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Conventional Determinants of Dividend Payout Policy, Does Cross-Listing Matter?

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Abstract

Corporate payout policy has garnered attention in corporate finance literature. Despite substantial study, opinions on the main factors affecting firm payout policy vary. Researchers have focused on developed markets and one dividend policy feature. Thus, this study examines how cross-listing, ownership structure, and firm-level characteristics like investment opportunity and free cash flow affect the dividend payout ratio and dividend decision for Egyptian cross-listed firms on the Egyptian and London stock exchanges. Compare the findings to single-listed firms exclusively listed on the Egyptian stock exchange. Control variables include leverage, profitability, liquidity, and firm size in this study. The sample for this study includes all Egyptian cross-listed and trading single-listed firms from 2007 to 2020. The results show that profitability and firm size affect cross-listed firms' dividend payout ratio. For single-listed firms, investment opportunity, profitability, and firm size affect dividend payout ratio. For the payout decision model, cross-listing, ownership structure, profitability, investment opportunity, leverage, and firm size are significant determinants for cross-listed firms,

while profitability, liquidity, and firm size are significant for single-listed firms. The findings reveal that cross-listing significantly affect the dividend decision.

Keywords: Dividend policy, Dividend decision, Dividend payout ratio, Cross-listing, Egypt.

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1. Introduction

Dividend policy remains a contentious corporate finance issue. Financial economists have modelled corporate payout policies for over 50 years. Thirty years ago, [1] stated that the dividend image resembles a puzzle with unfit parts. A lot of literature has been written about dividend policy. However, [2] now agree with [1] that the "dividend puzzle" is a controversial issue in finance and financial economics, both in terms of share value and policy. The topic remains unresolved after 40 years of research.

Corporate dividend policy changes over time and between nations, especially emerging and developed financial markets. [3] Showed that emerging market dividend policies differed from developed ones. Emerging countries paid dividends at two-thirds the rate of developed nations. [4] Recently observed comparable declines in dividend rates within emerging economies. Organisations in emerging capital markets often lack the resources to fund their investments. Thus, they may need to rely largely on retained earnings thus lowering payout ratios.

In recent decades, cross-border barriers have decreased, making international capital markets more accessible. Cross-listing is a popular global capital-raising tool. This may be due to global stock exchanges' ability to attract stock listings and the company's assessment of cross-listing benefits [5-8].

Cross-listing can help a business raise capital, expand its investor base, improve visibility, liquidity, decreased flotation costs, and improve corporate governance [5-8]. These advantages may boost growth and dividend payout. Cross-listing enables firms raise

debt or equity to boost profits and consequently payout dividends. Recent research [5-8] shows that cross-listing increases dividend distributions. Since tourism and foreign investment deteriorated after the 2011 revolution which caused economic instability, Hard currency, especially dollars, is becoming scarcer. Therefore, Egyptian firms have turned to the international stock market to buy dollars for domestic operations.

Thus, Egyptian banks have stopped lending dollars to domestic businesses, especially those that make most of their money in pounds. The Cairo Stock Exchange is also criticized for its low liquidity and daily stock-price limit. Thus, GDRs have proven an efficient way to overcome these hurdles [9].

This study complements previous research investigating dividend payout determinants in emerging markets. The Egyptian stock market, which has been classified as a Secondary Emerging market, may be reclassified to unclassified market status because participants and index users have reported persistent delays in repatriating capital from Egypt since March 2023 [10].

The study's sample period is rich since it includes several political and economic events that affected the Egyptian stock market. These events include the 2008 global financial crisis, the 2011 and 2013 Egyptian revolutions, the 2016 Egyptian pound flotation, and the 2019 and 2020 Coronavirus pandemic. This research was able to evaluate payout policy determinants within a fertile sample period with shifting trends.

Furthermore, this study compares cross-listed firms' dividend payout ratio and dividend decision drivers to domestic single-listed firms. The payout ratio model shows that only profitability and firm size affect dividend size in cross-listed Egyptian firms, but investment opportunity, profitability, and firm size affect payout ratio in non-cross-listed Egyptian firms.

Regarding the payout decision model, in cross-listed firms, all variables are significant except liquidity, however in non-cross-listed firms; profitability, liquidity, and firm size affect payout decision. Conclusion: cross-listing affects dividend decision.

Rest of the paper is organized as follows: Section 2 presents corporate payout policy literature, including theoretical foundation and prior research. Section 3 shows this study's materials and methods. Section 4 presents the study’s results. Section 5 shows the study conclusion.

2. Literature review

2.1. Corporate payout policy theories

Dividend policy couldn't be adequately explained by a single theory or determinant [11]. Common theories explaining payout policy includes the following:

2.1.1. The Bird in Hand Theory

The theory was originally proposed by [12]. It explains that investors frequently exhibit a preference for cash in hands, dividends, retained earnings, over future capital gains due to the unpredictability of future cash flows and their desire to minimize risk.

2.1.2. Tax Preference Theory

The theory argues that investors exhibit a preference for retained earnings in comparison to cash dividends. Due to the tax advantage of capital gains, investors might prefer a lower dividend payout to a higher one [13]. In Egypt, taxes on dividends and capital gains were implemented only in 2014; consequently, this theory is not relevant to our study.

2.1.3. Signaling Theory

According to [14] findings, a firm that possesses a greater degree of asymmetric information must distribute higher dividends in order to convey an equivalent level of earnings as a firm with a lesser degree of asymmetric information.

2.1.4. Agency Theory

[15] First proposed that conflicts of interest impact corporate payout policies, implying that dividends operate as a mechanism that aligns the interests of investors and managers. Two dichotomous agency dividend models have been constructed by [16].

First: **The substitution Model** According to [16], in firms with weak corporate governance measures, dividends serve as a substitute to poor legal protection for shareholders from management misuse of cash funds.

Second: **The outcome Model** According to [16], dividends are an outcome of effective legal protection of shareholders where minority shareholders are empowered to compel firms to distribute profits, thereby preventing insiders from misappropriating the earnings of the company.

2.1.5. Pecking order Theory

According to this theory, firms are more likely to finance new investments or dividends with retained earnings or internal sources of financing rather than external sources when dealing with a semi-strong efficient market [17, 18].

2.1.6. Life cycle Theory

The lifecycle theory of dividends posits that corporate dividend policy dependents on the stage that represent the firms' life cycles. Mature firms experience a decline in investment opportunities and growth rates, while simultaneously experiencing an increase in free cash flow and profitability. At this stage corporations start to pay dividends to shareholders in order to distribute their profits [19, 20].

2.2. Determinants of payout policy

This section provides an overview of the variables that have been examined in determining payout policy. These variables have been supported by previous studies, the research hypotheses are developed using the corporate payout theories addressed in section 1 as well as prior research.

2.2.1. Cross-listing

The bonding theory states that firms cross-list their shares on international markets to issue capital under better legal conditions. Managers can protect minority shareholders and prevent control exploitation by adhering to strict legal and corporate governance regulations, notably in US financial markets [21-25].

[26] Present empirical evidence supporting the "outcome model" that dividends are paid due to an effective shareholder protection scheme. Many researches support this, including [6-8].

Thus, local firms that cross-list their shares in overseas “more prestigious” markets may have a better dividend policy since they are more likely to safeguard minority shareholders rights due to the markets' strong governance standards. Based on the literature and agency theory, we claim that dividend payout and cross-listing are positively related.

H1: There is a significant positive relationship between Cross-listing and dividend payout policy.

2.2.2. Ownership structure

The nature of ownership within the company, along with the distribution of shares of ownership, undoubtedly influences the performance of firms and contributes to the reduction of agency costs.

As previously discussed dividend policy may serve to mitigate the agency problem and, consequently, act as a substitute for the ownership structure in addressing this matter.

Numerous researches have been conducted on the impact of ownership structure on dividend payout policy.

The first variable pertaining to ownership structure utilized in this study is managerial ownership. According to agency theory, an increase in managerial ownership aligns with a heightened interest among managers in pursuing more profitable projects, which consequently leads to a reduction in dividend payouts. This reasoning is supported by the findings of [27-29].

The second variable pertaining to ownership structure examined in this research is institutional ownership. [30] assert that agency costs may be mitigated by institutional investors through their monitoring roles; thereby distribution of dividends is unnecessary for alleviating agency-related issues. This adverse relation is supported by the findings of [31].

The final variable pertaining to ownership structure is free float ownership, as articulated within the framework of agency theory. [15, 32, 33] claim that dividends provide an indirect benefit of control to individual shareholders in situations where there is a lack of active monitoring of a firm's executives by its shareholders [33]. Consequently, the theory suggests a positive relationship between free float and payout policy.

In cross-listed firms, the enhanced corporate governance that results from cross-listing in foreign stock markets contributes to the increase in dividend policy in terms of likelihood, stability, and amount especially for firms that exhibit poor governance practices [8]. Consequently, firms with a higher concentration of ownership are more motivated to distribute higher dividends. This may be an indication of the desire of large shareholders like institutions to extract funds from the companies under their control [6].

It has been observed that cross-listed firms with higher individual (public) ownership pay lower dividends this is due to the fact that individual investors may prioritize capital gains over dividends and are more interested in long-term investments and short-term trading than in

immediate profits. Since these investors do not rely on dividends to protect their rights, since cross-listing provides rigorous corporate governance measures for protecting shareholder rights [6, 7, 34].

Based on the preceding discussion regarding agency theory and the previous research conducted, the subsequent hypotheses regarding ownership structure are proposed:

H2: There is a significant negative relationship between managerial ownership and dividend payout policy in cross-listed firms.

H3: There is a significant positive relationship between institutional ownership and dividend payout policy of cross-listed firms.

H4: There is a significant negative relationship between free float and dividend payout policy of cross-listed firms.

2.2.3. Investment Opportunity

The pecking order theory argues that whenever a firm has residual earnings after funding all investment opportunities, those earnings ought to be distributed to shareholders in the form of cash dividends. This occurs because historically firms have preferred to use their internal resources to finance new investments; otherwise, they would not be able to pay dividends [35]. Both [26, 36] argue that the negative relationship between dividends and investment opportunities will be more significant when shareholder protection (which can be strengthened by cross-listing) and corporate governance are improved.

Numerous researches support this finding such as [6, 8]. Findings demonstrated that dividend size is lower in firms with higher investment opportunities, which suggests that firms prefer to retain more earnings when investment opportunities are available.

Relying on the pecking order theory and the supporting research, the following hypothesis can be predicted:

H5: There is a significant negative relationship between firm's investment opportunity and dividend payout policy in cross-listed firms.

2.2.4. Free cash flow

Free cash flow hypothesis posits that firms can mitigate the agency problem resulting from a surplus of free cash flows by paying dividends to shareholders [32]. This strategy is applied

instead of allowing management control of these cash flows, since they may misuse them and create serious agency costs. Cross-listing can augment the value of a company by reinforcing the emphasis on shareholders [37].

This is due to the fact that cross-listing makes it more challenging for managers to utilize corporate resources for their personal gains. It is plausible that cross-listed firms exhibit a higher degree of responsiveness to shareholder uncertainty regarding the possibility of misuse of surplus free cash flow, relative to their non-cross-listed counterparts. This argument is supported by research of [6, 8] findings which assert that free cash flow positively affects dividend payouts. Based on the aforementioned literature, the following hypothesis is predicted:

H6: There is a significant positive relationship between free cash flow and dividend payout policy in cross-listed firms.

2.3. Control variables

2.3.1. Leverage

According to [33] firms that possess significant financial leverage exhibit low payout ratios as a means to reduce the transaction costs associated with obtaining external financing. Furthermore, in accordance with [32] free cash flow hypothesis, dividends and debts serve as substitutes for monitoring the free cash flow that managers have access to.

This argument is supported by the majority of prior research, including [38-41]. Results indicate that cross-listed firms with high financial leverage tend to have lower dividend payouts. These findings are supported by [6-8]. Therefore, we predict a significant negative relationship between and dividend payout policy in cross-listed firms.

2.3.2. Profitability

However, it is not always the case that firms lacking dividend payments are unprofitable. In the event that a corporation determines that its internal growth prospects surpass investment opportunities accessible to shareholders elsewhere, it is advisable for the corporation to retain its earnings and reinvest them into the business. The majority of prior research, including that of [42-45], discovered a positive correlation between payout policy and profitability.

Cross-listing is a tool for increasing firm value as well as shareholder wealth since it enhances firm's ability to finance profitable projects, especially when the host market is the

United States [46].Findings of prior research show that more profitable cross-listed firms have higher dividend payouts than their non-cross-listed counterparts [6-8]. According to the aforementioned literature we predict a significant positive relationship between profitability and dividend payout policy in cross-listed firms.

2.3.3. Liquidity

According to [47] liquidity is the primary factor that influences dividend policy. An organization's capacity for paying dividends is enhanced when its overall cash position and liquidity are more robust. Moreover, in accordance with the agency theory, companies that possess substantial liquidity opt to distribute dividends as a means for overcoming agency problems. Such positive relationships have been supported by previous research, including that of [48, 49] which examined this area in depth.

According to [50] research using univariate and multivariate tests that cross-listing on US exchanges increases the proportion of earnings distributed to shareholders by firms originating from nations with inadequate shareholder protection. The aforementioned evidence aligns with the outcome theory, which posits a relationship between enhanced transparency and shareholder protection and dividend payout ratios.

Numerous researches support this finding such as [6-8]. Based on the aforementioned discussion, we predict a significant positive relationship between liquidity and dividend payout policy in cross-listed firms.

2.3.4. Firm size

The life cycle theory argues that during the early stages of a company's existence, it is probable that the acquired profits will be reinvested in efforts for promoting further growth. On the contrary, it is observed that mature firms tend to allocate a portion of their profits to investors in the form of dividends [51]. The aforementioned explanation of this relationship is supported by the majority of prior research, including [45, 52, 53].

Regarding the cross-listing context, [6-8] findings showed that larger cross-listed firms payout higher dividends, which supports the life cycle theory as well. Based on the above discussion, the following we predict a significant positive relationship between firm size and dividend payout policy in cross-listed firms.

3. Materials and Methods

First, descriptive statistics is used which is comprised of mean, maximum, minimum, and standard deviation, in order to describe the variables utilized in this study. Next, the generalized least square random effect regression analyses for panel data are conducted for the two models in this study. The first model tests the determinants of dividend payout policy by utilizing "payout ratio" as a dependent variable and the second model tests the "dividend decision" as a dichotomous dependent variable. Prior to testing the regression, regression diagnostic measures consisting of testing for normality, linearity, autocorrelation, multicollinearity, as well as the Hausman test are performed. Statistical techniques are implemented by using the STATA 18.0 software.

3.1. Variables description

Table 1. *shows the research variables and its measurements*

Variables	Indicator	Measurements	Reference
Dependent variables			
Dividend Decision	Div_Dec	Dummy Variable = 1 if the firm paid dividend or 0 otherwise	[42, 53]
Dividend Payout	Div_Payout	Dividend Per share / Earing Per share	[42]
Independent variables			
Cross-listing	Cross_list	Dummy Variable = 1 if the firm paid dividend or 0 otherwise	
Managerial Ownership	Mang_Own	Total Shares held by top management / total capital shares	[6-8]
Institutional Ownership	Inst_Own	Total shares held by institution(s) / total capital shares	
Free Float	Freefloat	Total shares held by external investors / total capital shares	
Investment Opportunity	Invest_opp	Market value per share / book values per share	[69]
Free cash flow		Cash flow from operation – capital expenditures	
Control variables			
Leverage	FCF	Short term debt/ total assets	[69]
Profitability	Lev	EBIT/T.Assets	[44, 59]
Liquidity	Prof	ROE = net profit / Total Equity ROA= net profit/Total Assets	[42, 45]
Firm Size	Liq	Current assets/current liabilities	[71, 72]
	Size	Natural log of total assets	[8, 65, 73]
			[74, 75]
			[53,76]

3.2. Research model

$$\text{Payout ratio} = \alpha i + \beta 1 * \text{Cross} - \text{listing it} + \beta 2 * \text{Managerial ownership it} + \beta 3 * \text{Institutional ownership it} + \beta 4 * \text{Free float it} + \beta 5 * \text{Investment opportunity it} + \beta 6 * \text{Free cash flow} + \beta 7 * \text{Short term debt it} + \beta 8 * \text{ROE it} + \beta 9 * \text{Current ratio it} + \beta 10 * \text{Firm size it} + \varepsilon \quad (1)$$

$$\textbf{Payout decision} = \boldsymbol{\alpha i} + \boldsymbol{\beta 1} * \textbf{Cross} - \textbf{listing it} + \boldsymbol{\beta 2} * \textbf{Managerial ownership it} + \boldsymbol{\beta 3} * \textbf{Institutional ownership it} + \boldsymbol{\beta 4} * \textbf{Free float it} + \boldsymbol{\beta 5} * \textbf{Investment opportunity it} + \boldsymbol{\beta 6} * \textbf{Free cash flow} + \boldsymbol{\beta 7} * \textbf{Short term debt it} + \boldsymbol{\beta 8} * \textbf{ROE it} + \boldsymbol{\beta 9} * \textbf{Current ratio it} + \boldsymbol{\beta 10} * \textbf{Firm size it} + \boldsymbol{\varepsilon} \quad (2)$$

3.3. Sampling and Data Collection

This study used only secondary data. The Bloomberg Database provides the majority of research data, with annual reports from the Egyptian Company for Information Dissemination (EGID) filling gaps. This method ensured a balanced panel data set and reduced survivorship bias. The sample includes 175 Egyptian publicly traded firms. 13 are cross-listed enterprises from various sectors. To be included in the sample, cross-listed enterprises must have been cross-listed for at least five years previous to 2020 and have continuous dividend payout data for at least five years afterward. Inactive Egyptian stock market firms influenced the selection of 175 firms. Due to their inconsistent data across six years, these firms were eliminated from the sample. The appendix lists show excluded firms as well as Egyptian GDR firms utilised in this study. Banks and insurance firms are excluded from the sample due to their adherence to different disclosure rules and corporate governance procedures [77].

4. Results

4.1. Descriptive Statistics

Table 3 shows the descriptive statistics of all variables employed in this research.

Table 3. *shows the descriptive statistics of research variables*

Variable	Obs	Mean	Std. Dev.	Min	Max
Div_Payout	2056	.393	.486	-.029	1.701
Div_Dec	2056	.703	.456	0	1
Mang_Own	1834	.011	.015	0	.05
Inst_Own	2450	.114	.219	0	.8
Freefloat	2093	.402	.232	.07	.855
Invest_opp	1779	1.339	.688	.602	3.205
FCF	2,450	.392	1.091	-1.160	4.654
Lev	2103	.359	.211	.055	.78
EBIT	2098	.073	.088	-.087	.263
ROE	1888	0.112	0.117	-0.163	0.411
ROA	1919	0.052	0.062	-0.096	0.235
Liq	2095	2.145	1.799	.468	7.619
Size	2137	1.886	.679	.772	3.213

The table shows descriptive statistics for the conventional and dependent variables used in the study from 2007 to 2020. The sample analysis includes 2,450 observations. Free cash flow (FCF) is operations cash flow minus capital expenditures. The Market-to-Book (MB) ratio serves as an indicator of investment opportunities (Invest_opp), calculated by dividing the market value per share by the book value per share. Leverage (Lev) is the ratio of short-term debt to total assets. Liquidity (Liq) is the ratio of Current assets to current liabilities. Profitability is the ratio of Earnings before Interest and Taxes (EBIT) to total assets. Firm size (Size) is the logarithm of total assets. Institutional, managerial, and free float percentages are Inst_Own, Mang_Own, and Freefloat, respectively. For dependent variables, dividend payout ratio, Div_Payout, is total cash dividends divided by earnings per share. The dividend decision, Div_Dec, is 1 if a dividend is distributed and 0 otherwise. All variables were winsorized at 99th percentile. The symbols ***, **, and * indicate 1%, 5%, and 10% statistical significance.

4.2. Comparative statistics of cross-listed versus non cross-listed firms

In this section of the analysis, the researcher attempts to determine if cross-listed firms differ significantly from non-cross-listed firms in terms of payout ratio and other variables. Table 4 below shows the t-test results of the difference in means between cross-listed and non-

cross-listed firms for each variable that are being investigated in this research. The analysis conducted includes three levels of significance (1%, 5%, and 10%).

Table 4. *Shows the t-test results of the difference in means between cross-listed and non-cross-listed firms*

Variables	Cross-listed		Not cross-listed		Diff.	P > t	Sig.
	Obs	Mean	Obs	Mean			
Mang_Own	76	0.02	1862	0.01	0.01	0.04	**
Inst_Own	85	0.14	2248	0.08	0.06	0.00	***
Free float	85	0.40	1820	0.39	0.01	0.04	**
Invest_opp	78	1.17	1701	1.51	0.34	0.07	*
FCF	45	4.25	929	3.32	0.93	0.46	
Lev	86	0.30	1883	0.36	-0.06	0.01	***
EBIT	76	0.09	1813	0.07	0.02	0.01	***
ROE	82	0.13	1806	0.11	0.02	0.10	*
ROA	76	0.07	1843	0.05	0.02	0.03	**
Liq	74	2.15	1771	1.78	0.37	0.00	***
Firm size	87	2.00	1843	1.87	0.13	0.04	**
Div_Payout	98	0.28	2069	0.16	0.12	0.00	***

This table reports umber of observation

And mean for the cross-listed and non-cross-listed subsample.

The “Difference test” column reports the t-test differences of means

Between cross-listed and non-cross-listed groups.

***, **, and * indicate significance at the 1%, 5% and 10%

Levels respectively,

4.3. Regression Analysis

4.3.1 Random-effect generalized least square estimates of payout ratio

Diagnostics are done before regression analysis. Table 5 shows how the link-test evaluates linearity between independent variables and log odds. The results show no specification error. Table 6 shows that no problems related to multicollinearity. The Hausman test determines whether to use random or fixed effects model.

Hausman test is insignificant for the 3 models; hence random effects model is used. Random-effect generalised least square analysis results are in Table 7. Model 1 evaluates the impact of variables, such as cross-listing, managerial ownership, institutional ownership, free float, investment opportunity, free cash flow, leverage, profitability, liquidity, and firm size, on dividend payout ratio.

The same variables affect dividend payout ratio for non-cross-listed corporations in Model 2. Model 3 explores how the same variables affect dividend payout ratio across the whole sample.

Firms who record a net loss while distributing dividends or pay dividends beyond their realised earnings are eliminated from the sample, which accounts for almost 16% of the total sample. Instead of distributing unrealised earnings, financially healthy firms maintain payout ratios that appropriately reflect their real earnings [78].

The upcoming results are derived from the application of the HAC estimator, which stands for "Heteroskedasticity and Autocorrelation Consistent Estimator." This methodology has been employed to address potential issues of heteroskedasticity and autocorrelation that may arise within the model.

Table 5. *Linktest for specification error.*

Dividend payout	Coefficient	Std. error	t	P>t	[95% conf.	interval]
_hat	1.46	0.37	3.91	0.00	0.73	2.20
_hatsq	-0.96	0.75	-1.28	0.20	-2.42	0.51
_cons	-0.04	0.04	-1.05	0.30	-0.13	0.04

This table shows the Linktest that is used to check if the gls regression used to test the effect of the dividend payout ratio on the variables (cross-listing, managerial ownership, institutional ownership, free float, investment opportunity, free cash flow, leverage, profitability, liquidity and firm size) suffers from any specifications error.

Table 6: *Checking multicollinearity*

Variable	VIF	1/VIF
Cross-listing	1.02	0.98
Mang_own	1.02	0.98
Inst_own	1.09	0.92
Free float	1.07	0.94
Invet_opp	1.03	0.97
FCF	1.19	0.84
Lev	1.51	0.66
ROE	1.16	0.86
Liq	1.45	0.69
Firms size	1.17	0.85

Tolerance and VIF and used to check if there is any linear combination between the independent variables of the model; cross-listing, Mang_own (managerial ownership),Inst_own (institutional ownership), free float, Invest_opp (investment opportunity), FCF (free cash flow), lev (leverage), ROE (profitability), Liq (liquidity) and firm size.

Table 7: *shows the results of the panel data random effect of model (1)*

	Model (1) Cross-listed		Model (2) Non-cross-listed		Model (3) Whole sample	
	Coef.	p-value	Coef.	p-value	Coef.	p-value
Cross-listing					.136**	.048
Mang_Own	.265	.33	-.014	.88	.004	.967
Inst_Own	1.122	.848	.299	.749	.215	.815
Free float	-.09	.821	.076	.22	.069	.254
Invest_opp	-.095	.595	-.022**	.028	-.022**	.028
FCF	.00027	0.521	−.0015**	.024	−.0016**	.022
Lev	.155	.697	.054	.544	.056	.513
ROE	1.268**	.025	.583***	.000	.593***	.000
Liq	.014	.744	.011	.395	.01	.419
Firm size	-.416**	.011	.061**	.017	.054**	.031
Constant	1.034**	.015	-.077	.337	-.061	.428
Obs.	18		572		590	
Wald Chi^2	16.68		48.13		53.248	
Prob > chi^2	0.034		.000		.000	
Hausman test value	2.846		14.451		15.766	
Hausman p-value	.944		.191		.172	
R^2	.650		.142		.150	

The table displays the random effect model estimates of payout ratio regressed on cross-listing binary variable, management ownership ratio, institutional ownership ratio, free float ratio, investment opportunity, free cash flow, short-term debt, profitability ROE, liquidity and firm size as independent variables. Model (1) is cross-listed sample, Model (2) is non-cross-listed sample and Model (3) is the whole sample. The estimated coefficients and their p-values are shown separately for all firms, cross-listed firms, and non-cross-listed firms whereas ***, ** and * indicates statistical significance at the 1%, 5%, and 10% levels, respectively.

4.3.2 Random-effect generalized least square estimates of payout decision

After testing the effect of firm variables on dividend payout ratio using the random effect generalized least square regression. In this section, Models 1, Model 2 and Model 3 are tested again but this time using payout decision as a dependent variable.

Prior to executing the regression analysis, preliminary diagnostic assessments are conducted. The linearity of the independent variables and the log odds is assessed utilizing the link test, as demonstrated in Table 8.

Given that this study employs panel data, a Hausman test is performed to ascertain whether fixed effects or random effects models are more appropriate for analysis.

Based on the findings presented in Table 9, the Hausman test yields insignificant results for the three models under examination; therefore, it is advisable to employ the random effects model.

The subsequent results pertain to the application of the HAC estimator, or "Heteroskedasticity and Autocorrelation Consistent Estimator," which has been employed to resolve any heteroskedasticity or autocorrelation that might occur within the model. Table 9 presents the results of the Random-effect generalized least square analysis. Model 1 investigates the impact of variables, including cross-listing, managerial ownership, institutional ownership, free float, investment opportunity, free cash flow, leverage, profitability, liquidity and firm size on dividend decision for cross-listed firms. Model 2 investigates the impact of the same variables on dividend decision for non-cross-listed firms. Model 3 investigates the impact of the same variables on dividend decision for the whole sample.

Table 8: *Linktest analysis for payout decision*

Dividend decision	Coefficient	Std. error	t	P>t	[95% conf.	interval]
_hat	4.5	0.92	4.86	0.00	2.66	6.26
_hatsq	-2.35	0.62	-3.82	0.17	-3.56	-1.14
_cons	-1.22	0.34	-3.63	0	-1.88	-0.56

This table illustrates the Linktest that is utilised to check if the Gls regression employed to test the effect of the dividend payout decision on the variables (cross-listing, managerial ownership, institutional ownership, free float, investment opportunity, free cash flow, leverage, profitability, liquidity and firm size) suffers from any specifications error.

Table 9: *shows the results of the panel data random effect of model (2)*

	Model (4) Cross-listed		Model (5) Non-Cross-listed		Model (6) All Firms	
	Coef.	p-value	Coef.	p-value	Coef.	p-value
Cross-listing					.196*	.075
Mang_Own	-.305*	.075	.144	.347	.155	.269
Inst_Own	17.576***	.000	-.549	.694	.052	.969
Free float	-.603***	.007	-.135	.163	-.132	.164
Invest_opp	-.221**	.041	-.001	.94	-.001	.942
FCF	.000378	.940	.000748	.881	.000751	.883
Lev	1.213***	.000	-.028	.85	.01	.947
ROE	1.743***	.000	.564***	.000	.591***	.0000
Liq	-.002	.951	.056***	.008	.051***	.01
Firm size	-.367***	.000	.181***	.000	.169***	.000
Constant	1.307***	.000	.253*	.069	.26**	.049
Obs.	21		624		645	
Wald chi^2	92.06		45.07		48.84	
Prob > chi2	.000		.000		.000	
Hausman test value	9.285		23.04		29.33	
Hausman p-value	.233		.172		.195	
R^2	.884		.128		.134	

Table shows payout decision random effect model estimates regressed on cross-listing binary variable, management ownership ratio, institutional ownership ratio, free float ratio, investment opportunity, free cash flow, short-term debt, profitability ROE, liquidity, and firm size as independent variables. Model (1) is cross-listed, Model (2) is non-cross-listed, and Model (3) is the complete sample. All firms, cross-listed firms, and non-cross-listed firms have separate estimated coefficients and p-values. ***, **, and * indicate statistical significance at 1%, 5%, and 10%, respectively.

5. Discussion

5.1. Descriptive Statistics

Table 3: presents the descriptive statistics for all variables employed in this study:

This examination will be conducted for the entire sample as well as for cross-listed and non-cross-listed firms in table 4. The objective is to investigate any significant difference in the means of the variables between the two categories of firms through t-test. Regarding dependent variables, the payout ratio exhibits an average of 40%, indicating that firms generally favor retaining a greater portion of earnings than disbursing dividends. This phenomenon may reflect the inclination of Egyptian firms to rely on internal financing within capital structure, attributed to the elevated interest rates prevailing in Egypt during the sample period.

The variables related to ownership structure indicate that the predominant form of ownership is free float, succeeded by institutional ownership and lastly managerial ownership. Upon examining the entire sample, firms in emerging markets present substantial investment opportunities; this is attributed to consistent growth and profitability [79]. Publicly listed Egyptian firms exhibit, on average, a positive free cash flow. This surplus may serve as an internal source of finance for firms that possess high investment opportunities. Egyptian firms exhibit a relatively low level of leverage, with an average of 36%.

The mean profitability of Egyptian firms is 7%, with a maximum recorded value of 26% and a minimum recorded value of -8.7%. This variation in profitability indicates diverse range of events that influenced firms throughout the sample period. Regarding liquidity, the mean value is 2, which falls within the ideal rule of thumb which posits that current ratio should be in the range between 1 and 2 [80].

Furthermore, the analysis of firm size indicates that the sample exhibits a mean of approximately 2, with a maximum value of 3. Finally, the skewness and kurtosis values of all independent variables indicate they do not follow a normal distribution. However, in accordance with the Gauss–Markov theorem, it is essential for obtaining "best linear unbiased estimators" (BLUE) that errors are uncorrelated, possess a mean of zero, and exhibit homoscedasticity. Thus, the normality assumption is not necessary to obtain BLUE results [81].

5.2 Comparative statistics of cross-listed versus not cross-listed firms.

Table 4 shows the comparison between cross-listed and non-cross-listed firms. The difference in ownership structure variables is significant. Investment opportunity of cross-listed firms is significantly lower since these firms are mature. Free cash flow does not differ significantly. The short-term debt ratio of cross-listed firms is 6% lower than that of non-cross-listed ones since cross-listed firms have less liquidity issues and do not rely heavily on short-term debt to finance its operations. In terms of profitability ratios ROA, ROE and EBIT, cross-listed firms outperform their non-cross-listed counterparts by 2% across all three indicators.

Moreover, cross-listed firms have a significantly higher liquidity; this may be attributed to the fact that cross-listing on international markets increases the firm's access to capital and its ability to raise funds, which reflects positively on the firm's financial performance. Cross-listed firms are slightly larger than non-cross listed counterparts. Finally, cross-listed firms payout more dividends than their non-cross-listed peers, as argued by [26] higher dividends is an outcome of high corporate governance standards and shareholder protection.

5.3 Random-effect generalized least square estimates of payout ratio

Table 7: Model (1) represents cross-listed firms, only profitability and business size have a significant relationship with dividend payout ratio.

Profitability of cross-listed Egyptian firms shows a significant positive relationship with dividend payout ratio. This result is consistent with the outcome model of the agency cost theory [26] which states that firms cross-list shares in overseas markets to benefits from stringent regulations and corporate governance measures as well as lower cost of external financing while reducing the risk of wealth expropriation leads to better valuation, higher profitability and consequently higher dividend payouts [26]. This result is supported by numerous previous studies including [6, 7, 8, 53, 82].

Results are related to Egyptian cross-listed firms since Cairo Stock Exchange is the subject of complaints due to its restricted daily limit on stock-price gains and losses, its lack of liquidity and the scarcity of foreign currency. Thus, firms cross-list shares overseas in highly liquid markets with cheap capital costs to finance profitable initiatives, which boosts firm profitability and dividend distributions.

Firm size shows a significant negative relationship with payout ratio. This result is consistent with the agency cost theory's substitution model, which states that greater oversight by financial intermediaries and improved legal protection through cross-listing protect shareholders and minimize agency costs. Large corporations with higher bonding pay fewer dividends [26]. This result is supported by several studies such as [7, 8, 26].

This result is related to Egyptian cross-listed firms, since these firms are large and profitable they seek global expansion. Thus, creating greater value to shares owned and financing growth opportunities are cross-listed firms' alternatives to dividend payouts.

In Model 2: which represents non-cross-listed firms, results revealed that Investment opportunity, free cash flow, profitability and firm size are the only variables that have a significant relationship with payout ratio.

Investment opportunity has a significant negative relationship with payout ratio. This is in line with the pecking order theory, which states that firms can only pay dividends when they have residuals after funding all of their investment opportunities [17]. This result is in line with various previous studies [42, 55, 56, 84].

This result may be attributed to the difficulty of external financing in the Egyptian market, which has experienced numerous crashes during the sample period. These crashes include the 2008 Global Financial Crisis, the 2011 Revolution, the 2016 currency devaluation, and the 2020 Coronavirus outbreak, which caused the Egyptian exchange to lose LE 134.1 billion of its market capitalisation [57]. Thus, the Egyptian stock market failures have made equity financing difficult.

Additionally, since the 2011 revolution, banks' lending rates have increased. It was 12% in 2011, 13% in 2016, and 18% in 2017 and 2018. It thereafter declined. Overall, external borrowing in Egypt is expensive, whether from banks or the stock market. This may explain why Egyptian firms prefer internal investment sources and perceive payouts as residual.

Free cash flow has a significant negative relationship with payout ratio, indicating that firms reduce dividends when free cash flow increases. This contradicts with the free cash flow theory, which states that firms pay dividends when they have extra free cash flow to reduce agency costs since it could be misused for management private benefits. This result is in line with some previous studies such as [58, 59, 84].

This justification fits the inefficient Egyptian market [61]. As mentioned in the preceding section, the Egyptian market restricts external financing. Second, when firms concern about future financial restrictions, management may hold onto cash reserves, which reduces dividend distributions [58].

Profitability has a significant positive relationship with payout ratio. This result is consistent with the life cycle theory, which posits that the more mature firms become, the less investment opportunities they possess, the more profitable they get and consequently the higher their dividend payouts [62]. This result is consistent with previous research of [42-44, 84].

This result is related to Egyptian firms which have less investment opportunities and are more mature, they are more profitable and they payout higher dividends. This is evident since 74% of dividend-paying firms in our sample generate positive net income. i.e.; they are profitable firms.

Firm size has a significant positive relationship with payout ratio. This is consistent with life cycle theory models [64, 85] that show firms distribute dividends when achieving optimal size. This result is consistent with numerous researches such as; [8, 65-67]. This result can be interpreted in Egypt since listed firms are large and have less growth opportunities due to maturity they payout higher dividends. This research shows that 74% of dividend-paying firms generate positive net income. i.e.; they are profitable firms.

In Model 3: which represents the whole sample, the significant variables affecting payout ratio are cross-listing, investment opportunity, Profitability and firm size. The first significant variable is cross-listing which shows a significant positive relationship with payout ratio. This result is consistent with the outcome model of the agency theory, according to which, dividends are the outcome of efficient corporate governance practices. Therefore, firms that exhibit reputational bonding pay higher dividends since they provide their shareholders with higher protection to pressure managers to distribute capital [26]. This result is supported by numerous researches such as; [6, 7, 26, 36, 50, 68].

This result can be interpreted in Egypt since Egyptian firms suffer from agency conflicts between shareholders and management due to poor corporate governance, firms adopted cross-listing to legally bond in prestigious markets which have strict corporate governance regulations and dividend payout rights. Thus, Egyptian cross-listed firms use dividends as an outcome of robust corporate governance system.

Regarding the significant variables; investment opportunity, profitability and firm size in model (3); the estimated outcomes are not considerably different from model (2), as the majority of observations pertain to non-cross-listed firms and very few to cross-listed ones. Thus, Model 2 and Model 3 regression analysis interpretations for these variables remain unchanged. The regression analysis found no variation in payout ratio variables between cross-listed and non-cross-listed firms. Therefore, cross-listing is irrelevant to the analysis.

5.4 Random-effect generalized least square estimates of payout decision

Table 9, Model (4) presents cross-listed firms, results show that managerial ownership, institutional ownership, free float, investment opportunity, leverage, profitability, and firm size affect payout decision.

Firstly, Managerial ownership has a significant negative relationship with dividend decision. This result is in line with agency cost theory, which claims that insider ownership can minimise agency costs, dividends are not used as a tool to protect shareholders' rights [30]. This result is supported by numerous researches [6-8, 69].

This result can be interpreted since cross-listing impose strict corporate governance regulations to protect shareholder rights and increase firm value besides higher managerial ownership could be an effective tool for governance as they are responsible for firm's financial decision, therefore, they will invest in profitable projects and hence no dividend decisions will be made.

The second significant variable is institutional ownership which shows a significant positive relationship with dividend decision. This result is consistent with the agency cost theory of [30], which states that institutional shareholders reduce agency conflicts through monitoring firm performance and management behavior. Thus, they use dividend payouts to reduce agency conflicts [87-89]. This outcome is consistent with previous research [90-93].

This result is interpreted since financial institutions are heavily regulated by the government this makes them cautious when investing in Egyptian cross-listed firms. Cross-listing's strict regulations can prevent financial institutions from self-serving and encourage them to prioritise minority shareholders' rights. Thus, the firm's dividend decision will be made i.e.; dividend payout will increase.

The third significant variable is free float. It shows a significant negative relationship with dividend decision. Free float result contradicts the assumptions of the agency theory. Dividends give owners indirect control in the absence of shareholder monitoring of insiders [15, 30, 33]. The theory predicts a positive relationship between free float and payout policy. However, in this study the free float in cross-listed firm is negatively related to payout decision. A 1% increase in cross-listed firm free float decreases dividend payout decision by 30%. This result is consistent with previous studies of: [6, 7, 34].

This result could be interpreted since in Egyptian cross-listed firms individual investors may prefer capital gains over dividends. These investors don't need dividends to protect their interests because cross-listing provides strong corporate governance.

The fourth significant variable is investment opportunity, which shows a significant negative relationship with dividend decision. This result is in line with the pecking order theory of [18] which argues that dividends are distributed to shareholders only when firms have residual earnings after financing all investment opportunities. This result is consistent with several researches such as: [6, 7, 42, 55, 56].

This result could be interpreted within the Egyptian cross-listed firms as follows: Banks in Egypt have been increasing their lending rates. It started 12% in 2011 reaching 18% 2018. It is evident that external financing in Egypt is expensive, whether from stock market or banks. Therefore, some Egyptian firms seek external finance through cross-listing. Therefore, cross-listing increases growth opportunities through public visibility, brand recognition, and lower capital costs [6]. Thus, firms allocate their resources in projects with the best growth opportunity rather than dividends.

The fifth variable that affects dividend decisions is leverage, which shows a significant positive relationship with payout decision. This result is consistent with the agency cost theory of [30] according to which, the agency problem between shareholders and creditors is a result of information asymmetry therefore; firms often expropriate creditors' wealth by increasing dividend payments. Numerous studies support this result for instance; [94-99].

This result could apply to Egyptian cross-listed firms since the relationship between debt issues and dividend payout is explained through reputation-building hypothesis, which argues that managers may not develop good reputation by dividend limitations, when firms have better access to credit due to tougher collateral laws and creditors have more credit information owing

to cross-listing. Thus, reputation building hypothesis suggests that legal rights and credit information improve dividend policy. I.e. more dividend decisions are made.

The sixth variable affecting dividend decision is profitability. Profitability has a significant positive relationship with dividend decision. It is consistent with the outcome model of the agency cost theory [26] that firms that cross-list their shares in foreign markets benefit from strict regulations, corporate governance policies, and lower external financing costs. This decreases wealth expropriation risk, increasing profitability, business valuation, and dividend distributions [26]. This finding is supported by many studies, including [6-8, 53, 82].

The same explanation given to the regression analysis of relationship between profitability and payout ratio will be applied here. The result affects Egyptian cross-listed firms since Cairo Stock Exchange is criticized for its strict daily stock-price gain and loss limit, limited foreign currency supply, and lack of liquidity. Thus, firms cross-list their shares in highly liquid international markets to finance profitable projects. This in turn, increases the firm's profitability and, as a result, managers make more payout decision.

Firm size has a significant negative relationship with payout decision. This outcome is in accordance with the substitution model of the agency cost theory, which posits that closer supervision by financial intermediaries and enhanced legal protection through cross-listing can be substituted for dividends. As a result, large corporations that have a higher level of bonding pay lower dividends [26]. Various researches support this finding such as [6-8].

The same explanation regarding regression analysis of payout ratio will be applied here. Since Egyptian cross-listed firms pursue international markets for better growth opportunities. Subsequently, cross-listed firms substitute the protection of shareholders' rights through dividend payments with the use of funds to finance growth opportunities and increase share value. Consequently, the more mature the firms get, the less they make a dividend decision.

In table 9, Model (5) which represents non-cross-listed firms, the results show that profitability, liquidity and firm size have a significant relationship with payout decision.

Profitability shows a significant positive relationship with dividend decision. This finding is in line with the life cycle theory, which argues that the more mature firms become, the fewer investment opportunities they possess, the more profitable they are and consequently, the higher their dividend payments [62]. This outcome is in line with the research conducted by [42-44, 84].

In the Egyptian context, this result is interpreted same as regression model of payout ratio: firms that have investment opportunities are likely to depend more on internal sources of finance, since external sources are costly and could hinder dividend payouts. Nevertheless, firms become more profitable and have fewer investment opportunities as they mature, thus making more dividend decisions. By examining the study sample, 74% of dividend paying firms have positive net income; meaning, they are profitable firms. This supports our findings.

Liquidity shows a significant positive relationship with dividend decision. This result is consistent with signaling theory which argues highly-liquid firms convey signals they are capable of paying obligations easily thus lower default risk [14, 102]. Consequently, managers make decisions to increase dividend payouts. This result is consistent with previous researches such as; [103, 104].

This result could be interpreted in the Egyptian context since it is evident that 74% of distributing firms have positive net income and most Egyptian listed firms are considered big sized firms, according to the life cycle theory, the more mature firms become, the fewer investment opportunities they have, the more profitable they are, the higher their liquidity, thus the higher their dividend decisions [67].

The last control variable is firm size which shows a significant positive relationship with dividend decision. This result is consistent with the life cycle theory of [63, 64] as they indicate firms distribute assets upon attaining an optimal size. This explains that large firms are more likely to distribute dividends than small ones. This outcome is in line with numerous studies, including [8, 65, 66].

This result can be interpreted in the Egyptian context same as in Model 2, table 4.3, since Egyptian listed firms are large and matured, they have less growth opportunities. Since Positive net income is shown in 74% of the dividend-paying firms in this study sample. Therefore, the more mature firms become, the more profitable they are, as a result, the more their dividend payout decisions [67].

Model (6); which includes all firms, cross-listing positively influences payout decision. Cross-listed firms are 20% more likely to make dividend decisions than non-cross-listed ones. These findings are consistent with the outcome model of the agency theory, which suggests that cross-listed firms are obligated to distribute dividends as an outcome of investors' rights protection [26]. This outcome is supported by numerous researches which includes; [6-8, 53,

82]. This result may be attributed to the difficulty of external financing in Egypt either from banks or stock market [57]. This motivated a number of firms to make cross-listing decision to overcome expensive financing, improve corporate governance and increase profitability which then encourage management to make dividend decisions.

With respect to significant variables such as profitability, liquidity, and firm size, the estimated results in model (6) are not significantly different from those in model (5). This is due to the fact that the majority of observations are related to non-cross-listed firms, while only a few ones are related to cross-listed firms.

Consequently, the regression analysis' interpretation for these variables in Models (5) and (6) remains unchanged. The regression analysis revealed a significant difference in the variables that influence payout decision between cross-listed and non-cross-listed firms. Therefore, cross-listing is relevant to the analysis.

6. Conclusions

This study analyses payout policies for cross-listed and single-listed firms in Egypt, a developing market with poor corporate governance and recurrent economic downturns. This article compares two dependent variables to independent and control variables: cross-listing, managerial ownership, institutional ownership, free float ownership, investment opportunity, leverage, profitability, liquidity, and company size. The payout ratio, which represents the amount of dividends that will be distributed from net income, is the primary dependent variable examined in this study. Dividend decision is the second dependent variable, determining whether to distribute dividends or not, regardless of quantity

According to the payout ratio model, two variables affect cross-listed firms' dividend size: profitability and firm size. We justify these results by observing that the Egyptian stock market's lack of liquidity and foreign currency supply raises financing costs. Cross-listing in highly liquid international markets offering hard currency supply and low capital costs which help firms fund profitable projects thus increasing firm's profitability and dividend payouts. As cross-listed firms mature, they replace shareholder rights protection through dividend payments with shareholder value created when they use funds in profitable ventures.

In single-listed Egyptian enterprises, investment opportunity, profitability, and firm size are significant. Since the study sample period has witnessed repeated market collapses and

rising Egyptian bank lending rates, stock market and bank loans are expensive. Thus Egyptian firms may prefer internal finance for investment opportunities and consider dividends residual. However, mature firms will distribute more dividends as they become more profitable and have fewer investment opportunities. This aligns with the life cycle theory that mature firms are more profitable and pay higher dividends.

The payout decision model in cross-listed firms shows that all variables for corporate payout decision are significant except liquidity. We justified this since effective corporate governance protects shareholder interests and cross-listing reduces manager-shareholder agency conflicts. As Managers' shares increase, their interests align with shareholders' to maximise profits and business value. Therefore, dividends are not used to safeguard shareholders' rights.

However, strict cross-listing regulations may prevent financial institutions from benefiting themselves and push them to protect minority shareholders. Consequently, firm's management will make a decision to payout dividends. Individual investors may value capital gains over dividends and long-term investments and trading over short-term earnings. Since cross-listing ensures strong corporate governance, these investors do not need dividends to protect shareholders' interests.

Under reputation building hypothesis, in cross-listing context, since firms have better access to credit due to stronger collateral rules and creditors have more credit information, therefore, corporate managers do not necessarily build good reputation through dividend restrictions. Consequently, Leverage positively affects dividend distribution. Egyptian firms used cross-listing to boost shareholder base, risk-sharing, and foreign currency access due to increased public visibility, brand awareness, and lower capital costs.

Thus cross-listing creates growth opportunities. Firms choose to invest in more profitable projects rather than pay dividends. However, when firms finance profitable projects and achieve higher profitability, managers are encouraged to pay dividends. As cross-listed firms mature, they replace dividend payouts “which has been a tool utilised to protect shareholder’s rights in firms’ profits” by maximising share value. Thus, managers do not make dividend decisions as firms mature.

Results demonstrate that profitability, liquidity, and firm size affect payout decisions for non-cross listed firms. Since Egyptian listed firms are large firms that have matured and

experienced a drop in growth opportunities, they are more likely to have more liquidity because excess capital is not used to finance projects. Given that 74% of dividend-paying enterprises in this study sample have positive net income, or are profitable, encourages management to make dividend decisions.

Finally, we have discovered that cross-listing was relevant to the dividend payout decision but not to the dividend payout ratio model. This is due cross-listed firms have different dividend decision variables than non-cross-listed ones.

Abbreviations

GDRs: Global depository receipts

FTSE: Financial times stock exchange

EGID: Egypt for Information Dissemination

EGX: The Egyptian exchange

BLUE: Best linear unbiased estimators

HAC: Heteroskedasticity and Autocorrelation Consistent Estimator

EGX 30: Top 30 companies in terms of activity and liquidity in Egyptian exchange

EGX 100: Top 100 companies in terms of activity and liquidity in Egyptian exchange

COVID-19: Corona virus disease

Data Availability Statement

1. The data that support the findings of this study can be found at: https://www.egx.com.eg

   https://www.londonstockexchange.com

2. The data is available from the corresponding author upon reasonable request.

Conflicts of Interest

The authors declare no conflicts of interest.

Appendix

1. The names of the excluded firms from the sample are the following:

   Abu Dhabi Islamic Bank - Egypt

Al Baraka Bank Egypt

Al Tawfeek Leasing Company-A.T.LEASE

Alexandria National Company for Financial Investment

Arab Moltaka Investments Co

Arabia Investments Holding

Aspire Capital Holding For Financial Investments

B Investments Holding

Banque Du Caire

Belton Financial Holding

CI Capital Holding For Financial Investments

Certificates of Odin Egyptian Equity Investment Fund-KASAB

Citadel Capital - Common Shares

Citadel Capital - Preferred Shares

Commercial International Bank (Egypt)

Contact Financial Holding

Credit Agricole Egypt

Delta Insurance

EDRs of Al Salam Holding Company

EGX 30 INDEX ETF

Egyptian Arabian (cmar) Securities Brokerage EAC

Egyptian Financial Group-Hermes Holding Company

Egyptian Gulf Bank

Egyptian Kuwaiti Holding

Egyptian Kuwaiti Holding-EGP

Egyptians Real Estate Fund Certificates

El Ahli Investment and Development

El Kahera El Watania Investment

El Orouba Securities Brokerage

Export Development Bank of Egypt (EDBE)

Faisal Islamic Bank of Egypt - In EGP

Faisal Islamic Bank of Egypt - In US Dollars

Gadwa For Industrial Development

Grand Investment Capital

Housing & Development Bank

International Company for Leasing (IncoLEASE)

Mohandes Insurance

Naeem Holding

National Bank Of Kuwait - Egypt - NBK

ODIN Investments

Orascom Financial Holding

Osool ESB Securities Brokerage

Pioneers Properties for Urban Development (PREDCO)

Prime Holding

Qatar National Bank Alahly

Raya Holding for Financial Investments

Saudi Egyptian Investment & Finance

Societe Arabe Internationale De Banque (SAIB)

Suez Canal Bank S.A.E

Fawry for Banking Technology and Electronic Payment

Integrated Diagnostics Holdings plc

Iron and Steel for Mines and Quarries

Rights Issue of El Obour Real Estate Investment-2

2. Egyptian GDR firms included in the sample are the following:

Egyptian Financial Group-Hermes Holding Company

Telecom Egypt

Ezz Steel

Lecico Egypt

Paint & Chemicals Industries (Pachin)

Edita Food Industries S.A.E

Orascom Investment Holding

Arabian Food Industries DOMTY

Madinet Nasr Housing

Alexandria Mineral Oils Company

GB AUTO

Commercial International Bank (Egypt)

Palm Hills Development Company

Amer group Holding

suez cement

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Biography

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Research Field

Ahmed Mohamed Sakr: Corporate Finance, Accounting, Investments and Portfolio Management, International Finance, Banking.

Heba Mohamed Abdel Gawad: Corporate Finance, Accounting, Investments and Portfolio Management, International Finance, Banking.

Samar Mohamed Naguib ElBanna: Accounting and Finance.