues of culture, negotiation process, and price negotiation, seem to be connected with each other. When a company moves abroad, culture must

always be considered as an important issue that affects the entire cooperation in the foreign country. Culture can thereby influence the country's enter-cooperation with foreign country.

**(Holburn, 2001): “Political Risk, Political Capabilities and International Investment Strategy: Evidence from the Power Generation Industry.”**

This research examined the effect of political risk on the international expansion strategies of firms in a single industry. It also examined how firms differ in their strategies for managing political risk, especially their desire to enter countries which are full of risks. Firms differ in their market-based capabilities; they also differ in the abilities to evaluate and negotiate with the governments the political risks and to take quick strategies. The study used the time series cross-section. Data were collected from all privately financed power generation projects outside North America spanning to years, 191 firms and 64 countries. The findings showed that the effect of political risk is indeed unequal across firms, and the high level of political risk reduces the likelihood of entry. The impact is significantly lower for firms with greater levels of international experience. In addition, the political risk is moderated by the type of the host environment in which the firm operates, and the experience in a particular type of market environment encourages firm to enter new host countries of the same type.

**(Luo, 2000): “Toward a Cooperative View of MNC: Host Government Relations, Building Blocks and Performance Implications.”**

This study aimed to examine cooperation-based relations between MNC and host governments and to identify building blocks to develop cooperative MNC-host Government Relations (MGRs) from the MNC perspective. The study applied the bargaining and transaction cost theories. The study used a survey of senior managers of MNC subunits in China. Data were collected from several primary and secondary sources. Findings showed that relations with regional authorities improve both financial and sales-related performance only. Also, findings showed that the cooperative MGRs have a significant and positive influence on MNCs overseas performance measures, such as financial return, market expansion and assets efficiency.



**(Pashamova, Nugent, Gastanaga & Victor,1998): “Host Country Reforms and FDI Inflows: How much Difference Do They Make?”**

The purpose of this paper was to identify the importance of host country reforms on foreign and domestic investment after controlling some other relevant determinants of observed changes in FDI flow. Data were collected by two different sources on FDI, the aggregate FDI inflows in millions of dollars 1970-95, the International Monetary Fund's (IMF) Balance of Payments Statistics and Yearbook and FDI outflows from the United States in millions of US dollars (which permit a breakdown by sector of destination) for 1983-94 from the US Department of Commerce, Bureau of Economic Analysis. The sample of this study is 49 Less Developed countries (LDCs) during 1970-95, using pooled cross-section and time-series data. A multivariate analysis of the effects on FDI flows of each type of policy (the host country), with and without controls for other relevant determinants, is conducted. The results demonstrated the relevance and importance of FDI flows of many policy/institutional variables in this study (corporate tax rate, tariff rate, and nationalization risk and contract enforcement). The results from panel methods yielded results that differ rather significantly from those obtained from pure cross-section analysis. Because of complementarity between the various elements of a healthy investment climate, the effects of some policy reforms estimated from models which do not control for changes in other policies may overstate the effectiveness of individual policy reforms.

### **3.2 The Final Previous studies:**

**(Cangioni, O.White III and Fainshmidt, 2014): “Legal Distance, Cognitive Distance and Conflict Resolution in International Business Intellectual Property Disputes.”**

This study examined how cognitive distances between MNEs engaged in an international Intellectual Property (IP) disputes affect conflict resolution strategic choice. The study used the quantitative methodology by using the standard deviations and correlation coefficient. The sample consisted of 486 MNEs from 28 different countries. The findings showed that the legal distance is positively associated with the likelihood of an MNE choosing negotiation. Also, the findings showed that cognitive

differences might impede negotiation efforts and weaken the positive effect of distances between home and host country legal environments on choosing negotiation as an IP conflict resolution strategy.

**(Peeters and Goois, 2014): “Home-Host country distance in offshore governance choices”**

This study aimed to examine the effect of home-host country distance on the choice of governance mode in service offshoring. The study applied the concept of regulative distance which is called as formal institutions in addition to the geographic and cultural distances. The study used the quantitative methodology by using survey data from the Offshoring Research Network (ORN) collected from 2005 to 2009. The sample used in this study contains 949 implementations launched between 1995 and 2009 by firms located in the USA, the Netherlands, Germany, Belgium, Spain and the UK. The findings showed that the impact of home-host country distance on offshore governance choices may depend on the type of the function offshored. In addition, the choice of an appropriate offshore governance mode requires a careful analysis of the geographical, cultural and institutional sources of uncertainties firms face when relocating activities to foreign countries. Also, the study found that the time zone differences affect the choice of governance mode, and hence the level of offshore resource commitment.

**(Marquez, M.Fedriani and Caracuel, 2014): “Institutional Distance among Country Influences and Environmental Performance Standardization in Multinational Enterprises.”**

This study aimed to compare and contrasts the findings in (Aguilera, Caracuel et al.,2013) with the outcomes of applying fuzzy set quantitative comparative analysis (fsQCA) methodological strategy that fuses quantitative and qualitative information to explain complexity at the case level and generality a cross case. The study used the same sample of the previous study; a sample of 128 multinational enterprises (MNEs) with headquarters and subsidiaries based in the USA, Canada and Spain. In addition, they used the multiple regression analysis (MRA) to compare the new results obtained from (fsQCA). They used cases instead variables. Aguilera et al. (2013) reported that a high formal environmental institutional distance between home and host countries leads

the MNEs to adapt their environmental performance according to each country's legal requirements. In addition, their study provided evidence regarding the influence of informal environmental institutional distance between countries on environmental performance decisions within the MNEs. The results strongly supported the conclusion that a high informal environmental institutional distance between home and host countries encourages MNEs to standardize their environmental performance within their internal network (including headquarters and subsidiaries). The findings of this study showed that a high informal environmental distance between home-host countries also favors environmental performance standardization, but only if the MNE processes a low level of formal environmental institutional distance between countries and has "very big" headquarters in NAFTA. These findings are consistent with the results obtained by Auguilera, Caracuel et al (2013).

**(Nieto and Hernandez, 2014): "The Effect of Magnitude and Direction of Institutional Distances on the Choice of International Entry Mode."**

This study aimed to analyze the relationship between institutional regulative distance and the choice of international entry mode. The descriptive statistics methodology was used in this study. The study used the sample of the Internationalization of European MNE, European Commission, Enterprise and Industry, 2010 survey to the empirical analysis in addition to the dataset of 9480 SMEs. The findings showed that both the magnitude and the direction of the distance have impacted the entry modes choice. Specifically, firms from more developed regulatory environments face greater problems to obtain legitimacy when they enter destination countries with less developed regulatory frameworks, and these problems grow as the institutional distance between the countries increases. In these situations, firms pressured by the difficulty to achieve external legitimacy, choose more flexible entry modes to alleviate the adaptation problems. The opposite takes place when firms move in the opposite direction (i.e from less developed regulatory environment to a more developed one). It is said that it is easier operate in environments in which the rules are better established.

**(Heikkila, 2013): "An Institutional Study Perspective on e-HRM's Strategic Potential in MNE Subsidiaries."**

This study applied the institutional theory to examine how regulative, cognitive and normative institutional dimensions affect the e-HRM and strategic information system (IS) in multinational corporations (MNC) subsidiary setting. In addition, it examined how these institutional factors affect the strategic potential of e-HRM in this setting. The study used the qualitative methodology based on interviews with 10 MNC subsidiaries from Beijing and Shanghai. The study contributed to the IS and e-HRM literature by examining how external institutional pressures influence strategic IS and strategic e-HRM. The findings showed that the institutional arrangements particularly in transitional contexts as China, influence the strategic potential of e-HRM and strategic IS more generally. Also, the study explained that the host country institutional pressures strongly emphasize the local adaptation of e-HRM. This study has also shown how much local adaptations, which lead to hybrid e-HRM systems and balanced framework embedded with multiple HRM configurations, can potentially jeopardize the ability of e-HRM and IS to have a strategic impact on the work of HR in MNC subsidiaries.

**(Antolin and Higon, 2012): "Multinationality, Foreignness and Institutional Distance in the Relation between R & D and Productivity."**

This study aimed to examine to what extent being foreign and/or part of a multinational affects the endogenous relation between Research and Development (R & D) and productivity. This effect is somehow moderated by the institutional distance between the home and the host countries. This study used a sample of 465 manufacturing and services firms over the period 2002-2006. The quantitative methodology and the linear regression model were used to test its hypotheses. The findings showed that the multinationals are on average more efficient than domestic –based firms as far as contributions of R & sD to productivity are concerned, with the largest difference being at the lower bounds of the distribution. In addition, the findings showed that the foreign firms suffer from a "foreignness effect." The domestic-owned multinationals perform better than foreign subsidiaries. Also, the study found evidence of a "Multinationality effect": multinationals obtain higher R & D returns than domestic-based firms,

independently of their ownership. Lastly, the findings showed that the more geographically diversified the domestic-owned MNE is, the greater the R&D returns it obtains (relative to both foreign MNCs and domestic-based firms).

**(Maitland and Pogrebnyakov, 2011): "Institutional Distance and the Internationalization Process: The Case of Mobile Operation."**

This study aimed to understand whether the internationalization process of service firms is different from the behavior predicted. Also, it aimed to know how the regulative, cognitive and normative institutional aspects have different effect on internationalization. The study used the quantitative methodology using the survival analysis to test the effect of ID on the operator entry mode into a country. The sample included 130 instances of entry and presence of mobile operators in 36 countries of Europe and South America. The findings showed that there are different components of institutions have varying effects on internationalization. Institutional differences may also have border implications for firm behavior in the host market, and may be of significant practical guidance to internationalizing firms. The study found that some components of institutions have significant influence over internationalization of firms in this industry.

**(Kumar and Chao, 2010): "The Impact of Institutional Distance on the International Diversity Performance Relationship."**

This study aimed to fill the gap by incorporating the effect of institutional distance between the host and the home institutional context on the international diversity performance model. The study used the quantitative methodology using questionnaires. The sample of this study is 500 companies which are ranked on the Fortune Magazine's Global in year 2004 in addition to using the Global Competitiveness Report, published by the World Economic Forum in Genève. The findings showed that there is a positive effect of normative distance and a negative effect of regulative distance on international diversity performance link.

**(Ledyave and Kahunen, 2009): "Institutional Distance and Foreign Ownership Strategies in Russia. Do Differences in Sub-national Institutions Matter?"**

This study aimed to analyze the relationship between foreign ownership strategy and the institutions in Russia and their regions. It developed the concept of institutional distance consisting of regulative, cognitive and normative distances by integrating a subnational dimension into the analysis. The quantitative and statistical methods was used to test number of hypotheses derived from exiting research in a sample of 2007 foreign firms with foreign ownership, registered in Russian Federation. The sample consists of 1300 of foreign ownership registered in Russian State Statistical Agency (Rossstat). The findings showed that the sub-national differences in institutional distance have an important influence on ownership strategy of foreign firms in Russia. In particular, the study found that foreign investors from distant countries in cognitive and regulative norms need local partners to cope with sub-national (regional) institutions rather than national. Furthermore, it's found that while foreign investors tend to establish partnerships in Russian regions with high cognitive distances, they prefer full ownership strategy in such regions which have high investment risks. In addition, the investment risk is an important factor affects the foreign firms' ownership strategies in Russia.

**(Xigang and Dean, 2004): "The Effects of Regulative and Normative Distances on MNE Ownership and Expatriate Strategies."**

This study aimed to examine how MNEs control their overseas subsidiaries. It proposed that MNE will respond to variations in the host country's institutional environment by designing appropriate strategies in the host country. The data were collected by different sources. The main source of subsidiary data is the 1997 edition of Kuni-Bestu (Japanese Overseas Investment By country) published by Toyo Keizai, a large Japanese compiler and publisher of business level, statistical and economic information. The data were based on responses to a large scale annual survey sent to top level managers in Japanese overseas subsidiaries. This study used the statistical methods, the questionnaires were sent to corporate executives. The sample of this study included some of the Japanese affiliates who are located across 44 host countries. The findings showed that the measures of regulative and normative distances influence Japanese MNEs ownership

and expatriate strategies in their subunits abroad. The results showed that the MNE is less likely to hold a high level of ownership in sub-units located in institutionally distant host countries. Due to regulative and normative distances, it is difficult for the MNE to establish external legitimacy for the sub-unit in institutionally distant host countries. Therefore, the MNE is more likely to yield a large proportion of equity ownership to the local partner in exchange for local legitimacy and a smoother institutional transition.

**(Estrin, E. Mayer and Ionascu, 2004): "Institutional Distance and International Business Strategies in Emerging Economies."**

This study aimed to show how the broader theoretical concept of institutional distance, which incorporates normative, regulative and cognitive aspects, affects entry strategies. The study argued that the more distant a host country is from the organizational center of multinational enterprises (MNEs), the more it has to manage cultural, regulatory and cognitive differences and to develop appropriate entry strategies, organizational forms and internal procedures to accommodate these differences. The data were collected by using the questionnaire survey of foreign investors in India, Vietnam, Egypt and South Africa. They are four countries at different stages of economic development and with substantial differences in their normative, regulative and cognitive environments. The findings showed that there were clear variations in the way that different aspects impact on strategic decisions. The regulatory distance increases the opportunity of investment, cognitive distance has the opposite effect, it decreases the investment. Through normative distance didn't have a significant direct effect of the organization's strategic entry decision, it interacts with both investors international experience and with the relative importance of the pertinent operation for the investing MNE.

### **3.3 Previous Studies about INGOs:**

After reviewing the literature, the researcher found some studies related to INGOs in different subjects including financial, strategic, human resource management in different countries. The researcher tried to collect some studies about INGOs, and present them in this study's context as follow:

**Table (3.1) The previous studies about INGOs. Source: Developed by the researcher.**

No.	Thesis subject	Author	Year
1.	The impact of training on the ability of the international organizations operating in Gaza strip in crisis management.	Fahd Ziada	2012
2.	The evaluation practices of US international NGOs.	Jiyoung Kang, Steven G. Anderson and Dan Finnegan	2012
3.	Palestinian NGOs and their culture, economic and political impact in Palestinian Society.	Karin A Gerster and Helga Baumgarten	2011
4.	Analytical survey of civil society organizations in the occupied Palestinian territories.	Jian Kostanini	2011
5.	State building and political changes in Palestine.	Elizabeth Sellwood	2011
6.	After Oslo: Palestinian NGOs and the peace process.	Jesse Lev Mintz	2011
7.	The World Bank and the PNGO project: Assessing the Impact on Actors and relationships.	Liana lopes	2011
8.	NGOs between buzzwords and social movements.	Islah Jad	2010
9.	The rise of the international nongovernmental organizations: A top-down or Bottom-up explanations?	Taedong Lee	2010
10.	Survey Summary institutions working with youth in the occupied Palestinian territories.	Jamil Rabh, Near East Consulting	2009
11.	The role of international organizations in the West Bank and Gaza Strip 1993-2003.	ASLIHAN TEZEL	2007
12.	Increasing strategic accountability: a framework for international NGOs.	Cavill Sue and Soahil M	2007
13.	Civil society autonomy and donors: international aid to Palestinian NGOs.	Benoît Challand	2006
14.	INGOs and the Guatemalan Peace Accords.	Leonor Blum	2002

Table (3.1) shows some studies related to INGOs; these studies focused on some topics like accountability, funding, survey studies, training, evaluation and some political issues. But none of them deals with the challenges that face the INGOs in the host region "GS".



The revised literature showed that this is the first study that deals with issue (the challenges that are facing the INGOs in GS under the umbrella of institutional theory and the affecting factors of the adaptation strategies to adapt with the host country's challenges).

### **3.4 Comments on Previous Studies:**

The researcher displayed previously some of the studies that deal directly or indirectly with the present study topic. These studies summarized some issues and findings which enrich this study and add some value. All the reviewed studies deal with FDI not NGOs, but these studies and the current study are associated with each other in the variables and factors of this study in terms of the application of institutional theory and the institutional distance between the home country and the host country. Through reviewing the literature, the researcher observed the following points:

- All the studies agreed that there are remarkable challenges in the Foreign Direct Investment (FDI) and international business in the host country.
- Most of the studies explained the importance of the international business research as a modern science and its role in keeping the international relations go smoothly.
- Most of the studies unanimously agreed to the existence of the determinants and impediments such as "cultural, political, socio-economical, ethnical diversity and the host country policy". Some of these studies include (Pashamova, Nugent, Gastanaga & Victor,1998), (Holbum, 2001), (Deari ,Kimmel and Lapez, 2008), (Rammal and Khakhar, 2010), (Rugman Correa, Torres & Caracuel, 2011), (Jong and Houten, 2011), and (Kunda, Elanago, Lahiri & Contractor, 2013).
- Some of the studies showed that the host country's challenges appear in institutional distance, the ownership and the independence. Some of these studies include (Lindbergh and Jonsson, 2012), (Tintin, 2013), (Rugman Correa, Torres & Caracuel, 2011), and (Berry, Guillen & Zohou, 2009).
- Other studies showed that the personality trait and the emotional stability of the headquarters and leaders affect their performance and adaptation while operating under adverse environment. Some of these studies include (Ma and Delios,2009), (Thein and Meyer, 2012) and (Peltokorpi and forse, 2012).

- Most of the studies assured that the host-home country pressures, host-home country linkages and the support of the home country governments and the host country institutions are factors that affect the international institutions. Some of these studies include (Wright, Fitatochev, Lu & Lui, 2010), (Buckly, Forsans & Munjal, 2010) and (Jindra and Bjorn, 2010).
- All of the studies recommended the importance of understanding the operating host country and the importance of making some actions to the headquarters to make cultural reliability and some of adaptation strategies to solve the institutional conflict.
- The reviewed literature is distinguished in its modernity and significant value.
- The reviewed literature will add value to the theoretical framework of the present study, and the researcher will benefit from its factors and in the interview design.
- After reviewing the literature at the end of conducting this research as a requirement of GT approach, the researcher comments on it, develops the study's contribution and compares the literatures' findings and this study's findings. This is explained in the following points:
  - The literature showed that ID dimensions which are regulative, cognitive and normative have a big influence on the international organizations operating across countries. This influence depends on the nature of an organization and the stability of host and home countries.
  - All of the reviewed literature is composed of foreign studies and talked about huge organizations that operate in fully stable political environments, in contrast to the context of this study; it is a fully political instability that affects the findings of the current study.
  - All the reviewed literature agreed that the ID dimensions affect the performance and the entry strategies of the organizations and this varies from one organization to another.
  - Some of the literature showed that the regulative distance has a positive role in negotiation between host and home countries, but the cognitive impeded the negotiation affects the conflict resolution strategy. Also, the regulatory distance increases the opportunity of investment but the cognitive has the opposite effect. In addition, the bad legal system of the host country affects the obtaining legitimacy and this is increase the institutional distance. These issues are consistent and support

the findings of this study. This is explained in (Estrin, E. Mayer and Ionascu,2004),(Maitland and Pogrebnyakov,2011), (Nieto and Hernandez,2014), and (Cangioni, O.White III and Fainshmidt, 2014).

- Other studies mentioned that the cognitive, geographical and cultural distances increase the uncertainties, affecting the international organization entry mode, in contrast to other studies that showed the geographical diversification supports the MNEs copying strategies. This is explained in (Peeters and Goois, 2014), (Heikkila, 2013) and (Antolin and Higon, 2012).
- Other studies mentioned that most pressures of the ID dimensions come from the regulative distance that affects the performance of international organization in contrast to the normative distance which has positive effects and this supports the findings of this study. In contrast, other studies showed that both the normative and regulative distances influence the expatriate strategies in their sub-units in a host countries and this is impeded them to gain legitimacy. This is shown in (Kumar and Chao, 2010) and (Cangioni, O.White III and Fainshmidt, 2014).
- Also, the reviewed literature showed that the international organization which operate in diversified countries and face regulative norms pressures need local partners to cope with these circumstances and to make smooth institutional transitions. This is consistent with this study's findings. This appeared in (Xigang and Dean, 2004) and (Ledyeeve and Kahunen, ss2009).
- It is cleared that the regulatory dimension is the main factor that affect the international business and organizations' entry mode, copying strategies and their performance in the host country. And this is what emphasized in this study.

### **3.5 The Study Contribution:**

This study fills the gap in IB researches and institutional theory, especially in the field of research in the GS. This is revealed in exploring the factors and challenges that affect the INGOs operating in the GS by adopting the institutional distance dimensions (regulative, cognitive and normative) in investigating these challenges. Kumar et al (2010) argued that the cognitive and normative institutional context of a country is conceptually close to culture, whereas the regulatory dimension is unique to country institutional context not captured by the culture. This is clear in this study and its

findings; the cognitive and normative aspects are directly associated with culture but the regulative is a separate aspect which is the main challenge face the INGOs according to this study's findings. In addition, this study proposed some propositions in the initial stages of the research and there are a lot of emerging propositions that emerged and supported the propositions that had been developed before. In addition, the findings of the related literature support the findings of this study. This is based on that the regulatory dimension which is considered the main factor that affects positively or negatively the international organization's strategies, performance and their entry mode in addition to some effects of cognitive and normative dimensions.

### **Summary:**

This chapter began with an explanation of why the researcher used two separate literature reviews which are required when using the GT methodology. This was followed by a discussion of some of the literature related to FDI, ID and host country challenges. This part of literature enriches the researcher's knowledge of the topic. From the literature review, it is clear that there is no research deals with INGOs and its challenges from the ID perspective especially in the local context. Most of the literature is foreign. The gap in the literature needs an important effort to highlight the researches on INGOs, their role and how they practice in an environment which is full of challenges. After reviewing the literature, the researcher commented on it and explored its contribution to the study.

# **Chapter 4**

## **The Research Methodology**

**4.1 Section 1: The Grounded Theory**

**4.2 Section 2: The Research Methodology**

## **4.1 Section 1: The Grounded Theory**

### **Introduction:**

This section focuses on the research methodology. This study uses the grounded theory methodology. The researcher aims to apply this theory using a sample of INGOs, specifically to identify relevant dimensions of the study's constructs and their interrelationships. In order to gain insights on how business deals with a context that is full of diversities and challenges and to incorporate such insights into a refined theoretical framework. This study uses grounded theory approach as used by Meyer and Thein, (2012) for different reasons. First, grounded theory is particularly suited to research in areas which have had limited or no investigation. Stern (1980) states that "... *the strongest for the use of grounded theory is to gain a fresh perspective in a familiar situation,*" she also believes that it is helpful in studying complex areas of human behavior (Kelly,2007). Second, it is suitable in circumstances which are complex and have a political sensitivity. Third, to the best of our knowledge, this approach is newly applied in the context of INGOs in the Gaza Strip. Fourth, conducting are search cross national, linguistic and cultural diversities is more complex, with higher level of risk compared with a research in a domestic context (Piekkariand Welch, 2006). As a grounded theory study, the grounded theory methodology will be discussed in the following part.

### **4.1.1 The Grounded Theory (GT):**

Grounded theory approach is used to study action and interaction and their meaning. It was developed by Brney G. Glaser and Anselm L. Strauss, two American sociologists working at California, San Francisco in the 1960. The discovery of grounded theory (1967), which Glaser and Strauss wrote about, offered outlines of the research approach to be developed. Glaser and Strauss continued to work together for a number of years before developing separate intellectual route. Glaser's approach emphasizes the emergence of theory from the data without the imposition of the analyst's conceptual categories onto the data. Glaser's Straus's grounded theory emphasized the symbolic interactions roots of the approach, which concentrates on the construction of meaning through the everyday interaction (Nolas, 2011).

Scott and Andrews (2009) defined the grounded theory as a research tool which enables scholars to seek out and conceptualize the latent social patterns and structures of your area of interest through the constant comparison method. According to Charmze (2007) grounded theory method consists of systematic, flexible guidelines for collecting and analyzing qualitative data to construct theories from the data themselves. Grounded theory begins with inductive data, invokes iterative strategies, uses comparative methods and keeps interacting with relevant data and emerging analysis. Ng and Hase (2008) argued that grounded theory approach is a systematic, inductive approach to develop theory that helps understand complex social processes. The aim is to develop a substantive theory from data that are collected in natural settings. By developing theory, the researcher seeks to explain the problem situation experienced by the group of participants and explore how they deal with this problem. Grounded theory is well established, widely recognized, credible and strict methodology used in business researches (Glaser, 2001).

Another aim of the grounded theory is to generate a theory close to data that are related to a particular problem situation, the issue that grounded theory focuses on is the contextual explanations rather than the description of what is going on. Grounded theory is not a prior theory; it is grounded in data that are methodologically required during the research process. In addition, Glaser and Strauss (1967) pointed out that grounded theory is capable of generating two major types of theory, "Substantive and Formal." According to them, substantive theories are developed from working in a specific area and don't work outside the explanations of the existing area of inquiry. On the other hand, a formal theory has explanatory power process to arrange situations. In short, these two types of theory are differentiated by the degree of generalisability. In Glaser's and Strauss's opinion; substantive theories are used as "a spring board or stepping stone to the development of formal grounded theory" (Ng and Hase, 2008).

The grounded theory is distinguished from other methodologies in that it is an explicit emergent i.e. it doesn't set to test a hypothesis (Dick, 2002). The general focus of the research is to discover the main concern (problem situation or phenomenon) about what happens in the research situation and build theory from the ground; the approach is data-driven and enables explanations of the phenomenon under study. The main concern

of the participant may simply be issues or dilemmas, or how they go about resolving the main concern (Ng and Hase, 2008). This resolution is the prime mover and interaction of the study. Grounded theory seeks to study the research situation as it is.

Since Glaser's and Strauss's classic statements in 1967 (Glaser and Strauss) 1987, they have taken GT in somewhat different directions. For years, Glaser remained consistent with his earlier explanations of the GT which was defined as a method of discovery, treated categories as an emergent from the data, relied on direct and narrow empiricism, and analyzed a basic social process. Strauss and his co-authored Corbin (Strauss and Corbin, 1987) moved to other version of GT that also favored their new technical procedures rather than emphasizing the comparative methods that distinguished earlier grounded theory strategies (Charmze, 2006).

Glaser (1992) stated that Strauss's and Corbin's procedures forced data and analysis into preconceived categories and, thus, contradicted fundamental tents of GT. Despite Glaser's objection to Strauss's and Corbin's version of GT, their book serves as a powerful statement of the method and his instructed graduate students all over the world. Glaser and Strauss formulated the positivistic quantitative research. Ironically, 1990 GT became known not only for its rigor and usefulness, but also for its positivistic assumptions. It is used by qualitative researchers who adopt it in their projects that use mixed methods. The flexibility and legitimacy of GT methods continue to appeal to qualitative researcher with varied theoretical and substantive interests (Charmze, 2006).

Researchers are now compelled to state the (GT) approach to adopt due to the intellectual and methodological differences of two original authors of grounded theory. The major differences between the versions of the (GT) relate mainly to the coding paradigms each adopts. The essence of the division is that Strauss as he analyses the data, stops at each word to ask "what if?". Glaser maintains attention on the data asks "what do we have?"(Ng and Hase, 2008). Strauss indicated that each action that could relates to the data, whether it emerges from the data or not. Glaser focused his attention on the data to allow these data to show their own story. Glaser argued that this approach is interpretive, contextual and emergent while Strauss's and Corbin's is more likely to lead to force the perceived notion on the data.



The ontological orientation of GT has its roots in early sociological thought, pragmatist and interactionism (Star, 2007). It is drawn on European (French) and North social science at the end of nineteenth and the turn of the twentieth centuries. GT assumes that the existence of an objective reality is complex and consists of a number of overlapping, complementary as well as contradictory perspectives. Grounded theory also draws our attention to action and interaction as meaningful units of analysis in their own right manner. Actions are created through the relationships among people; they are treated as going, continuously unfolding social facts (Ng and Hase, 2008). The way in which grounded theory absorbs action and interaction has its roots in the symbolic interactionism tradition that emerges out of the Chicago school of micro-sociology.

The epistemology of GT is essentially in resistance to pre-existing knowledge and the meaning of the tensions between the empirical phenomenon and abstract concepts. Here, Grounded theory's various successions play a role. In symbolic interactionism, the distinction is made between knowing about a phenomenon and being informed with a phenomenon (Nolas, 2011). The shift of emphasis from knowledge about something to being informed with a phenomenon has resulted in the creation of small niche within the discipline of sociology, not so much concerned with building broad conceptual models but instead with creating understanding of “the vigorous, dense, heterogeneous cultures located just beyond the university gates.” Grounded theory embodied this tradition when Glaser and Strauss encouraged their students to challenge “the theoretical capitalism.” In this regard, reflexivity plays an epistemological role in opening a space for the creation of new knowledge (Nolas, 2011).

**Charmaz (2007) stated some components of GT approach as follow:**

- Simultaneous involvement of data collection and analysis.
- Consulting analytic codes and categories from data, not from preconceived logically deduced hypotheses.
- Using the constant comparison method, which involves making comparisons during each stage of the analysis.
- Advancing theory development during each step of data collection and analysis.

- Memo-writing to elaborate categories, specify their properties, define relationships between categories and identify gaps.
- Sampling aimed toward theory construction (theoretical sampling), not for population representatives.
- Conducting the literature review after developing an independent analysis.

The process of analysis starts with gathering data and end with writing the analysis and reflecting on the entire process. Grounded theorists stopped and wrote whenever ideas that occur to them. Charmaz (2006) stated that grounded theory methods constitute a craft that researchers practice. Like any craft, practitioners vary in their emphasis on one or another aspect but together have commonalities. Any study that uses GT approach will start with stating the research problem, gathering data, coding, memo writing, and theoretical sampling, saturating and storing, and ending with writing the draft as explained in figure (4.1).

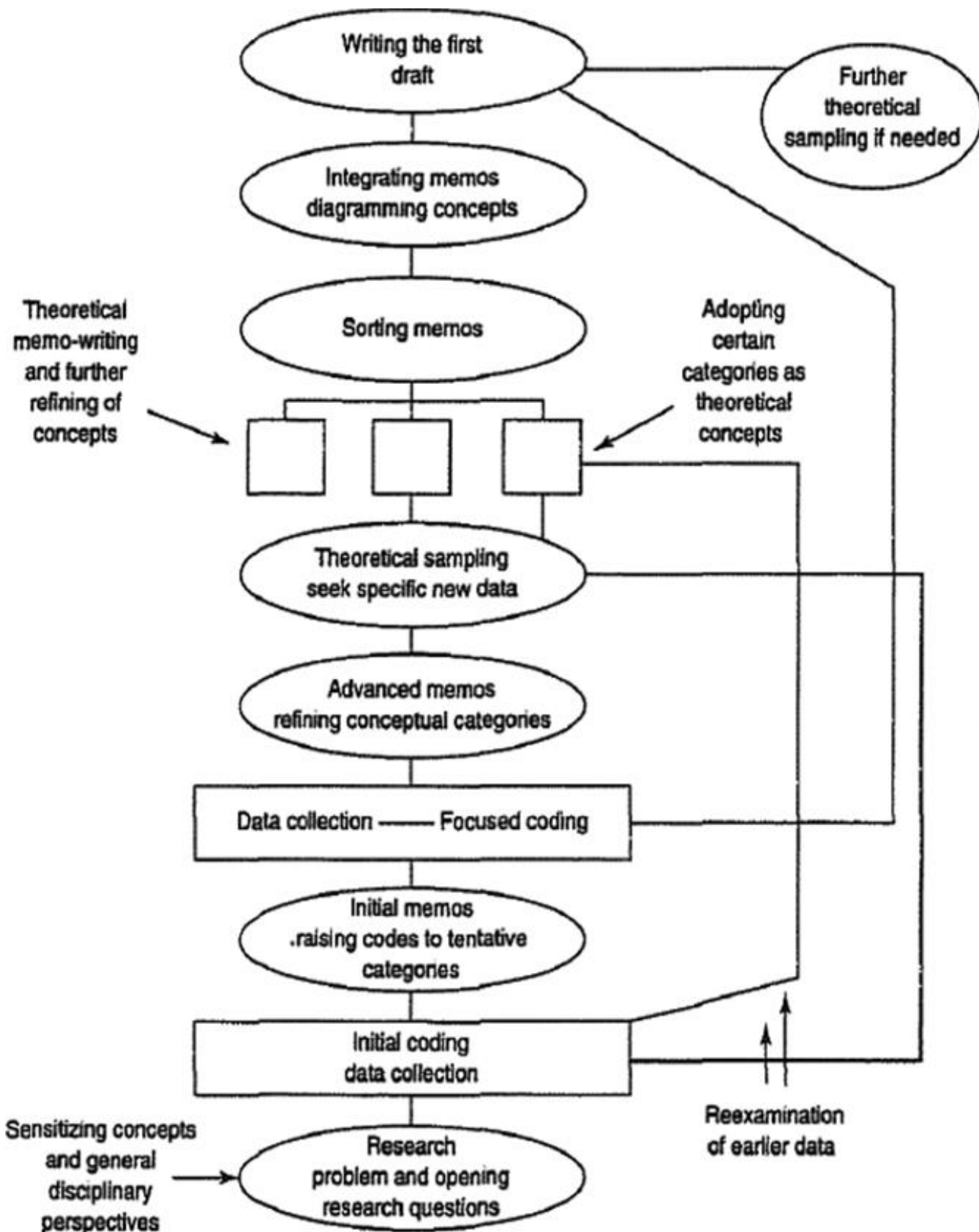


Figure (4.1) Constructing of grounded theory. Source: (Charmaz, 2006)

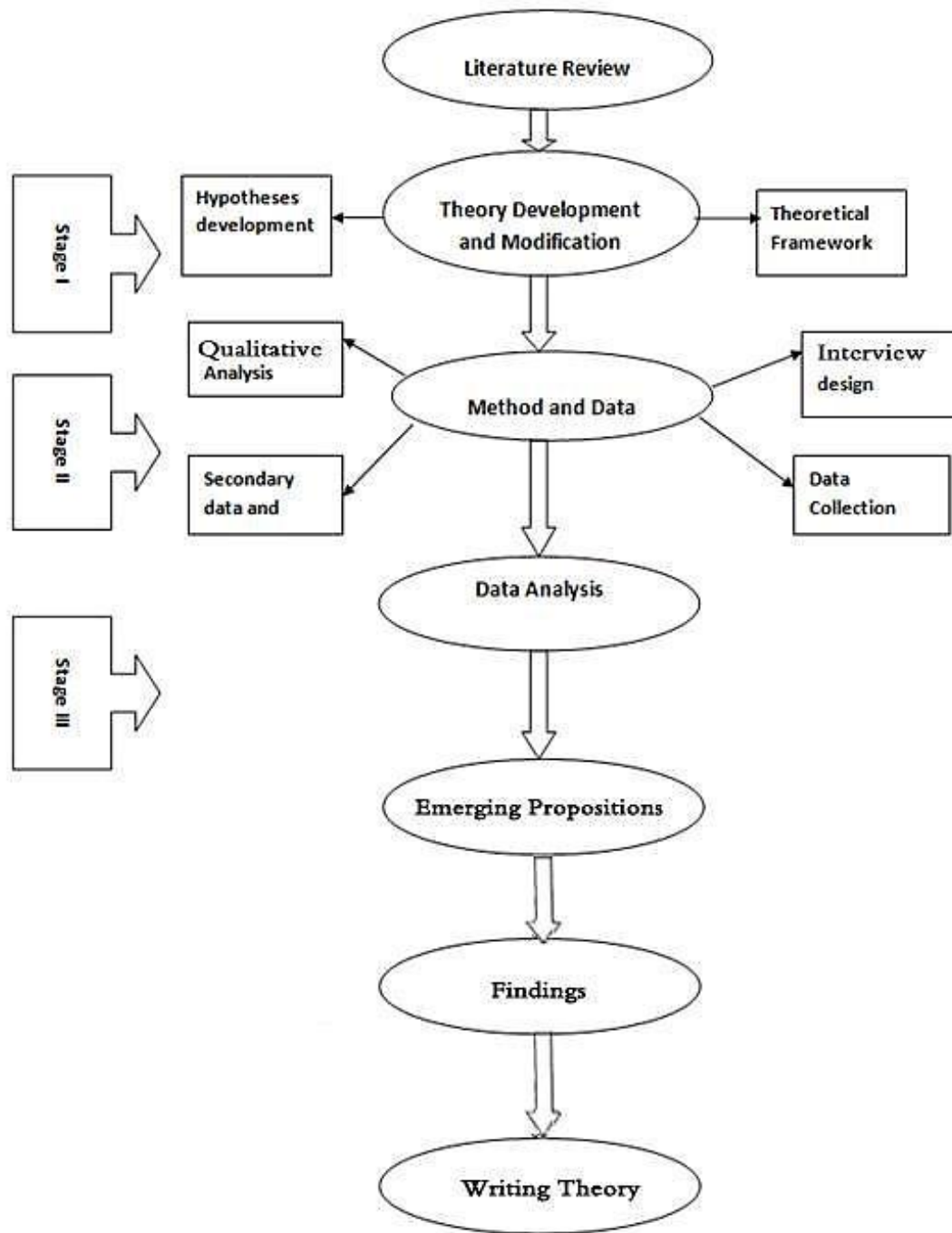
## 4.2 Section 2: Research Methodology

### Introduction:

This part introduces the methodology and the data collection process used in this study. Also, this part includes the population, sample, qualitative interviews design, process of data analysis and the emerged propositions. There are many research methodologies and methods. Chinnathambi et al (2008) defined the research methodology as a systematic way to solve problem. It is a science of studying research is to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology. It is also defined as the study of methods by which knowledge is gained. It aims to give the work plan of research (Chinnathambi et al., 2008). There are several types of research including exploratory, descriptive, analytical, predictive, quantitative, qualitative, deductive, inductive, applied and basic research. This research is a qualitative research. Qualitative research is characterized by its aims, which are related to understanding some aspects of social life, and its methods which generate words, rather than numbers, as data for analysis (Einstein, 2002). As stated by Merriam (2009) qualitative researchers are interested in understanding the meaning people have constructed, that is, how people make sense of their world and the experiences they gain in the world. In this research, the interview as a tool of data collection is used. Data are analyzed by using the Constant Comparative Method (CCM) as a requirement of GT approach.

Pandit (1996) refers to the definition of the research design made by Smith et al. (1990) as the overall configuration of a piece of research, what kind of evidence is gathered from where, and how the evidence is interpreted in order to provide good answers to the basic research question (s) (pandit, 1996). The research design is important because it shows the flow of research operations.

The research design of this thesis contains: literature review, theory development and modification; the theoretical framework includes propositions development, conducting interviews, data collection process, data analysis process, findings and results, emerging propositions and writing theory. The following Figure (4.2) shows the research design stages as follows:



**Figure (4.2): The Research Design. Source: Developed by the Researcher (2015).**

#### **4.2.1 Data Collection:**

Einstein (2002) stated that interviews resemble everyday conversations although they focused on the researcher's needs for data. They also differ from everyday conversations because we are concerned to conduct them in the most rigorous way we can in order to ensure reliability and validity. There are different types of interviews used in qualitative research that range from semi-structured interview (using a topic guide) to less structured and very detailed (such as life histories). This study used the semi-structured interviews as a main tool to collect the primary data. These interviews are conducted on the basis of a loose structure made of open-ended questions defining the area to be explored. The dimensions that the interview focused on are the dimensions that are used by Meyer and Thein (2012) which are regulative, cognitive and normative. The researcher visited some of INGOs and explained the aim of the research and of the interview and asked them to do the interview with their managers; some of them declined to conduct the interview because of their institution's policy, and some of them approved. A list of the interview questions is presented to them, and then, they have a formal appointment to conduct the interview. The interviews were conducted with 7 of international non-governmental organization's managers, 6 are Palestinian managers and the seventh is a foreign manager. The interviews are audio tape recorded.

#### **4.2.2 The Sample:**

The sample of this research includes the INGOs in the Gaza Strip which are registered in AIDA network and numbering approximately 82 organizations.

This study takes a random sample of the INGOs which are registered in the online database of AIDA (82 organizations). The reason of selecting this sample is that all of these international organizations work in Palestine especially in the Gaza Strip as a host region full of challenges or circumstances that are affecting their work.

The individual face-to-face interviews are conducted with 7 of INGOs managers who accept to conduct this interview. The number of the interviewed managers (7) is existed by chance because of different reasons. Firstly, the INGOs are eager to show their information and have their specific attitude towards the host country (No contact

policy). Secondly, after the intense communication with several INGOs' managers, the researcher can't access more than 7 managers because they see that such interviews are strange and they are accustomed to the questionnaire as a tool of data collection and they considered it as a threat to their work in this INGO. Thirdly, after discussion between the researcher and the supervisor, they saw that this number is enough to do the interviews as a primary data because of the richness of the interview questions and the questions are diversified in addition to the use of the secondary data.

### **4.2.3 The Interview Design:**

Interviews are classified into two parts: Part1 contains the questions to investigate the factors (PE, SES, and C) including three sections (Regulative, Cognitive and Normative). Each section includes a set of open-ended questions.

Part 2 contains the questions that investigate the main factor (IOS). This part includes three main questions.

Concerning part1 which includes two sections, a summary of each section can be illustrated as follows (**see Appendix A**):

- The first section is about regulative (PE) and consists of 7 questions. This section seeks to show if there are any political regulations and rules concerning of political system and stability that represent a challenge of INGOs work in Gaza Strip.
- The second section is about cognitive (SES, CE and ED). This section consists of 8 questions deal with the manager's point of view about the existence of the socio-economic, cultural and ethnic diversity pressures, and the values and norms that the international organizations should follow in the host country

Concerning of part 2, which represents the factor (IOS), is to investigate the existence of the international organization's adaptation strategies and how they react to such host country's circumstances.

At the first stage, the response rate was low. The researcher made her personal effort and relationships to facilitate the coordination to visit the INGOs to gain approval to conduct these interviews.

#### **4.2.4 Preparation for the Interview:**

When preparing for the interview, it is important to consider how participants will be selected. They must have some expertise, knowledge or skills in the area of interest and be able to make contribution to the interview discussion (Kelly, 2008). The main requirements were considered when the interview was prepared as follow:

- 1. Participant selection:** Participants for the research interview were selected from some of the INGOs in the GS who agreed to participate in this research. Seven of the INGOs' managers were selected and interviewed randomly according to their willingness to participate. A formal letter and list of interview questions were sent to participants informing them about the importance and the goals of this study.
- 2. Location:** The interviews were conducted at a location that is convenient to the participants. The researcher informed them that they are free to choose the location of the interview as they want. All of them were interviewed in their work offices.
- 3. Physical environment:** The room chosen for the interview was large enough. Appropriate temperature, lightening and ventilation were available. The interviews were conducted face-to-face interview. This allows the researcher to see the participants' non-verbal language and to use the tape-recorder comfortably.
- 4. Time:** Through the interview, arrangements were conducted with the participants; they were given the freedom to choose the suitable time for the interview. So, the interview schedule was developed, and a list of names and the positions of the managers and the time chosen to conduct the interview was prepared.
- 5. Tape recorder:** The researcher used the tape recorder to record the interviews after notifying the participants about.
- 6. Interview guide:** Developing the interview guide for the research interview is one of the elements for the interview success. The goals of the interview must also be clearly defined and appropriate questions are identified (Kelly, 2008). The interview guide in this study, which includes the interview introduction, questions,



confidentiality issues, clarity of the time that the interview may take in addition to the clarity of the research's goals.

#### **4.2.5 The Interview Schedule:**

As mentioned above, the interviews targeted the international non-governmental organization's managers. The researcher carefully arranged the time and the place to conduct the interview. This is explained as follows:

**Table (4.1) Interview schedule. Source: Developed by the researcher (2015)**

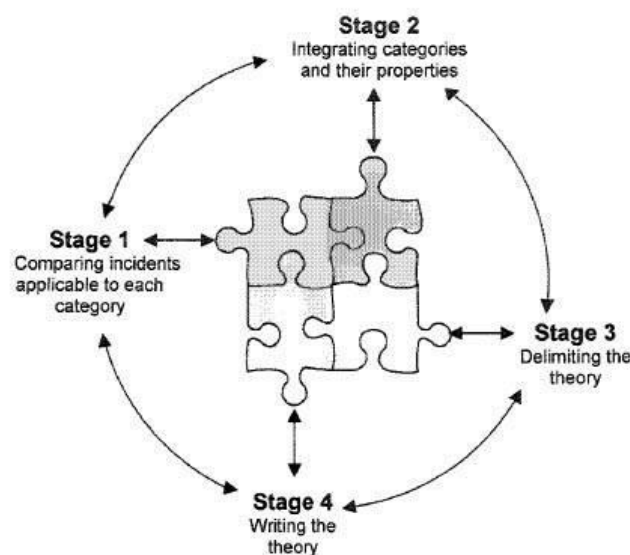
No.	Date	The position of the interviewee
1.	15-12-2014	Manager of Gaza office.
2.	17-12-2014	Manager of Gaza office.
3.	20-12-2014	Project manager.
4.	28-12-2014	Programs manager.
5.	29-12-2014	Manager of Gaza office.
6.	02-01-2015	Operational manager.
7.	04-01-2015	Emergency project manager.

#### **4.2.6 The Qualitative Analysis: the Constant Comparative Method.**

The researcher used the Constant Comparative Method (CCM) as a method in the grounded theory approach. CCM is important in developing a theory that is grounded in the data. Tesch (1990) argued that the CCM is the main intellectual activity in all analysis in GT. The method of comparing and contrasting is used practically in all intellectual tasks during analysis: forming categories, establishing the boundaries of the categories, assigning the segments to categories, summarizing the content of each category and finding the evidence. The goal is to find conceptual similarities, to refine the discriminative power of categories and to discover patterns (Boeije, 2002). Kolb (2012) stated that "CCM combines systematic data collection, coding and analysis with theoretical sampling in order to generate theory that is integrated, close to the data and expressed in a form clear enough for further testing. Concerning of the process of the CCM, the researchers differ in this method and its steps. Boeije (2002) argued that the literature of the CCM doesn't make clear how one should go about constant comparison nor does it address such issues as whether different types of comparison can be

distinguished. After reviewing the literature of CCM, the researcher found a variety of stages and steps of CCM that lead to the same process, but it centers around the Glaser's and Strauss's (1978) approach which is discussed and used by a lot of researches such as Kelly (2008) and Kolb (2012) that incorporates four main stages: (1) comparing incidents applicable to each category, (2) integrating categories and their properties, (3) delimiting the theory, and (4) writing the theory. The benefit of using this method is that the researcher begins with raw data through constant comparisons as a substantive theory will emerge (Kelly, 2008). CCM is designed to help the researcher generate a theory that is integrated, consistent, reasonable, close to the data, meanwhile clear enough and ready, if only partially, operationalized for testing in quantitative research (Glaser and Strauss, 1967).

This study used the CCM which was used by Kelly (2008) and followed the steps of the analysis mentioned above. It begins with the coding of the collected data that in turn lead to the emergence of categories and their properties, and finishes with the theoretical codes that connect the categories with each other and the core category. This means that all the data collected during the research have been compared and analyzed, and the theory that emerges is a true reflection of not only that the data have been collected but also of the participants involved in the study (Kelly, 2008).



**Figure (4.3):**The four stages of the constant comparative method of analysis. Source: (Kelly, 2008).

The CCM and steps that are used in the data analysis in this study are discussed as follow:

**Open Coding:** it is the first stage of a constant comparative analysis. It begins with raw data from observations or interviews, which have been transcribed in a verbatim fashion. The researcher begins to code each segment of the data, examining it closely and comparing each portion of the data for similarities and differences (Kelly, 2008). The focus of the GT is that the researcher is grounded in the data. Therefore, the researcher is only interested in information that is obtained inductively from the data themselves (Kelly, 2008). During open coding, many codes may emerge, and as the process continues these codes are grouped together to a form of subcategories and categories. A *category* is a set of codes or concepts that are similar and are thus grouped together by definition. At this stage of analysis, the researcher may search for an indicator or evidence of a core category. A *core category* represents the central focus of the phenomenon of the study. It helps to organize the categories into a process of hierarchy and thereby explains the variations in the data (Scholes et al., 2013).

**Selective Coding:** it is the second phase of analysis. In this stage, the focus is on a limited number of categories that best represent the major aspect of the data. It is similar to open coding as data continue to be constantly compared, and the researcher continues to look for similarities and differences. As in opening coding, the researcher continues to search for a core category. When the core category has been discovered, it becomes the guide to continue the theoretical coding (Glaser and Strauss, 1978). This is followed by the categories description, the researcher described the categories emerged and the detailed comparison of each category and the participants' responses to it.

**Theoretical Coding:** it is the third step of CCM. According to Glaser and Strauss (1978), theoretical coding is to "conceptualize how the substantive codes may relate to each other as hypotheses to be integrated into a theory. Theoretical codes give "integrative scope, broad pictures and a new perspective" (Ng and Hase, 2008). It is the phase of developing the connections between the categories. Assessing the relative importance of different themes and highlighting the variations between the data. It is also the stage where descriptive links between the categories change to more theoretical

links. There are 18 theoretical codes stated by (Glaser, 1978). One of them is “Six CS” method which is used in this study to show connections between the categories (Kelly, 2008). To do this, a series of questions are asked when analyzing the data which are stated by Glaser and Strauss as follow:

- Is this category a condition of some other categories?
- Is it a cause, context of another category?
- Does this category co-vary with other categories?
- Is this category a strategy?

**Theoretical Memos:** memos are the written analysis related to the development of the theory. Haslam (2002) describes memos as building blocks of a theory development similar to the grounded theory process. Glaser (1978) suggested that the memos are the core stage in the process and without using them to write an idea, the researcher is not in fact doing grounded theory (Ng and Hase, 2008). Memos enable the researcher to document their ideas, thoughts and emerging propositions (Kelly, 2008). It is used during each phase of the analysis and helps the researcher to write the final substantive theory.

**Table (4.2): The coding families used in this study. Source: Developed by the researcher (2015).**

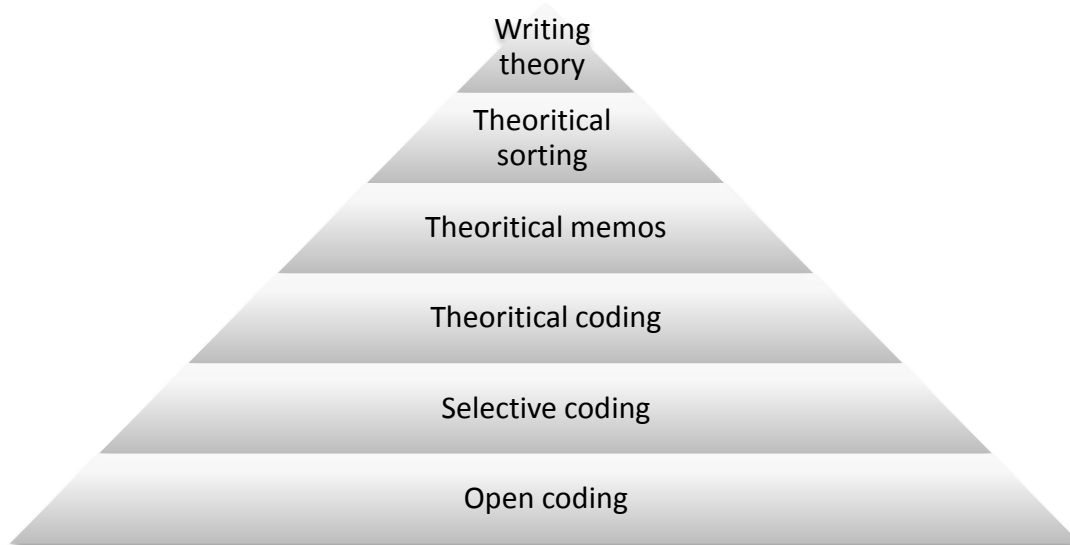
<b>Group 1</b>	<b>Government Misunderstanding (GM):</b> Government Financial Intervention (GFI). Unqualified Auditing Team (UAT). Government's same treatment (ST). Indirect Relationship (IR). Informal Relationship (Inf R) Long Time Procedures (LTP).	<b>Home Country Policy (HCP):</b> Politicized Funding (PF). No Contact Policy (NCP). Terrorist Movement (TM). Donor's Policy (DP). Falling funding (FF). Home Country Financial Rules (HCFR).
	<b>Occupation (O):</b> War (W). Movement's Restrictions (MR). Material Shortage (MS). Occupation's Control on natural resources (OC). Siege (S). Issuing permits and registration of License from multiple parties (MP).	<b>Political Instability (PI):</b> Authority Change (AC). Lack of foreigners' accommodation (FA). Close Paths (CP).
<b>Group 2</b>	<b>Adaptation Difficulties (AD):</b> Force to adapt (FA). Movement Restrictions (MR). Cultural Misunderstanding (CM). Commitment of host country's culture (CHC).	<b>Social Life Restrictions (SLR):</b> Private Nightlife (PN). Coholic drink (CD).
	<b>Difficult Work relationship (DWR):</b> Tough treatment (TT). Cultural Misunderstanding (CM).	<b>Socio-economic Status (SES):</b> Education (E) Health (H). Poverty (P).

**The coding families used in this study(Continued):**

<b>Group 3</b>	<b>Free Work Conditions (FWC):</b> Work Openness (WO).	<b>Social Life Restrictions (SLR):</b> Private Life (PL).
	<b>Gaining Legitimacy (GL):</b> Good Service (GS). Employee Training (ET). Staff Safety (SS). Supporting Partnerships (SP).	
<b>Group 4</b>	<b>Leave the Host Country (LHC):</b> Some Leave (SL). Can't Leave (CL).	<b>Direct Coordination (DC):</b> Good Government Relationship (GGR).
	<b>Indirect Coordination (ID):</b> Local Partners (LP). Informal Relationship (Inf R). Negotiation (N). Teleworking (T)	<b>Strategic Planning (SP):</b> Multiple Plans (MP). Re-designing and Re-planning (RP).

**Theoretical Sorting:** Glaser (1992) argued that theoretical sorting is the key of writing a theory. It requires arranging the memos that are constructed into integrated theory (Ng and Hase, 2008). In addition, theoretical coding requires reviewing the preset propositions and show how the emerged propositions supported the preset propositions and how concepts are linked to each other. This is the basis for writing a theory. The purpose of theoretical sorting is to sort the memos that the researcher has written during the research in order to identify the emerging theory (Kelly, 2008). The theoretical sorting may lead to discover the core category if it has not been discovered. The major focus of the theoretical coding is to put all the memos, categories and the analyzed data in a whole picture of a theory (Kelly, 2008).

This process is explained in the following diagram:



**Figure (4.4) Data analysis process of GT. Source: Developed by the researcher (2015).**

#### **4.2.7 Ethics in Qualitative Research:**

Qualitative research interview seeks to describe the meaning of the central themes in the world of the subjects. The main task in interviewing is to understand the meaning of what the interviewees say (Kaval, 1996). Interviews are particularly useful for getting the story behind participants' experiences. The interviewer can pursue in-depth information around the topic. Interviews may be useful as follow up to certain respondents to questionnaires and to further investigate their responses (McNamara, 1999). The Institutional Review Board (IRB) and the informed consent processes are based on serious ethical principles meant to guide researchers' relationships with their participants. The IRB alerts researchers to the need to protect participants from harm and assure their rights in the research process (Seidman, 2002).

Nollaig (2011) stated that research in grounded theory as any piece of qualitative research requires some guidelines. Data are anonymous, including the identity of the participants in interview or observation. What the participant tells the researcher is kept confidential and the identity of the participants is protected. Different ethical considerations, however, come into play when thinking about the participant's observation and informal interviewing aspects of grounded theory project. Here, access to the field (organization) is usually negotiated through a "gatekeeper". A gatekeeper is a key member of group, community or organization who becomes known to the researcher (either from the researcher's network or through formal introduction and sometimes by chance encounter) (Nollaig, 2011). In this context, researchers should be clear about methods they use (formal and informal interviews) and how the data will be used. Researchers should always identify themselves as such, explain their research to other community members and ask permission from those they talk to for using the information provided in their research (Nollaig, 2011).

Some ethical considerations used in this study are as follow:

##### **Informed consent:**

Everyone who participates in the study as interviewee has freely consented to participation, without being under force, or unfairly pressurized. This means that they

should be well-informed about what participation details. While written consent may in some situations scare the participants talked with, the researcher has obtained the verbal consent.

### **Confidentiality:**

It is essential to protect the identity of the person from whom you gather information. If collected, the identity of the participants must be protected at all times and must not be left lying around in notebooks or un-protected computer files (Cochran and Patton, 2002). In this study, the identity of the participant and his organization are carefully protected.

### **Anonymity and Privacy:**

The information of the participants remained anonymous and protected from those who have interest conflict with the interviewees'. The names of the participants and organizations must be secret to preserve participant's anonymity.

### **The Storage of Data:**

All data, including tape recordings, memos and written materials pertaining to the research must securely be stored. During the study, information was explored for the use of the research. Backup copies must be stored at a locked secondary site for safekeeping (Kelly, 2008).

### **Transparency:**

There is a need to be explicit, clear, and open for the propositions made and the methods and procedures used. The credibility of any qualitative study lies in the transparency of its specific paradigm assumptions. In planning, designing and carrying out qualitative research, there must be conscious examination of research strategies, selection of participants and decisions made in collecting and interpreting the data. Methods of inquiry, which include the procedures of data collection and data analysis and interpretation, must be clear enough for others to replicate and therefore must be transparent (Cermak and Hiles, 2007).

Every research method has its limits and strengths. In-depth interviewing strength is that through it the researcher can understand the details of the phenomenon (Seidman, 2000). But it has some challenges which are stated by Liamputtong et al (2007) that researchers involved in qualitative research on sensitive topics do experience a number of challenges through the research process. Yet, some are related to the process that actually undertakes the interview, including rapport building and using self-disclosure. Researchers also face ongoing challenges such as dealing with developing attachments, hearing untold stories, feelings of guilt, vulnerability, exhaustion, and issues related to both transcribing and analyzing data. In this study, the researcher faced some challenges such as having appointments and conducting the interviews with INGOs' members as it is a strange way as they mentioned. They are not free to give their information. Also, the analysis process of this study used the CCM which is the first time used especially in the GS.

#### **4.2.8 Determining Rigor in Qualitative Research:**

There have been various criteria suggested by scholars determining rigor in qualitative researches, arguing that the traditional descriptors refer to validity, reliability, objectivity and generalisability. The concepts of traditional indicator of rigor are not rejected but made us believe that we should use other terms that should reflect the nature of the qualitative research. Examples of alternative terms used by Guba and Lincoln (1989) are credibility, transferability, dependability and confirmability (Kelly, 2008). As this research is a grounded theory study, terms such reliability, validity, objectivity and generalisability are inappropriate indicators of rigor. The purpose of grounded theory is not to validate findings but to develop theory which identifies the major concerns of the participants in the research. Credibility, transferability, dependability and confirmability have been adopted as indicators of rigor in this study (Kelly, 2008). A brief and simplified overview of these terms, how they relate to the research using qualitative data, and how the criteria were used in this study as discussed below.

The term of credibility is used as alternative to the internal validity in quantitative research. Credibility, in qualitative data, is suitable to be credible if the researcher has been faithful to the data and participants in the study. In order to achieve this research,



one must identify and accurately describe the research participants, data and the setting within which the study takes place (Crookes and Davies, 1998). The credibility means that when the participants read the research, they recognize it as their own experience (Kelly, 2008). Credibility is achieved in this study by ensuring that the parameters of the research were clearly defined and the participants in the study were carefully described, including a background section on the INGOs in the GS. Other mechanism used in the study to ensure accuracy is the audio tapings of the interviews, which were then transcribed. Finally, memos document the researcher's thoughts, ideas and actual concerns were also measures undertaken to ensure the accuracy and hence credibility of the data collected through the study.

**Transferability**, Sandelowski (1986) argues that if the experiences of the study participants are well documented, then the findings represent a small component of the greater population. The researcher believes that this study will fulfill the criteria of transferability if participants (INGOs managers) who read the thesis believe that the described issues and challenges are familiar experiences. **Auditability and dependability** are the parallel terms used in qualitative research as alternative to the term of reliability which used in quantitative research. Reliability refers to the ability to replicate the findings of the study. In other words, another researcher could use the same research design and methods to deliver the same or similar findings (Kelly, 2008). In contrast, researchers in qualitative data do not aim at having their findings replicated. They are seeking to achieve an authentic material of their participants' experiences as they themselves view and describe it. This is achieved by doing a greater understanding of the participant's world and how they interact with it. Auditability was achieved in this study by using the following processes. The study design and methods of the data collection and analysis process clearly documented. **Confirmability**, the researcher should also aim at fairness, completeness, balance and freedom from bias (Kelly, 2008). This is achieved in this study as the researcher herself interviewed the participants and audio-taped them. In addition, the researcher regularly met with the supervisor to discuss the research and decision making process. The other indicator of rigor, which is suggested as useful in research using qualitative data, is an **audit trial**. This includes the process of accessing the participants, describing the setting and equipment, an explanation of one's experiences and decision making process (Kelly, 2008). The audit

trial is used in this study in the form of memos, participants, examples, diagrams and supporting documents where appropriate.

**Summary:**

This chapter provided a detailed description of the research methods employed in this study. The use of qualitative research approach and the grounded theory are discussed. The development and application of the data collection method (interview) are explained. The interview design and some ethical considerations of qualitative research are discussed. The analysis was done by using the CCM as a technique used in grounded theory approach.

# **Chapter 5**

## **Findings and Recommendations**

**5.1 Section 1: The Data Analysis**

**5.2 Section 2: The Conclusion and Recommendations**

## **5.1 Section 1: The Data Analysis**

### **Introduction:**

This chapter applies the Constant Comparative Method (CCM) as a method of data analysis. This method has a series of steps that vary from one researcher to another, but it centers on the same process and results. This study used the (CCM) method of Kelly (2008) which has some steps to reach the emerging theory. By applying the (CCM) the researcher used, the movement from the first stage, second, third, fourth, fifth and sixth is not linear, and the researcher is required to move back and forth from one stage to another as she constantly compares the data during each phase of the process (Kelly, 2008). This chapter showed how this method was applied in analyzing the data, the emerging themes, integration of categories, theoretical coding, and reaching to the emerging theory. After the process was conducted, the research proposed the emerged theory of this study. Another issue was discussed; it is the issue which differentiated between the generating hypotheses and testing hypotheses as well as the difference between quantitative and qualitative researches in addition to the way this study used this type (qualitative research).

### **5.1.1 The Analysis and Results of Group 1:**

#### **Regulative Questions:**

1. Can you tell me the reality of the INGOs work in Gaza Strip as a host country?
2. From your point of view, what are the challenges and opportunities to INGOs work in the GS?
3. Where are the INGOs headquarters' organizations' offices in the Gaza Strip? Why?
4. Concerning the financial rules, are there any financial rules that represent a pressure on INGOs work
5. Does the change of authorities since 2007 affect the INGOs work in the Gaza Strip? How?
6. Evaluate the relationship between the host government and the INGOs in the GS?
7. From your previous experience in working with the foreigner as representatives of the international organizations in their home country, does the work in the Gaza Strip as occupied region have some difficulties? How?

### **The Responses:**

Government misunderstanding, politicized funding, forefinger's accommodation, political instability, no-contact policy, consider the Hamas government as terrorist movement, indirect governmental relationship, donor's policy, occupation, wars, government financial intervention, the siege, movement restrictions, issuing permits from different parties, material shortage, long time coordination, lack of institutional coordination, informal governmental relationship, procedural difficulties, high donor's control, falling funding and projects, high procedural risk, lack of qualified auditing team, occupation's control over Palestinians natural resources, authority change all treat the INGOs the same treatment.

### **Open Coding:**

The researcher codes the manager's names as codes "A, B, C, D, E, F and G." And the general idea of their responses as follows:

1. Government Misunderstanding (**GM**).
2. Home Country Policy (**HCP**).
3. Occupation (**O**).
4. Political Instability (**PI**).
5. Institutional Coordination (**IC**).

### **Building the categories (Themes) and its sub- categories:**

From the general ideas of manager's responses, the researcher develops the categories and its sub-categories as follows:

#### **1. Government Misunderstanding (GM):**

- Government Financial Intervention (GFI).
- Unqualified Auditing Team (UAT).
- Government's same treatment (ST).
- Indirect Relationship (IR).
- Informal Relationship (Inf R)

- Long Time Procedures (LTP).

## **2. Home Country Policy (HCP):**

- Politicized Funding (PF).
- No Contact Policy (NCP).
- Terrorist Movement (TM).
- Donor's Policy (DP).
- Falling funding (FF).
- Home Country Financial Rules (HCFR).

## **3. Occupation (O):**

- War (W).
- Movement's Restrictions (MR).
- Material Shortage (MS).
- Occupation's Control on natural resources (OC).
- Siege (S).
- Issuing permits and registration of License from multiple parties (MP).

## **4. Political Instability (PI):**

- Authority Change (AC).
- Lack of foreigners' accommodation (FA).
- Close Paths (CP).

## **5. Institutional Coordination (IC):**

- Lack of Coordination (LC).

## **Selective coding:**

- Government Financial Intervention (GFI).
- Politicized Funding (PF).
- Occupation (O).
- Authority Change (AC).

### **Categories (Themes) Description:**

The researcher compared the responses to each factor and captured the similarities and differences in participant's responses.

Firstly, concerning of (O) theme, all the managers' responses (A, B, C, D, E, F and G) unanimously stated that the occupation is the first challenge that faces the INGOs working in the Gaza Strip. This challenge is represented in war especially during the last years. Wars and their consequences directly affect the INGOs work, its planning and projects. Another factor is the movement's restrictions of the Israeli occupation upon Arab managers and sometimes foreign managers in addition to the Erez crossing closure because of a lot of Israel religious holidays that affect managers movement, and some Arab managers are prevented from travelling because of some security considerations, and some of others are sent to prison. Concerning this issue, some international reports stated that "the closure of Erez has made the operations of all UN agencies and other humanitarian and development agencies INGOs unreasonably difficult, inefficient and costly." If these restrictions continued, a number of INGOs may be forced to stop their operations in the GS. Because of the blockade of Erez, they had to suspend operations in Gaza. INGOs need to allow their staff and members to stay in and enter Gaza freely, with minimal days (United Nations Relief and Work Agency for Palestinian Refugee in the Near East report, 2003). In addition, the siege and shortage of materials are represented as a main impediment on INGOs projects and work. Another point view mentioned by B and C managers is that another type of challenges comes from issuing permits for foreigners' travel and registration license from multiple parties include (Gaza government, Ramallah, Home country and the Israeli permission). This represents some procedural difficulties that affect negatively the INGOs work in the host country. Some reports stated that "the INGOs had reached a point where they can no longer carry out their work in GS. Some operations were stopped. For those still trying to work, their staff was too afraid to leave. In the last few years, many INGOs had been spending on average, up to 50% of their working hours either trying to gain access to project sites in the GS or filling complaints to COGAT and the international community on their continued inability to undertake their work in an effective manner. In addition, the entire of international community had faced delays and obstructions on

the entry to and exist from the GS caused by new security check at the Erez crossing. The INGOs were unable to continue their fully humanitarian and development activities in GS (Association of international development agencies, 2003).

Secondly, concerning (GM), this is appeared in the government audit request, some reports mentioned that "The previous Palestinian government ( Hamas) has been called the INGOs for three points: (1) to register in the public institutions department affiliated with the interior minister, (2) to provide financial and administrative reports, and (3) to obtain visas for their employees before they enter the strip, either for work or visitation purposes (Shaban, 2013)." Most managers (A, B, D, E, F and G) mentioned that the (GM) is a main impendent challenge to the funding and projects achievements which is represented in government financial intervention as asking financial reports and auditing, which is not allowed to the international institution to do because of the donors of "no contact policy" under which most of INGOs work and the donors consider these reports as their own files and unallowed to anyone to check, and these reports are audited by some international and qualified people and under international standards. However, a C manager has different point view; he mentioned that he hasn't any governmental pressures. His organization has direct relationship with the host government and its ministries and described the relationship with government as lovely and friendship. Other reports mentioned that "the INGOs don't know the reason of this government's request of auditing their books, including beneficiaries lists and contact details for their staff, which are normally kept in the HR folders. This may reduce the vital operations. It is mentioned that the agreeing to this request would break the "no-contact policy held by some INGOs including the US that list Hamas as a "terrorist" organization. After this auditing request, at least 18 aid agencies were prepared to suspend their activities in the GS, cutting of more than US\$135 million per year in aid (IRIN report, 2011).

Thirdly, concerning of (PI) and (HCP), (A, B, D, E, F, and G) managers' points of view focused on and connected between the home country policy and political instability. Six responses mentioned that there are some home country and donors' pressures that affect the INGOs funding, projects and the relationship with government. The donors force them to follow their "no-contact policy;" this is because of the authority change after



2007. Stephane Dujirrc, spokesman for secretary general Kofi Annan, mentioned that "the situation before and after the Palestinian election 2006 is not the same and the new policy requires UN officials to seek permission from Annan before talking to the Hamas led Palestinian government which is considered as a terrorist organization" (Rizvi, 2006)

A manager explained that this policy which is imposed upon them caused the stop of huge projects such as sewage services and the solar energy because these huge projects require an acceptable government to deal with, and there are a lot of projects that still suspended because of this government. This situation leads to indirect and informal relationship with the host government not as before 2007, where he mentioned that "The relationship was direct as Ramallah now, all the parties the government, Home country, INGOs and PNGOs work under the same umbrella and coordinate the work between each other". Another issue is that the home country's consideration that Hamas government is a terrorist organization, this leads to a fall in the percentage of funding and a reduction in the projects as well as in high donors' control. All of that revolves around the politicized funding; "the connection between the fund and the government." The political instability and the change of authority after 2007 affect the foreigners' accommodation in the Gaza Strip because of the insecure situation and because of authority change, and it is thought that this situation will lead to lawlessness and affect life as stated by A manager. But, C manager has different point of view that his home country policy doesn't take any political considerations, but they support the host government and they have direct relationships with the government of the Gaza Strip.

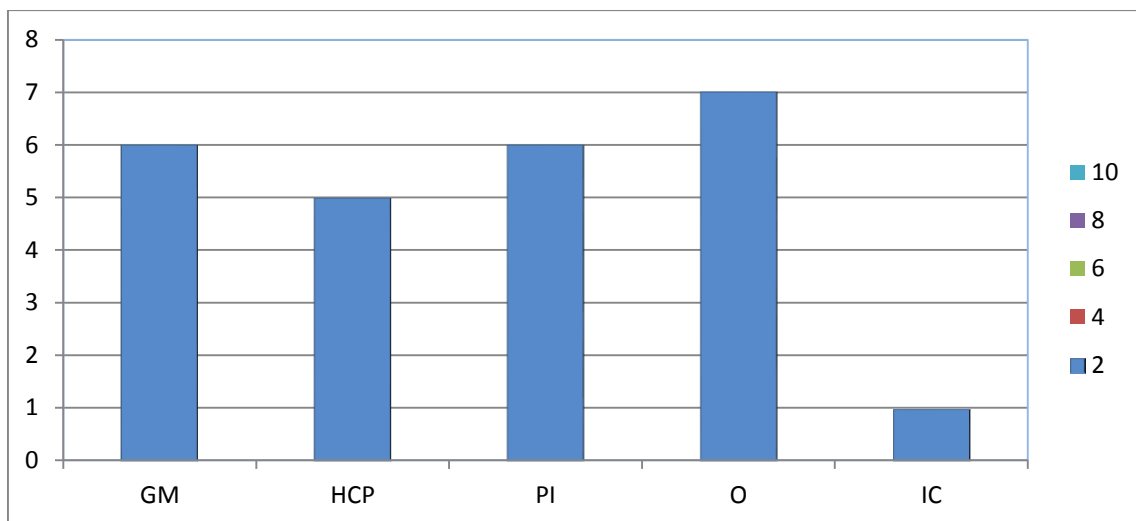
Fourthly, concerning of the (IC), D manager mentioned that there is no any institutional coordination between the international organizations themselves, and they lack the general development vision to prevent the duplication of the projects. However, (A, B, C, E, F, G) have different points of view and mentioned that there is some coordination between the INGOs and that they work under the UN clusters (OCHA) umbrella.

**Table (5.1) The response rate of group 1. Source: developed by the researcher (2015)**

<b>Group 1</b>  <b>The regulative questions</b>	<b>Themes</b>	<b>No. responses</b>
	GM	6
	HCP	5
	PI	6
	O	7
	IC	1

Table (5.1) shows that the high responses are going to the (O) as a main challenge, and the responses decrease to 6 toward (GM) and (PI) and 5 responses to (HCP) but 1 response to the (IC).

This is explained in the following diagram:



**Figure (5.1) the response rate of group 1. Source: Developed by the researcher (2015).**

### **Theoretical Coding:**

The researcher explains the relationships between the core category and the other categories. There are 18 theoretical codes stated by (Glaser 1978). One of them is Six CS method which is used in this study to show connections between the core category and the other categories.

The occupation is the main issue that affects the INGOs work in the Gaza Strip. Occupation shape his policy according to the type party of the government, the siege and war are caused of Israeli occupation and its affect include materials shortage and manager's movements. The occupation is the main reason of the general situation of Gaza Strip, the political instability, the home country policy and its consideration that Hamas government is a terrorist movement and this lead to some conflict between the host government and the home country and this is the main reason of government misunderstanding and the indirect, informal relationship between the INGOs and the host government. Occupation is a constraint strategy itself. These factors may lead to some lack of institutional coordination and lack of some general development vision.

### **The Memos:**

The researcher summarizes what the data reflect empirically in a systematic manner, and this is the building rock that enables theory generation. These memos are summarized as follow:

- Government misunderstanding.
- Indirect relationship between the INGOs and the host government.
- The home country policy, its conditions and its financial rules.
- Political instability and the change of authority.
- Occupation, the siege, material shortage and movement's restrictions.
- Institutional coordination.

### **Theoretical sorting: Reconstruct the propositions and write the theory:**

The researcher arranged the memos, developed propositions and reconstructed the preset propositions in Chapter 2 as an initial theoretical framework. These propositions are reconstructed according to the emerging themes from the data are collected from the participants which are analyzed from the ground and reflect the real situation of INGOs work under host country's challenges. The research propositions are reconstructed as follow:

**The preset propositions are:**

*P1:* There are some political challenges which face the INGOs and affect their IOS in the GS.

**The emerging propositions are:**

*Proposition 1:* There is some of government misunderstanding as a challenge facing the INGOs in GS.

*Proposition 2:* The home country policy represents a pressure that faces the INGOs in GS.

*Proposition 3:* The Political instability represents a challenge which faces the INGOs in GS.

*Proposition 4:* The occupation is a main challenge that faces the INGOs in GS.

*Proposition 5:* The institutional coordination represents a strengthen point the INGOs have in GS.

There are some emerging regulative themes that affect the INGOs work which are the government misunderstanding, Home- country policy, Political instability, Occupation, and Institutional coordination.

**5.1.2 The Analysis and Results of Group 2:**

**The Cognitive Questions:**

1. There are different INGOs from different countries, cultures, environments. Do the skin of color, language or origin of birth represent a constraint especially in working process between Arab and foreign managers?
2. Do the cultural differences bring new things to Gaza? Such as abilities, experiences and innovation? What are these new things? Give me some examples, please.

3. How do you see the social relationships between you as Arab managers and the foreign managers especially in different backgrounds?

4. Do you see that the INGOs members can easily adapt with the culture of the host country? How?

5. Can you describe the socio-economic status of Gaza? (Is there a relationship between social status and economic status)? Does the socio economic status including (income, health, wealth, education) of GS attract the INGOs to operate in the GS?

### **The Responses:**

They include Commitment of host country's culture, good social relationship, enhancing the administrative style, force to adapt, adaptation difficulties, social life restrictions, Socio-economic status, feeling comfortable, knowledge transfer, cultural misunderstanding, difficult work relationship, tough treatment, Coholic drink, and private night life.

### **The open coding:**

1. Adaptation Difficulties (**AD**).
2. Social life Restrictions (**SLR**).
3. Good Managers Relationship (**GMR**).
4. Difficult Work Relationship (**DWR**).
5. Socio-economic Status (**SES**).

### **Building Categories (Themes) and its subcategories:**

#### **1. Adaptation Difficulties (AD):**

- Force to adapt (FA).
- Movement Restrictions (MR).
- Cultural Misunderstanding (CM).
- Commitment of host country's culture (CHC).

## **2. Social Life Restrictions (SLR):**

- Private Nightlife (PN).
- Coholic drink (CD).

## **3. Good manager's Relationship (GMR):**

- Social Relationship (SR).
- Enhancing the administrative Style (AS).
- Feeling Comfortable (FC).
- Knowledge Transfer (KT).
- Enrichment the administrative values (AV).

## **4. Difficult Work relationship (DWR):**

- Tough treatment (TT).
- Cultural Misunderstanding (CM).

## **5. Socio-economic Status (SES):**

- Education (E)
- Health (H).
- Poverty (P).

## **Selective coding:**

- Force to adapt (FA).
- Social Life Restrictions (SLR).
- Social Relationship (SR).
- Cultural Misunderstanding (CM).

### **Themes (Categories Description):**

Firstly, concerning the (AD), (A, B, D, E, F and G) managers mentioned that there are some of adaptation difficulties represented in force to adapt themselves in the host country. A manager explained that their home country prepares and practices them to adapt the culture of the host country before moving from the home to the host country. (B, E and F) managers mentioned that the foreigners are differentiated in their nature, culture, nationality and their adaptation. E manger explained that the German managers are tough and they have misunderstanding in the nature of the INGOs work, nature of administrative system and the priority of projects. He added that *“the reality of the foreigner's adaptation depends on the foreigner origin of birth such as the Spanish mangers are somewhat similar to the Arab culture and they are easily adapted. But the British and American managers have less adaptation where they have their special work mode, they may start their day of work and achieve their tasks without talking to any one of their colleagues or saying "Hello"!”* G and F managers explained that they have the same problems but after time in work they can pass them and teach the foreigners the Arab customs and traditions. In short, they have to adapt themselves to the culture of the host country. They are forced to respect the host country's traditions. Managers added that most of the foreigners have not any apartment to live or stable in GS because they used to move anywhere as they want, and the situation of Gaza prevents them from moving easily. However, C manager has a different opinion, he mentioned that he faced few adaptation difficulties but he adapted himself to them. He has his own apartment in the GS and has lovely friends, and he could go out anytime and anywhere alone or with his friends. He added that this easy adaptation may be because his origin home country's culture similar to Arab culture especially Palestinian's culture.

Secondly, dealing with (SLR), (A, B, D, E, F and G) stated that the foreign mangers can't live their social life and habits as they used to. A manager explained that the foreign managers can't easily adapt in the GS and they don't do their habits as they want because they don't feel comfortable and they haven't their personal apartments to meet their friends and drink their private drinks; this is not allowed in Gaza. In contrast of Ramallah and Jerusalem, it is acceptable to do what they want so they have their stable

life there. B manager added that it is not acceptable for the foreigners to do his private nightlife in Gaza in contrast to WB. B and E managers mentioned that there is a special institutional internal law that controls the foreigner's habits, clothes and it includes what acceptable and not acceptable to do in the host country. He added that the Arab manager has the right to complain and stop anyone who doesn't commit to this law. On the other hand, C manager mentioned that he lives his life comfortably and he has not any social problems.

Thirdly, concerning of (GMR), all the managers (A, B, C, D, E, F and G) connected between the work and personal relationships, and they agreed that they have good personal relationships with foreign managers and they feel comfortable with each other. But if they have some work and administrative conflict or cultural misunderstanding, this does not affect their personal relationships. A manager mentioned that there is some knowledge transfer between Arab and foreign managers; they acquired from the foreigners some knowledge such as the clarity of the administrative process and doing the tasks faster and easier. B manager added that they learned from the German and British managers how to work by an organized mind and time-in-time tasks in addition to the building capacity of employees. (D, E and G) agreed and added that they acquired some values such as the high work commitment, time commitment, the clarity of structural system and the employee personal manual. F manger has a different opinion, he stated that some foreign managers have tough treatment with Arab staff, and this badly affects the relationships between them because of cultural misunderstanding.

Fourthly, the (SES), A manager mentioned that the (SES) is considered as the main factor to attract the INGOs work in GS because of its lots of wars and crises. B manger added that poverty is a main key for the acceptance of the presented proposals in addition to development, health, education and agriculture situation. D manager mentioned that the funding is connected to the regional situation of the country such as its internal crisis. E manager explained that the main factor imposed on the INGOs work in GS is the Palestinian issue as an international issue, and that it is included in an intentional convention. Poverty and wars are mentioned by F,G and C managers.

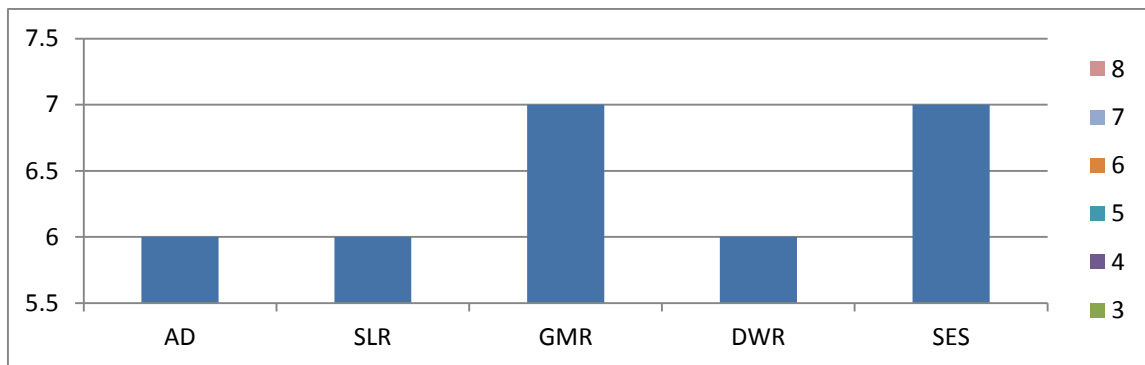


**Table (5.2) the response rate of group 2. Source: Developed by the researcher (2015)**

<p style="text-align: center;"><b>Group 2</b></p> <p style="text-align: center;"><b>The cognitive questions</b></p>	Themes	No. responses
	AD	6
	SLR	6
	GMR	7
	DWR	6
	SES	7

Table (5.2) shows the participant's rate of responses. The high responses go toward the (GMR) and (SES) that represent positively an effect on the INGOs work. In contrast, the (AD,SLR and DWR) have less and equal responses; they represent negatively an effect on the INGOs work.

This is explained in the following diagram:



**Figure (5.2) the response rate of group 2. Source: Developed by the researcher (2015)**

### **Theoretical Coding:**

The adaptation difficulties negatively affect the foreign managers' stability in GS and their movement from GS to WB. They are forced to adapt such situation, and this generates some cultural misunderstanding and negatively affects the work relationship between foreign and Arab managers, but they have good personal relationships. In addition, social life restrictions affect their adaptation and stability in GS; they are prevented from doing their social life habits. However, good personal relationships lead to solve their work difficulties easily because they have to understand their work ethics, the culture and nature of the people they work with. Lastly, the socio-economic status of

GS is represented as an attraction factor that leads the INGOs to offer aid and work as humanitarian organizations.

**The Memos:**

From analyzing the data, it is clear that there are some issues that represent challenge factors and other issues that represent attractive factors which facilitate the INGOs work in GS.

**The Challenges are:**

1. Adaptation Difficulties.
2. The Force to Adapt.
3. The cultural misunderstanding.
4. The foreigner's social life habits pressures.
5. The difficult work relationship because of the lack of understanding the administrative culture of the host country.

**The attractive factors are:**

1. Good managers' relationships.
2. Enhancement the local administrative style.
3. The knowledge transfer.
4. The socio-economic status of GS.

**Theoretical Sorting: Reconstruct the Propositions:**

**The preset propositions are:**

**P1:** The socio economic status is a challenge or an opportunity which faces the INGOs and affects their IOS in GS.

**P2:** There are some cultural challenges which face the INGOs and affect their IOS in GS.

**P3:** The ethnic diversity is a challenge which faces the INGOs in GS

**The emerged propositions are:**

***Proposition 1:*** There are some cultural misunderstandings that face the INGOs in GS.

***Proposition 2:*** There is some of force adaptation that represents as a pressure to the INGOs in GS.

***Proposition 3:*** There are some of social life restrictions which the INGOs members face in GS.

***Proposition 4:*** There are some good managers' relationships which represent a strengthen point to the INGOs in GS.

***Proposition 5:*** There is some of knowledge transfer that represents an opportunity to the INGOs in GS.

### **5.1.3 The Analysis and Results of Group 3:**

#### **The Normative Questions:**

1. The foreign international organization encourages openness in work. How does it represent a conflict between the international organizations and the host government? Give examples please.
2. Foreigners work in the GS which is fully a different environment to your origin environment. Do the foreigners practice their social life as they used to practice? What is the conflict here? Do they feel comfortable?
3. Staff training, customer orientation, compensation policy, professional employees (not their children or relative), are important to the INGOs to gain legitimacy from the host country. Does the International organization apply these issues ? How?

#### **The Responses:**

They include free work conditions, work openness, supporting partnership, day by day learning, training team, social life restrictions, post and pre evaluation, compensation policy, staff safety, transparency, knowledge transfer.

#### **The Open coding:**

1. Free Work Conditions (**FWC**).
2. Social Life Restrictions (**SLR**).
3. Gaining Legitimacy (**GL**).

#### **The Categories and its subcategories:**

##### **1. Free Work Conditions (FWC):**

- Work Openness (WO).

##### **2. Social Life Restrictions (SLR):**

- Private Life (PL).

### **3.2 Gaining Legitimacy (GL):**

- Good Service (GS).
- Employee Training (ET).
- Staff Safety (SS).
- Supporting Partnerships (SP).

#### **Selective coding:**

- Work Openness (WO).
- Social Life Restrictions (SLR).
- Good Service (GS).

#### **Categories Description:**

Firstly, concerning the Free Work Conditions (FWC), (A, B, C, D, E, F and G) managers mentioned that there are no any work restrictions dealing with the co-gender at work. (B,E and G) managers stated that there is some openness at work, but if the organization has some projects dealing with youth, there are some regulations that the members of the project should be committed to such as youth training and travelling. Secondly, dealing with the Social Life Restrictions (SLR), and as mentioned previously by manager in the cognitive analysis, there are some social life restrictions represented in values and standards imposed upon the foreign managers that prevent them from doing their social life habits. However, C manager early mentioned that *“he feels comfortable and he could adapt himself easily to such conditions”*. Thirdly, concerning with the Gaining Legitimacy (GL), A manager mentioned that his institution has its policy in supporting the partnerships and works as a coordination team and facilitates their work with small team and few staff. B manager added that his institution has day-by-day learning and guarantees the rights of the employees and the good services to the beneficiaries. C manager explained that *“he doesn’t need a big staff, he has his home-office with his small team; so, he refused crowdedness in work and doesn’t need big staff and gender mix at work.”* D and F managers agreed to the previous points of view. E manager stated that his employees have a continuous training, post and pre project evaluation, compensation policy, marinating the staff’s safety and transparency in the

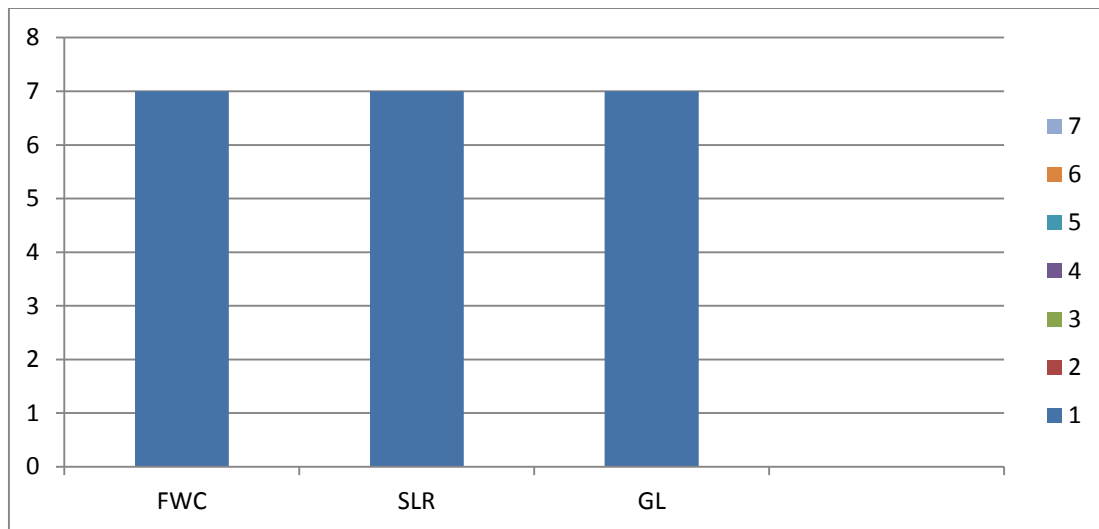
recruitment process. He added that the host government doesn't seek these issues but they ask for the vision, mission and some financial reports. G manager mentioned that his staff has some external training in Jerusalem on their organization's home country, a thing that supports the knowledge transfer as mentioned before.

**Table (5.3): The response rate of group 3. Source: Developed by the researcher (2015)**

Group 3 The normative questions	Themes	No. responses
	FWC	7
	SLR	7
	GL	7

Table (5.3) shows that the three themes have the same rate of response. But the (FWC) and the (GL) have a positively effect on the INGOs work, and the (SLR) has a negative effect on the INGOs work. This leads us to formulate a core category that represents as challenge the (SLR).

This is explained in the following diagram:



**Figure (5.3): The response rate of data group 3. Source: Developed by the researcher (2015)**

### **The Theoretical Coding:**

Here, the free work conditions mean that the INGOs work freely in dealing with the gender mix, and there are no any governmental pressures in this respect. This makes the administrative process faster and easier and makes a mix of experiences and qualifications and presents the services and reliefs in a good and professional way. This directly leads to the organization's gaining legitimacy by mixing the gender of the staff, continuous learning and training, compensation policy and maintaining the staff safety. All these issues are taken into considerations to gain the legitimacy from the host country and society. Concerning the social life restrictions discussed in details in the cognitive analysis, the foreign managers have some social life and cultural problems in terms of some values and standards, and they have to commit to them in the host country. They don't feel comfortable, and this affects their stability and work in the Gaza Strip. So, the free work conditions and the gaining legitimacy positively affect the INGOs work in the GS. But the social life restrictions negatively affect the INGOs work in the GS.

### **The Memos:**

1. After analyzing the data, there are some issues that emerged from these data as follows:
2. The INGOs have their free work conditions concerning the gender mix of employees.
3. All INGOs have factors that help them to gain legitimacy.
4. The gaining legitimacy includes good services, employee training, compensation policy, and staff safety.
5. The social life restrictions make the foreigners uncomfortable, and this affects their stability.

### **Theoretical sorting:**

***Proposition 1:*** There are some free work conditions in dealing with the employee gender mix which represents a strengthen point to the INGOs in the GS.

**Proposition 2:** There is an acquisition of legitimacy factor that the INGOs have in the GS.

**Proposition 3:** There are some values which the INGOs members have to commit to such as the social life restrictions; this is a point of weakness.

#### **5.1.4 The Analysis and Results of Group 4:**

##### **The Questions: The International Organization's Strategies (IOS) to Adapt in the Host Country's Situation.**

1. Through the long period of INGOs work in the GS. What are the reactions of INGOs to such circumstances?
  - Leave?
  - State coordination?
  - Strategic planning to adapt?
2. What are the adaptation strategies? And in which situations are they conducted?
3. How do the INGOs manage their relationships with the host country-government? Give examples, please.

##### **The Responses:**

They include departure, teleworking, local partnerships, indirect coordination, informal coordination, short term project plans, negotiation with host government or home country, can't leave, direct coordination, multiple plans, good government Relationship, re-planning and re-designing projects.

##### **The Open Coding:**

1. Leave the Host Country (**LHC**).
2. Direct Coordination (**DC**).
3. Indirect Coordination (**ID**).
4. Strategic Planning (**SP**).



## **The Categories (Themes) and Subcategories:**

### **1. Leave the Host Country (LHC):**

- Some Leave (SL).
- Can't Leave (CL).

### **2. Direct Coordination (DC):**

- Good Government Relationship (GGR).

### **3. Indirect Coordination (ID):**

- Local Partners (LP).
- Informal Relationship (Inf R).
- Negotiation (N).
- Teleworking (T)

### **4. Strategic Planning (SP):**

- Multiple Plans (MP).
- Re-designing and Re-planning (RP).

### **Selective coding:**

- Some Leave (SL).
- Local Partners (LP).
- Re-designing and Re-planning (RP).

### **Categories Description:**

As mentioned previously, there are different host country's challenges and pressures that face international organizations in the host country. Some reports mentioned that "INGOs showed different reactions. While some institutions took the decision to end work in the Gaza Strip and withdraw for fear of reprisal in the event of violating international requirements, others sought to stand on a middle ground, resorting to

independent auditors to communicate on their behalf with the Hamas government (Shaban,2013). So, the international organization has its different strategies toward these impendent. These International Organization Strategies (IOS) are represented in three themes which this study stated; they include leaving the host country (LHC), doing some coordination with the host or home country (C) and doing some project strategies (PS) to adapt itself to such circumstances. These Themes are discussed as follow:

Firstly, Concerning of the international organization leaving, A manager mentioned that some international organizations leave and stop their operations in the GS since 2007, and it restarts work after some time by teleworking or by support of the local partners and some organizations have their representatives without any office or formal existence. They work indirectly as facilitators to the local partners. B manager stated that some organizations stopped working in the GS but they started again. He added that “the international organizations in GS can't leave because they are humanitarian organizations, we have some constraints but we have to continue our work. There are problems in dealing with solving the conflict between the home and the host country, but by our local partners we can solve these problems to serve the local community.”C manager agreed that they can't leave and added that the government didn't exert any pressures for them. D manager mentioned that they faced some pressures from the host government like auditing, their home organization took a decision to stop its operations in the GS, the funding and the fieldworks are suspended, but through their partners' coordination they continue their work. E manager added that they have some challenges dealing with some conflicts between the law of the host country from one side and the home country from the other side. Some organizations have not any problem to contact with the government if it doesn't make conflicts with its internal law. He argued that when the international organization faces some pressures from government, the funding will stop then the government may rerate its requirements through the indirect coordination. F manager added that the international organization can't leave and may stop its work in the GS. G manager had the same previous opinion. Secondly, dealing with the direct or indirect coordination strategy with the host government, (A) managers stated that they have indirect coordination with the host country through the partners and informal coordination without any formal documents which they offer to have

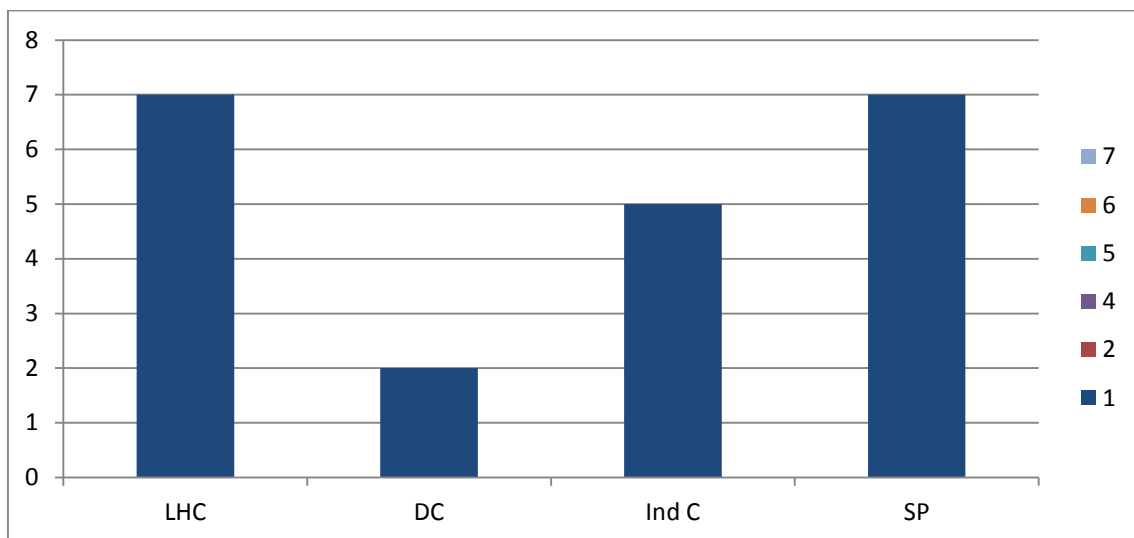
accountability from their home country. B manager agreed and added that when they have some conflicts with the host government, they conduct some negotiations with the home organizations to continue the project and other useful issues. However, C manager mentioned that he has good, direct relationships with the host government. D and G managers have the same opinion of the indirect coordination. E manager has some direct and indirect coordination through the partners. F manager explained that the relationships between the host government and the international organization depend on the size, reputation and trust of the organization. So, his organization has direct relationships with the host government because it is a big organization and has a main role in humanitarian and development projects in the Palestinian society. Thirdly, concerning with the strategic planning adaptation, A manager explained that in some unstable circumstances, they follow the short term planning and the multiple project plans to adapt themselves to any situation that may occur. B added that they also have multiple plans and visions for implementing projects. C manager stated that they have more than one plan for any project and they may delay some projects because of the siege and materials shortage, or they have to redesign the nature of the project and the materials that should be used to be suitable to the facilities available. D manager agreed and added that they make some of re-planning in some bad situations of the host country. E,F and G managers have the same points of view, they redesign the projects according to the available materials because of the "COGAt" policy imposed by the occupation and prevents some materials to enter into the Gaza Strip. So, they have to redesign their projects to continue and to adapt themselves to these situations.

**Table (5.4) the response rate of group 4. Source: Developed by the researcher (2015)**

<p style="text-align: center;"><b>Group 4</b> <b>International organizations strategies</b> <b>(IOS)</b></p>	Themes	No. responses
	LHC	7
	DC	2
	Ind C	5
	SP	7

Table (5.4) shows that all responses (7) go round that some organizations may leave the host country (LHC). And, 2 responses go round direct coordination but 5 responses focus on the indirect coordination in addition to 7 responses agreed to the strategic planning as an adaptation strategy to such situations.

This is explained in the following diagram:



**Figure (5.4): The response rate of data for group 4. Source: Developed by the researcher (2015)**

### **Theoretical Coding:**

The three themes (LHC, C and SP) are connected together. They are the strategies that the organization follows to adapt itself to the challenges and pressures that face GS. The choice of the international organization strategy (IOS) depends on the situation that the international organization has in the host country. Some organizations choose the

leaving strategy, but they may restart work after some time. Most of the international organizations follow the coordination strategy to adapt to and continue their services. This coordination has multiple pictures; it may be conducted by the local partners, indirect and informal coordination with the host country which is called "Negotiation" which has not any formal documents. And, this negotiation may be conducted with home organizations and persuade them on the importance of conducting this project to the beneficiaries. Another adaptation strategy is the teleworking in which the manager supports his partners by telephone, emails or any modern communication when he hasn't any formal office existence. But, some organizations have good and direct relationships with the host government; this is because of good relationships between the host and the home government. Another adaptation strategy that deals with the occupation as a main constraint is that the international organization has multiple plans to carry out the projects. They expected all circumstances that may occur and badly affect their work, and then they can protect their projects from bad effects. Also, they may have the redesigning strategies because of the siege and material shortages.

All these strategies are connected together and the international organizations have to deal with all of them to adapt to and continue their operations in the host country (The Gaza Strip) as an unstable region.

### **The Memos:**

After the data are analyzed, the researcher summarized some memos which emerged from the data and the ground of the participants. The international organization has multiple strategies to adapt itself in the host country which are as follow:

1. Some international organizations choose to leave the host country and most of times they restart work.
2. Most of the organizations prefer adaptation strategy, and its work continues in coordination with the host government by local partners, informal and indirect coordination, and sometimes they make some negotiations with home organizations.
3. Dealing with situational strategies, the international organization does some multiple plans to continue its work and facilitate its circumstances, or they make some redesign to the projects according to the available materials.

### **Theoretical sorting: Reconstruct the propositions:**

#### **The preset propositions:**

*PI:* The INGOs have several adaptation strategies against the challenges they face in the GS.

#### **The Emerged Propositions:**

*Proposition 1:* Some INGOs may have leaving the host country (GS) as an adaptation strategy.

*Proposition 2:* Most of the INGOs have indirect and informal coordination as an adaptation strategy in GS.

*Proposition 3:* Some other INGOs have direct coordination as an adaptation strategy in GS.

*Proposition 4:* All of the INGOs have their multiple strategies to adapt and continue their work.

### **5.1.5 Hypothesis- Generating Research as an Alternative to Hypothesis- Testing Research:**

Auerbach et al. (2007) argued that the quantitative research leads to hypothesis-testing research, whereas the qualitative research leads to hypothesis-generating research. Hypothesis-testing research investigates a phenomenon in terms of a relationship between independent and dependent variables, both of which are measurable numerically. The aim of the research is to test whether the hypothesized relationship is actually true, using statistical methods. Hypothesis-generating research uses the grounded theory method to allow the researcher to begin a research study without having to test hypothesis. Instead, it allows to develop hypotheses by listening to what the research participants say. Because the method involves developing hypothesis after the data are collected, it is called hypothesis-generating research rather than hypothesis-testing research.

Another distinction is stated by Wood and Welch (2010), this distinction is usually described in terms such as: "Inductive analysis aims to systematically generate theory grounded in specific instances of empirical observation or interview. As such it sharply contrasts with hypothetic-deductive methodology in which a conceptual and theoretical structure is constructed prior to and is tested through observation." The hypothetic-deductive, or hypotheses-testing approach is normally (in management) associated with quantitative research, whereas the inductive side is associated with qualitative research. In quantitative research, the hypotheses are derived from the literature tested along with the relationships between each other using the terms of "influence or affect." In contrast, in qualitative research, the data are used to derive theories "hypotheses," and the justification for accepting these theories stems from an analysis of the process by which they were derived from the data and the rigor of these theories. So, the researches involve neither testing hypothesis in quantitative research nor inducing general theories from the data. The qualitative-generating research may be defined as follows:

*Qualitative hypotheses-generating research involves collecting interview data from research participants concerning a phenomenon of interest and then using what they say in order to develop hypotheses. It uses two principles of questioning rather than measuring and generating hypotheses using theoretical coding (Auerbach et al., 2007).*

An overview of the generating hypothesis of this study is discussed as follow:

After the data are analyzed, the study has some emerged propositions dealing with regulative challenges which are:

***Proposition 1:*** There is some of government misunderstanding as a challenge that faces the INGOs in GS.

***Proposition 2:***The home country policy represents a pressure that faces the INGOs in GS.

***Proposition 3:***The Political instability represents a challenge which faces the INGOs in GS.

***Proposition 4:*** The occupation is a main challenge that faces the INGOs in GS.

**Proposition 5:** The institutional coordination presents a strengthen point the INGOs have in GS.

Concerning with the cognitive pressures, the emerged propositions are as follow:

**Proposition 1:** There is some cultural misunderstanding that faces the INGOs in GS.

**Proposition 2:** There is some of force adaptation that represents as a pressure to the INGOs in GS.

**Proposition 3:** There are some social life restrictions which the INGOs members face in GS.

**Proposition 4:** There are some good managers' relationships which represent a strength point to the INGOs in GS.

**Proposition 5:** There is some of knowledge transfer that represents an opportunity to the INGOs in GS.

**Concerning the normative pressures, the emerged propositions are as follow:**

**Proposition 1:** There are some of free work conditions dealing with the employee gender mix which represents as a strengthen point to the INGOs in GS.

**Proposition 2:** There is some of the gaining legitimacy factor that the INGOs have in GS.

**Proposition 3:** There are some values which the INGOs members have to commit to such as the social life restrictions and this is a weakness point to them.

**Concerning the adaptation strategies of the INGOs in GS.**

**Proposition 1:** Some of INGOs may leave the host country (GS) as an adaptation strategy.

**Proposition 2:** Most of the INGOs have indirect and informal coordination as an adaptation strategy in GS.



**Proposition 3:** Some other INGOs have direct coordination as an adaptation strategy in GS.

**Proposition 4:** All of the INGOs have their multiple strategies to adapt to and continue their work.

### **5.1.6 Producing Evidence and Constructing Theory:**

This brief qualitative analysis tells us about some challenges and some opportunities that the INGOs face in the host country. First, there is some evidence to suggest that the INGOs' challenges in the host country provide an adequate account of the data. The participants explained their opinions and experiences about the problem concern, their challenges and opportunities. The data also illustrated the adaptation process of the INGOs and how they react to and deal with this environment of work. The emerged theory of this study is the "Institutional Actors Relationship." It represents a core category. This appeared in the collected data. The research has two emerged core categories: "the occupation and the home-host relationship," but the institutional actors' relationships have more focus and contribution from the data that are collected and analyzed. From an analytic point of view, the identification of a core category depends on the size of data that supports this core category, and this core category focuses on the main concern as mentioned by Scholes et al (2013). Thus this analysis yielded some propositions as discussed in the following points of this chapter, and the emerging theory focuses on the institutional actors' relationships. This qualitative analysis provides a much more unseen picture of the INGOs challenges; some of propositions emerged and a new research question is generated: "To what extent are the INGOs affected by their challenges in the host country"?

## **5.2 Section 2: Findings and Recommendations**

### **5.2.1 The Findings:**

This study proposes a body of theory that draws on the INGOs challenges and some opportunities in the host country which focuses on "Institutional actors Relationships." This theoretical framework deals with three institutional actors, "Host, home and the other institutional actors" and three dimensions of challenges, "regulative, cognitive and normative." This is explained in model (2.7) of this study. The host country presents some challenges and pressures to the INGOs. These pressures may be regulative, cognitive or normative. The researcher summarized some findings and propositions of this grounded theory studies; she made relevant connections with this study's findings and literature. This is discussed as follow:

#### **Firstly, the regulative challenges showed some points as follow:**

- There is some of government misunderstanding of the nature of the international organization and the policy they follow.
- The political instability and the authority change is a main challenge.
- The occupation and its sequences such as siege, material shortage and managers movements restrictions.
- Concerning the home country, the home country's policy has a big role in facilitating or constraining the work of its organizations.
- The institutional coordination has a main role in presenting the services in a smooth, fair and effective way.
- The conflict between the host and the home country centers on the institutional relationships; this leads to some difficulties at the levels of international and local organizations.

All of the participants agreed that the occupation and the institutional actors' relationships are the main challenges in the host country. Most of them agreed that the home country policy, the political instability and the government misunderstanding are weakness points that affect their work negatively. A few responses agreed to the point

of lack of institutional coordination between each other's. This is explained in table (5.1) of this chapter.

Secondly, the cognitive factors have some weakness and strengthen points of the host environment. This is pointed as follows:

- The foreigners' adaptation difficulties, they are forced to adapt themselves towards the host country traditions and customs; this is revealed in their respect of the host context's traditions and religion.
- The cultural misunderstanding is a weakness point to the foreigner's adaptation, they may take time to adapt themselves to this culture and know more about it but finally they are able to adapt.
- The foreigners have some difficulties in practicing their social life habits. There are some preventive issues in the host environment especially as a country of Palestine.
- Work relationships constitute a weakness point; they are differentiated in their adaptation because this depends on their birth of origin and their ethnic background.
- The foreigners see the Palestinian people friendly, lovely and educated. These are strengthening points to their easy adaptation.
- The host country has some advantages of this cultural diversity, the knowledge transfer and the local administrative style enhancement.

All of the participants agreed that the good managers' relationships and the socio economic status are strengthening points to the INGOs in the Gaza Strip. Most of the respondents agreed that the adaptation difficulties, social life restrictions and difficult work relationship are weakness points to the INGOs members; this affects their stability in Gaza strip. This is shown in table (5.2) of this chapter.

Thirdly, the normative factors have some strengthened and weakness points as follow:

- There are some values and norms that the INGOs have to commit to in the host country.
- Gaining legitimacy is a main good factor the INGOs have in Gaza strip.
- There are some of social restrictions that make the foreigners uncomfortable and affect their stability in the Gaza Strip.

- The size of conflict that the INGOs may face in the host country depends on the size of the organization and the trust it has through its long operations in the Gaza Strip.

All of the respondents agreed that the INGOs have some free work conditions as a strengthen point to their work facilitation. All of them have factors of gaining legitimacy such as good services, compensation policy and the employee training. Also, all the participants agreed that social life restrictions are a weakness point in the foreigners' adaptation and stability. This is explained in table (5.3) of this chapter.

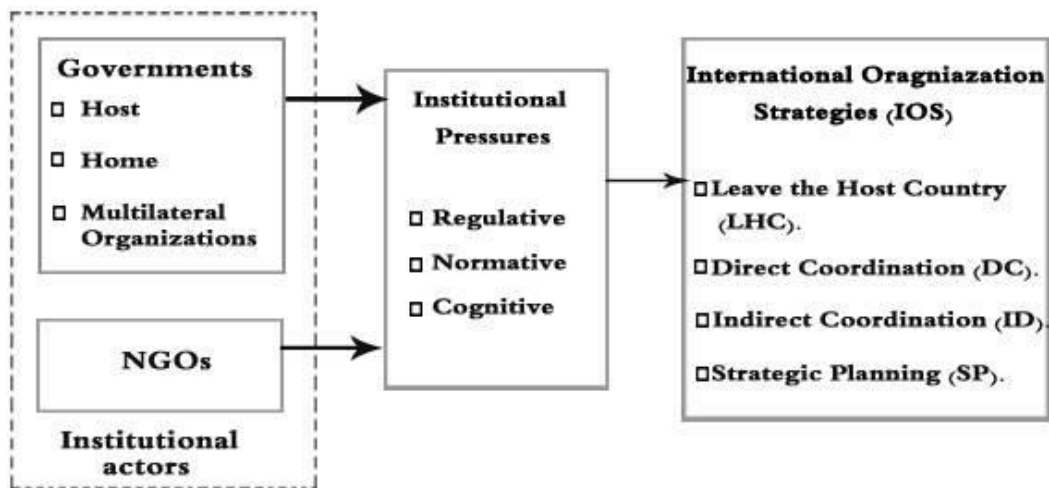
Fourthly, there are several international organizations adaptation strategies and reactions to the environment of pressures in the host country. This is discussed as follow:

- Some of the INGOs leave the host country and end their operations, but most of them restart working after solving their problems and conflicts with the host government.
- Most of the INGOs in the Gaza Strip have their informal and indirect coordination to deal with the host government pressures and continue their operations.
- Some of the INGOs benefit the teleworking system and support the local organizations from their offices in their home country without any formal existence in the host country.
- There are multiple strategic plans that the INGOs have to continue their projects in unfamiliar situations and a host country of crisis.

All of the responses agreed that leaving the host country and the strategic planning are main adaptation strategies. Most of them take indirect coordination as an adaptation strategy. Few of them have direct coordination with the host government. This is explained in table (5.4) of this chapter.

In general, the regulative factor is the main pressure that faces the INGOs in GS. And this leads to a conflict between the home and host institutions and mainly affects the other local or partnerships. The literature of ID has some contrast findings concerning of the regulative distance. This study found out that the regulative factors affect the process of negotiation and relationships between the institutional actors in the host country and affect the INGOs entry and copying strategies. But the literature has a negative point of view; the regulative factors have a positive effect on the negotiation

and the organizations' entry strategies. From the researcher's point of view, this contrast may be because that the GS as a host region lacks political and security stability in contrast of the host countries in the literature which are more developed countries and have more political stability in addition to more effective and clear regulations which make the process of negotiation and relationship between institutional actors easier. The cognitive and normative factors have less effect than the regulative; they affect the INGOs entry mode, but here in GS they are forced to adapt themselves to the host country's culture in addition to their love and their hope to help the Palestinian people. This makes them love their work and adapt to such customs and traditions easier. This contrasts some studies in the literature which stated that the cognitive factor negatively affects the organization's adaptation in working abroad. In addition, some studies mentioned that the cognitive, geographical and cultural distance cause the uncertainties and affect the organization's entry mode. The literature supports this study's findings in dealing with the normative distance which isn't mainly represented as pressure but as an opportunity to work in the GS as a region of crisis and wars. Other findings of this study showed that the INGOs copying strategies appeared in their local partnerships, multiple planning and teleworking. The literature supports this finding.



**Figure (5.5) A refined theoretical framework. Source: Developed by the researcher (2015).**

### **5.2.2 Recommendations:**

The INGOs are very comprehensive for this study, which investigates the challenges that face the INGOs in the GS as a host region. During research conducting, it is clear that the INGOs have critical roles and responsibilities toward the Palestinian people. In addition, the INGOs work under the environment full of challenges and pressures. This requires from us as researchers to focus our effort more on the INGOs. So, the research has different recommendations to different parts as follow.

***The INGOs:*** The research advises the INGOs to:

- Focus on the regulative and cognitive factors which mainly affect their operations in GS.
- Understand and do more training to their members in the GS, as foreigners, they have to understand the culture and context under which they work.
- It is advisable to the home institutions to be more flexible and facilitates their policy when dealing with the Palestinian government.

***The Host Government:*** the research advises the government to:

- Do more effective and flexible regulations towards the INGOs.

- Do more training and have more qualified employees when dealing with the INGOs work to understand the nature of the INGOs which is fully different from the governmental administrative and accounting processes and make the regulations suitable for all of the institutional actors.
- Try to deal with the INGOs as a separate body because they are humanitarian institutions, and they need more smooth environment and flexible context of work.

***The Researchers:*** the research advises the researchers to:

- Do more researches in the IB field and its theories which lack more attention in the literature, especially in the GS.
- In addition, this study hopes to test its propositions quantitatively.
- Do more researches on the INGOs; their roles and the ways these pressures affect their work and their entry decisions.
- It is advisable to do something different in the research field by using the qualitative approach, it is important as other research methods are important.

### **5.2.3 The Future Research:**

As a research in international business field that studies the home-host institutional factors especially in the case of operating in a politically sensitive context, this study hopes to stimulate some future researches. Firstly, such researches may test some of the current study's propositions. Secondly, this research opened the door to the unseen field which is the international business; therefore, the researcher recommends investigating other issues dealing with the international business. Thirdly, the INGOs are a growing phenomenon in the Gaza Strip; it is recommended for researchers to study how to solve some conflicts and pressures the INGOs face in the host environment in addition to what extent these pressures affect their work. Fourthly, we lack at this time a theoretical understanding of the roles of such extra-territorial institutions and their interactions with other pressures. Accordingly, the researcher hopes that this research may encourage such researches. Finally, the researching field in the Gaza Strip lacks some innovations in research methodologies. This study, as a grounded theory, recommends seriously and intensively opening this field of research and making it more familiar with the application of other research methodologies.

#### **5.2.4 Conclusion:**

This chapter discussed how this study used the (CCM) as an analysis process and the propositions of the categories with a link to the Six CS methods which are used in the theoretical coding of this study. This also facilitated the emergence of the theory which emphasizes "Institutional actors Relationships." This is followed by a discussion of the emerging theory and what the INGOs adaptation strategies are. The smoothness of INGOs work depends on the relationships between the institutional actors. This is followed by mentioning the differences between hypotheses-generating research in qualitative data and the hypotheses-testing research. The main findings of this research are provided in addition to the contribution of this study which mainly focuses on exploring the challenges of INGOs in the host country by adopting the institutional theory's dimensions as a generated theory research. Lastly, this study hopes that the future researches will fill in the gap and answer the emerging questions of this research "To what extent do the challenges of the INGOs affect their work?" in addition to testing quantitatively the research hypotheses.

This study contributes to the literature in multiple ways. First, it offers a complete framework to analyze the host country's institutional distance pressures. Second, it provides a rich qualitative analysis of business in the INGOs in the GS, a context which received limited consideration in the international business literature especially in Palestine. Third, it derives some propositions to guide the future researches. Fourth, it opens the field for more international business researches and the grounded theory methodology.

By using the INGOs operating under adverse home country's institutions as sample of this study, this study explored the diversity of business responses using the GT approach. The findings of this study illustrate why and how regulative pressures are the main pressures that influence INGOs' adaptation strategies. The INGOs vary in their responses to institutional pressures because of the differences of the home organization's policy and the reputation and size of the organization. The INGOs seem to be aware of such differential sensitivity and carry out their actions accordingly. The theoretical framework of this study may help all actors (INGOs, PNGO, host country, and home country) to influence institutions that operate outside their home countries, and open new ways for more researches on the extra-territorial effects of institutions.



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## **Appendixes**

### **Appendix A**

#### **Introduction:**

This interview aims to collect data as a tool of research to complete the master degree in business administration. To collect data dealing with the topic of the research which is "the International Organizations under host country's challenges: The case study of INGOs in Gaza Strip". The study applies the institutional theory which states that there are challenges and pressures face the international organization in the host country. This interview is just for the purposes of the research knowing you that the interview will be audio reordered. You are free to choose the place of the interview, to answer the questions that you want answer it.

**With all respect,**

**The researcher**

**Nehaia Al Herbawi**

*The first dimension: What are the host country's pressures that surround the INGOs, concerning of institutional distance.*

### **1. Regulative Questions:**

1. Can you tell me the reality of the INGOs work in the Gaza Strip as a host country?
2. From your point of view, what are the challenges and opportunities to INGOs that work in the GS?
3. Where are the INGOs headquarters' of Gaza Strip organizations offices? Why?
4. Concerning of financial rules, are there any financial rules that represent a pressure of INGOs work?
5. Does the change of authorities since 2007 affect the INGOs work in Gaza Strip? How?
6. .Evaluate the relationship between the host government and the INGOs in GS?
7. From your previous experience in working with the foreigner as representatives of the international organizations in their home country, does the work in Gaza Strip have some difficulties as occupied region? How?

### **2. Cognitive Questions:**

1. There is different INGOs from different countries, cultures, environments. Is the skin of color, language or origin of birth represents a constraint especially in working between Arab and foreign managers?
2. Do the cultural differences bring new things to Gaza? Such as abilities, experiences and innovation? What this new things? Give me some examples please.
3. How do you see the social relationships between you as Arab managers and the foreign managers especially in different backgrounds?
4. Do you see that the INGOs members can easily adapt with the culture of the host country? How?
5. Can you describe the socio-economic status of Gaza? (Is the relationship between social status and economic status)? Is the socio economic status including(income, health, wealth, education) of GS attract the INGOs to operate in GS?

### **3. Normative Questions:**

1. The foreign international organization encourages openness in work. How does it represent conflict since it starts its work to now between the international organizations and the host government? Give examples please.
2. As foreigners working in GS. Fully different environment to your origin environment. Do the foreigners practice their social life as it is used to practice? What the conflict here? Do they feel comfortable?
3. Staff training, customer orientation, and compensation policy, professional employees (not their children or relative), are important to the INGOs to gain legitimacy from the host country. Does the International organization apply these issues? How?



***The second dimension: How the INGOs react or adapt to host country's pressures?***

1. Through the long period of INGOs work in GS. What are the reactions of INGOs to such circumstances?
  - Leave?
  - State coordination?
  - Operational strategies to adapt?
2. What are the adaptation strategies? And in which situations are conducted?
3. How do the INGOs manages their relationship with the host country-government? Give examples please.