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by

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Individual Attitudes towards the Impact of Multinational Enterprises on Local Businesses

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Abstract

Individual attitudes towards multinational enterprises (MNEs) remains relatively understudied compared to individual attitudes towards other dimensions of globalization, particularly trade and immigration. In order to illuminate individual attitudes towards MNEs, this paper utilizes a large cross-country dataset (2003 International Social Survey Program) to examine individual perspectives on the impact of MNEs on local businesses. The paper draws on literature that studies the economic impacts of MNEs on local businesses, such as the transfer of technology from foreign affiliates to local businesses. Based on this literature the paper tests hypotheses to analyze how individuals' skill-level (reflected in their educational attainment and occupational group) and the sector in which they work affects their perceptions of MNEs' impact on local businesses. Conforming to expectations from the literature, the paper finds that highly skilled individuals who are senior-level managers, legislators, and officials are less likely to think MNEs are damaging local businesses. Also, private sector employees are less likely than public sector employees to see MNEs' impact on local businesses as negative. The paper also finds variation in these attitudes across developed countries, developing countries, and formerly communist states in Central and Eastern Europe. In order to explore non-economic determinants of individual attitudes towards MNEs, the paper additionally explores how feelings of nationalism, confidence in democracy, and attitudes towards international affairs affect individual perspectives on MNEs. The paper additionally shows that retired citizens' previous sector of employment and occupation influences their perception of the MNEs' impact on local businesses and that type of FDI (M&A versus Greenfield investment) influences individual attitudes towards the impact of MNEs on local businesses.

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Introduction

The rise in foreign direct investment (FDI) across the world has been a spectacular element of the contemporary episode of globalization. Production from foreign affiliates of multinational enterprises (MNEs), the most prominent agents of FDI, reached over 10 percent of world output in 2000, compared to 5 percent in 1985.¹ Once the purview of highly developed countries, FDI now also encompasses emerging and developing markets, as countries across the world have opened their borders to international investment. In 1998, inward FDI stocks in these countries constituted 9.5 per cent of the gross fixed capital formation in 2002 compared to 4.6 per cent (annual average) in 1988-1993.² The significance of FDI has expectedly ignited a scholarly debate on FDI and MNEs.³ For instance, political scientists have explored how regime type (democratic versus non-democratic regimes) affects FDI flows⁴, and scrutinized governance issues regarding MNEs, particularly accountability and transparency.⁵ Additionally, various disciplines have emphasized concerns for MNEs' impact on labour and environmental standards.⁶ Economists have focused largely on examining how the determinants of FDI vary between horizontal and vertical forms of FDI, and how FDI affects national economies, including the extent to which FDI spurs growth and development. They have also produced a rich literature on whether there are productivity spillovers from foreign affiliates of MNEs to local firms.⁷ Given that our concern in this paper is assessing individual attitudes towards the impact of MNEs on local businesses, the economic literature on spillovers is core to our investigation. Specifically, we analyze individual (public) attitudes towards the impact of MNEs on local businesses based on international survey data from the 2003 International Social Survey Program (ISSP).

¹ Lipsey 2002.

² World Investment Report 2000, 2005. The data used in this paper was collected in 2002, so we quote data from the vicinity of that year. More recent data from 2006 for developing countries indicates that inward FDI flows constitute 13.8% of gross fixed capital formation, and inward FDI stocks constitute 26.7% of gross domestic product (World Investment Report 2007).

³ Debates concerning MNE activities and its local impact are wide ranging. Activists and NGOs have also voiced critical opinions of multinational enterprises, emphasizing the power of the purse of the enterprises in wielding excessive influence over key decision-makers (Hertz 2001; Monbiot 2001) as well as the putatively subverting influence of brands on consumers (Klein 2002). For a good critical assessment of this debate see Wolf 2005, Chapter 11.

⁴ See, for instance, Li and Resnick 2003; and Jensen 2003.

⁵ See, for instance, Koenig-Archibugi 2005; and Ruggie 2003.

⁶ See Meyer 2008 for a review.

⁷ See Alfaro et al. 2004 for a review.

In this paper, we examine how individuals' skill-level (reflected in their educational attainment and occupational group) and the sector in which they work affects their perceptions of MNEs' impact on local businesses. We highlight a number of key mechanisms through which MNEs could affect individuals. First, MNEs tend to pay a wage premium since they have higher productivity.⁸ The wage premium argument suggests that individuals working for MNEs have a direct stake in an MNE presence in the local economy. Conversely, such a direct stake does not exist for individuals who do not work for MNEs. Second, MNEs can drive up the demand for skilled workers through productivity spillovers from foreign affiliates of MNEs to local firms.⁹ Since MNEs are regarded as possessing relatively better technology and are assumed to transfer this knowledge asset to their foreign affiliates, the question is whether these foreign affiliates transfer any of their knowledge to domestic firms in their host economy.¹⁰ Below, we detail a number of mechanisms that facilitate these spillovers. Third, MNEs can impact local firms negatively. For example, MNEs can drive demand away from the products of local firms, potentially causing negative individual perceptions.¹¹ In this paper, we consider these diverse set of factors in differentiating between individuals who are more likely be directly economically affected by MNEs and those that are likely to be relatively more insulated from these effects.

Besides the empirical question of how foreign affiliates of MNEs affect local businesses, there is also the question of what individuals perceive to be the impact of MNEs on their economy. These individual perceptions may be objective assessments of the impact of MNEs on local businesses, or individuals' economic standing in particular, given individuals' skill-level as well as sector/type of occupation. Yet, such perceptions may also stem from pro-outsider, pro-openness inclinations formed through education, particularly higher education, and occupational environment.¹² Individuals' confidence in the working of domestic institutions, such as democracy, could also be an important determinant of perceptions of MNEs, as trust in the working of domestic institutions affects one's political outlook in general.¹³ Alternatively, these perceptions may constitute largely emotive responses, stemming, for example, from nationalistic

⁸ See Driffold and Taylor 2000 for a review.

⁹ Slaughter 2002.

¹⁰ Haskel et al 2004. This spillover could also occur through patents licensed by MNEs to local firms (Slaughter 2002).

¹¹ See, for instance, Aitken and Harrison 1999.

¹² Hainmueller and Hiscox 2006.

¹³ See Strokes 1962; Citrin 1974; Hetherington 1998 on "political trust". We elaborate this point later.

sentiments to the presence of MNEs. In this paper, we also explore these various non-economic determinants of individual attitudes towards MNEs.

Analyzing individual (public) attitudes towards MNEs is important because governmental responses and policies towards facets of globalization are informed and constrained by these individual attitudes.¹⁴ Furthermore, since the study of individual attitudes also reveals which groups of individuals are less prone to think positively of MNEs, it helps identify, beyond those that are well-organized and vocal, the reluctant groups that need to be appeased for further commitments to openness to investment. In general, MNEs and hence FDI raise so much public concern that they have been associated widely with the undesirables of globalization.¹⁵ Yet despite the seeming importance of individual attitudes towards MNEs, research to date has had little to say about the determinants of individual attitudes towards MNEs.¹⁶ The focus has instead mostly been on other aspects of globalization, particularly trade and immigration.¹⁷ It is this gap this paper aims to fill.

The paper finds, as the economic literature anticipates, that highly skilled individuals are less likely than other occupational groups to think that MNEs are negatively impacting local businesses. We also find private sector employees are less likely than public sector employees to think MNEs have a negative impact. We also show that retired citizens' previous sector of employment and occupation influences their perception of the MNEs' impact on local businesses. This finding implies that behaviours and attitudes acquired during labour market activity, as opposed to individual calculations of labour market benefits, influence individuals' perceptions. In addition, the paper demonstrates that individual attitudes differ across developed and emerging markets, which are differentiated into developing country emerging markets and Central and Eastern Europe Countries (CEECs).¹⁸ We also provide evidence that the form of FDI, whether by mergers and acquisitions (M&A) or Greenfield (setting up of new plants) investment, has different influences on individuals in the three clusters of countries analysed.

¹⁴ Scheve and Slaughter 2008.

¹⁵ Gorg and Greenaway 2004, 171; and Deardorff 2003.

¹⁶ A notable exception is Scheve and Slaughter 2004, which examines the impact of FDI on worker's attitudes of labor-market insecurity. The authors show that, in the UK at least, FDI has the effect of raising individual's perception of economic insecurity. Given the novel nature of Scheve and Slaughter's work, it is difficult to evaluate the extent to which economic insecurity applies universally.

¹⁷ Hainmueller and Hiscox, 2006, 2007 (on trade and immigration, respectively); Mayda and Rodrik 2005 (on trade); Daniels and Von der Ruhr 2003 (on immigration); and Scheve and Slaughter 2001a (on trade).

¹⁸ As we will argue, this differentiation between different types of economies is necessary.

Moreover, the paper finds that confidence in domestic institutions as well as the inclination towards governance through multilateral institutions influence individual attitudes towards MNEs, as does patriotism and nationalism. Overall, the paper is the first to analyze what attributes of individuals are more (less) likely to be supportive (or not) of MNEs, which has broader implications for different stakeholders, be they civil society organizations, governments, or MNEs.

The Impact of MNEs on Local Businesses and Individuals: Scenarios

In this section, we aim to highlight a number of key labor market considerations that can affect individuals' perceptions of how MNEs impact local businesses. We argue that MNEs can affect individuals on a direct or indirect basis. A direct effect occurs when an MNE hires an individual. For indirect, we examine how MNEs can affect local businesses and, via these businesses, individuals. Specifically, we examine potential consequences of productivity spillovers from foreign affiliates of MNEs to local businesses. Under direct and indirect considerations, we consider both potential positive and negative impacts of MNEs. Our hypotheses in the following subsection build on the following assumption: individuals who stand to gain economically from the presence of MNEs will consider the impact of MNEs on local businesses relatively positively.

Economic Determinants: Direct Effects – the Wage Premium

A direct potential benefit accrued to individuals from MNEs is the wage premium paid by MNEs to their employees, even after controlling for firm characteristics and other variables that can affect the wage level.¹⁹ The wage premium exists because MNEs possess relatively better technology compared to local firms and hence higher productivity. It can also be understood as side-payments to minimize worker turnover and prevent worker-employer disputes.²⁰ Recent studies have explored the contingencies associated with the wage premium. For instance, Gorg, Strobl, and Walsh find no statistically significant difference between the starting wages paid by foreign and domestic firms, although they find a wage premium for workers that receive on-the-

¹⁹ Various studies show that there is a wage premium paid by foreign firms. For detailed literature reviews on the wage premium, see Heyman et al 2007, Gorg and Greenaway 2004, and Haddad and Harrison 1993.

²⁰ See Girma and Gorg 2007, 100; and Scheve and Slaughter 2004, 665 for reviews.

job training.²¹ Their results show that the higher the degree of foreign ownership, the greater the earnings of workers with such training, when controlling for firm and individual characteristics (such as the size of the firm and human capital). Furthermore, Gorg and Strobl argue that multinationals employ workers with a longer time horizon and therefore invest more in the development of human capital through training relative to local firms, suggesting the presence of a wage premium even if starting wage levels may be the same.²² Given the existence of a wage premium paid by MNEs, ideally, we would test the following hypothesis: *Employees working for MNEs will tend to assess the impact of MNEs on local businesses relatively more positively than employees not working for MNEs.*

Yet, our dataset, which will be outlined in the upcoming section, does not allow us to pinpoint employees who work for MNEs. Nevertheless, the dataset allows us to determine which individuals do *not* work for MNEs – those who are employed in the public sector. These individuals do not stand to make any direct personal gain from the presence of MNEs, and therefore should be indifferent towards the presence of MNEs within the confines of the direct labor-market gain argument. While the data also indicates another group of non-MNE employees—the self-employed—, as we will discuss below, these individuals are likely to be affected by the presence of MNEs. Given this data constraint, our first hypothesis is:

H1: *Employees working for the public sector will be less inclined than others to consider the impact of MNEs on local businesses as positive, as these employees do not derive any direct benefits from the MNE presence in the local economy.*

Economic Determinants: Indirect Effects – Productivity Spillovers

Positive indirect effects. A substantial part of the economic literature on MNEs focuses on potential spillovers from MNEs to local businesses. These productivity gains from foreign to domestic firms can occur through a number of channels.²³ First, there can be “imitation” or “demonstration” effects, which means domestic firms can learn through observing the advanced production and management techniques of foreign affiliates of MNEs.²⁴ Second, productivity

²¹ Gorg, Strobl and Walsh 2007.

²² Gorg and Strobl 2002.

²³ We outline the major channels here, and do not aim to provide an exhaustive list.

²⁴ Meyer and Sinani 2009; and Gorg and Greenaway 2004.

spillovers can occur when foreign affiliates of MNEs contribute to skill advancement in the host countries. The mobility of workers trained by MNEs allows for the dissemination of the human capital from the foreign affiliate to the rest of the economy.²⁵ For instance, surveys of MNEs, such as those conducted by the World Bank in Czech Republic and Latvia in 2003, confirm the presence of the demonstration effect as well as labour mobility.²⁶ Third, foreign affiliates can spur competition, thereby facilitating technology diffusion and hence productivity spillovers.²⁷ Fourth, MNEs can share their knowledge of trade channels with domestic firms or raise the profile of the country as an exporter, again generating knowledge spillovers.²⁸ Finally, there can be vertical spillovers from MNEs to domestic firms. Vertical spillovers can occur in a number of manners: MNEs can assist the domestic firms in their efforts to improve productivity; domestic firms can enhance efforts for greater productivity on their own; or the productivity increase can happen when domestic firms are doing business with the MNE.²⁹ While vertical spillovers generally point to inter-industry spillovers, firms within the same industry can also benefit from these vertical linkages.³⁰ The implication of the literature on spillovers for this paper is that MNEs increase the demand for high-skilled workers, since the presence of new technologies raises the potential for domestic firms to demand more skilled labor.³¹ Well-educated individuals as well as those working in occupations that demand high skills are thus the likely candidates to benefit more from the presence of MNEs. Hence our second hypothesis is as follows:

H2: Relatively high-skilled individuals will tend to find the impact of MNEs on local businesses to be relatively positive.

This hypothesis, however, is not the only plausible scenario suggested by the above discussion on spillovers. That discussion also suggests that we should expect to see a difference between private and public sector employees. Individuals working in the private sector or those who are self-employed could be observing the spillovers from MNEs to local businesses or could

²⁵ Meyer and Sinani 2009.

²⁶ Javorcik and Spatareanu 2005.

²⁷ Haddad and Harrison 1993; and Gorg and Strobl 2001, F723.

²⁸ Meyer and Sinani 2009.

²⁹ Javorcik and Spatareanu 2005, 48. See also: Gorg and Greenaway 2004, 182; and Javorcik 2004, 608.

³⁰ Meyer and Sinani 2009.

³¹ Slaughter 2002.

have first-hand experience of them (for instance, if the individual works for or owns a firm in direct contact with the MNE or one that “imitates” the MNE). In general, private sector employees and the self-employed are not insulated from the effects of MNEs, meaning individuals in these sectors stand to gain and, as discussed below, lose the most from the presence of MNEs. In contrast, public sector employees are likely to be insulated from the influences of MNEs.

State-owned enterprises (SOEs) pose an interesting question. On the one hand, SOEs could function more like private sector enterprises, benefiting from the various spillovers from MNEs. In this scenario, employees of SOEs could be inclined to think positively about the impact of MNEs on local businesses. On the other hand, there is also the possibility that (employees of) state-owned enterprises see themselves in competition with MNEs, which attract labor away from SOEs. For instance, Wu discusses how skills of workers (and hence competitiveness) in SOEs decline, as FDI increases employment opportunities for high productivity individuals in the non-state sector.³² In this scenario, those individuals left behind at SOEs are likely to look unfavourably upon the impact of MNEs on local businesses.

Economic Determinants: Negative indirect effects. There could be negative (or lack of) spillovers from MNEs to local businesses in general. In their study of Venezuelan manufacturing plants, Aitken and Harrison find that in small manufacturing plants (less than 50 employees) foreign ownership and productivity increases are positively correlated, but wholly domestically owned firms experience profitability losses with an increasing MNE presence. As the authors explain, MNEs can push down the productivity of local firms by attracting demand away from the products of these firms and forcing these firms to disperse fixed costs over a smaller market.³³ Haddad and Harrison, in the study of the manufacturing sector in Morocco, argue that foreign (MNE) presence reduces the productivity dispersion within the sector, but they do not find evidence that such presence increases productivity growth for domestic firms.³⁴ Konings finds no spillovers, or negative spillovers in Romania, Bulgaria, and Poland.³⁵ For Romania and Bulgaria, he attributes the lack of positive spillovers to the competition effect, as

³² Wu 2003.

³³ Aitken and Harrison 1999, 607.

³⁴ Haddad and Harrison 1993.

³⁵ Konings 2001.

identified by Aitken and Harrison.³⁶ Furthermore, MNEs can attract domestic capital and labor away from local firms.³⁷ In short, the private and self-employed individuals who stand to gain from MNEs also stand to lose from their presence. Their attitudes towards MNEs' impact on local businesses, then, depends on whether they are benefiting as customers, suppliers, or "imitators" from MNE presence, or whether they are being adversely affected by the competition MNEs create. Hence another hypothesis is as follows:

H3: Perceptions of individuals working in the private sector and perceptions of self-employed individuals towards MNEs' impact on local businesses is unclear (given that they stand to both gain and lose from the presence of MNEs).

Furthermore, the presence of spillovers differs across countries with different levels of development, even though the literature does not precisely highlight exact patterns of difference across countries. Some studies demonstrate horizontal (intra-industry) spillovers in developed countries,³⁸ while others find negative horizontal spillovers from MNEs to local firms in developing and CEEC economies.³⁹ Yet, studies also show both horizontal and vertical (inter-industry) spillovers in developing and CEEC markets. Blomstrom and Wolff's study on Mexico is an example, even though the authors concede that they are not able to distinguish whether they observe productivity growth in local firms due to horizontal spillovers from MNEs or because MNEs push uncompetitive firms out of the market.⁴⁰ Another study that finds positive spillovers is Blomstrom and Sjöholm's study of the Indonesian manufacturing sector.⁴¹ Studies on inter-industry spillovers, which differentiate between horizontal, backward, and forward linkages in the supply chain, find evidence for inter-industry spillovers in both developing countries (in Colombia by Kugler and in Indonesia by Blalock and Gertler) and in CEECs (in Lithuania by

³⁶ Aitken and Harrison 1999.

³⁷ Meyer 2004.

³⁸ For evidence of such positive spillovers, see e.g., Keller and Yeaple 2003 for the US manufacturing sector; Haskel et al 2002 and Liu et al 2000 for the UK manufacturing sector; Caves 1974 for the Australian manufacturing sector; Globerman 1979 for the Canadian manufacturing sector.

³⁹ Gorg and Greenaway 2004, 178-9. Damijan et al 2003 find no positive horizontal spillovers from foreign-owned firms to their domestic counterparts in a study of eight CEECs, with the exception of Romania. This study covers Bulgaria, Czech Republic, Estonia, Hungary, Poland, Romania, Slovak Republic, and Slovenia.

⁴⁰ Blomstrom and Wolff 1989.

⁴¹ Blomstrom and Sjöholm 1999.

Javorcik).⁴² This literature also suggests that the more embedded the MNEs in their host country economies, the greater the spillovers may be, as MNEs are likely to be involved in training locals, engaging with local suppliers, and setting up production facilities.⁴³ FDI through mergers and acquisitions (M&A) rather than Greenfield investments tends to be associated with greater domestic involvement of firms, since the domestic firms involved in the merger tend to have established links to local suppliers.⁴⁴ In short, outside of the developed world, there is little evidence of intra-industry spillovers from MNEs benefiting domestic plants/firms, while there is some evidence that vertical spillovers from MNEs to domestic firms may be important.⁴⁵ Given the differences regarding the impact of MNEs on local businesses, the hypothesis drawn from these discussions is as follows:

H4: Individual attitudes towards the impact of MNEs on local businesses differ across countries with varying levels of development.

The equivocal results from the literature preclude the formulation of a more precise hypothesis. Furthermore, the aforementioned literature on vertical spillovers suggests that M&A versus Greenfield may be affecting the local businesses differently – we return to this issue in our empirical analysis.⁴⁶ However, labor market considerations, analyzed in this sub-section, likely to constitute only a part of the story

⁴² Kugler 2001; Blalock and Gertler 2003; and Javorcik 2004.

⁴³ See Beugelsdijk et al 2008, 6 for a review.

⁴⁴ Javorcik 2004; Javorcik and Spatareanu 2005; and Blomstrom and Sjöholm 1999, 917

⁴⁵ How domestic firms in developed versus developing countries fare in the presence of international business depends on other factors, including domestic credit constraints. For instance, Harrison and Macmillan find, based on data in the Ivory Coast, that “foreign enterprises crowd out domestic enterprises in the local credit markets” (2003, 98). Blonigen and Wang 2004 find FDI to be more likely to crowd out domestic investment in developed than less-developed countries. Also, productivity spillovers may have to do with the technology gap between the foreign and domestic firms, suggesting further differences between developed and developing countries. Findlay’s seminal work (1978) shows that the higher this technology gap the greater the observed spillover may be, as the relatively backward host economy is replete with opportunities for technological change and the pressure to change is all the more higher (Gorg and Greenaway 2004, 175). Yet, for this spillover to occur the technology gap between the foreign and local enterprises cannot be too wide, as in order for the technology transfer to take place the host economy has to have the ability to absorb, such as adequate human capital and sufficient infrastructure (Glass and Saggi 1998 in Gorg and Greenaway 2004, 175).

⁴⁶ While it is not implausible that individuals also consider the effect of MNEs on the economy as a whole in forming their opinions on whether MNEs are affecting local businesses adversely, given the specific nature of the question, considerations about direct and indirect labor market impact of MNEs on individuals seem more pertinent than considerations about the economy as a whole, such as MNEs boosting the country’s investment level.

Non-economic considerations in attitudes towards MNEs

As discussed in the Introduction, individuals' perceptions of whether MNEs hurt local businesses may have to do with non-economic, non-labor market, factors. This finding would be unsurprising as both the public and the scholarly debates over MNEs are concerned with the role of MNEs in the greater social fabric of their host economies. MNEs have been associated with many of the "bads" of globalization and have been at the heart of some of the most contentious debates on globalization.⁴⁷ Consider, for example, the inclusion of the trade related aspects of intellectual property rights within the framework of the WTO thanks to intense lobbying by pharmaceutical companies from Western economies. Many spectators view the inclusion of intellectual property rights over medicine as putting profits over the health of people with infectious disease in developing countries.⁴⁸ In general, globalization has often been associated with a revolution by MNEs, trumpeting state autonomy and bypassing public interests.⁴⁹ MNEs have also been recipients of public outrage against sweatshops, environmental degradation, and tax havens. Even though corporate social responsibility has become an increasingly popular mantra, the actual social contribution of MNEs continues to be disputed.⁵⁰ Given the putative notoriety of MNEs, attitudes towards MNEs can reasonably be expected to hold a strong non-economic dimension in the eyes of the public.

In order to examine the impact of non-economic factors on individual attitudes towards MNEs, we examine a number of variables. First, feelings of patriotism or nationalism could determine individual propensity to be friendly towards MNEs. Studies of individual attitudes towards dimensions of globalization, trade and immigration, show that nationalist tendencies are associated with protectionist or anti-immigration attitudes.⁵¹ Similarly, nationalist tendencies are likely to be associated with decreased propensity for positive evaluations of MNEs' impact on local businesses. Therefore:

H5: Nationalist individuals are more likely to think MNEs are harming local businesses.

⁴⁷ On these points, see Deardorff 2003.

⁴⁸ See Stiglitz 2006, Chapter 4. For a discussion of how the negative effects of MNEs are exaggerated see Wolf 2005, Chapter 11.

⁴⁹ Hertz 2001; and Monbiot 2001.

⁵⁰ *The Economist* 2008.

⁵¹ See, for instance, see Mayda and Rodrik 2002 and O'Rourke and Sinnott 2001.

Second, individuals' confidence in the workings of domestic institutions, a sign of "political trust", could also determine attitudes towards MNEs, increasing the inclination towards a benign assessment of MNEs' impact on local businesses.⁵² "Political trust" has been understood in a narrow sense as confidence in the government⁵³ as well as in a broader sense as confidence in constitutive branches of the domestic governance system.⁵⁴ A number of different variables could help infer about political trust. For instance, if individuals have some degree of confidence in the way in which democracy works, they will have confidence in their ability to affect political developments, including governmental policies towards openness to investment and the presence of MNEs. Hence confidence in democracy is likely to increase individuals' propensity to think MNEs are not harming local businesses. Given the data we utilize, we will examine individuals' trust in the way in which democracy works as a proxy for political trust.

H6: Individuals with "political trust" are more likely to think that MNEs are not harming local businesses.

Individuals' perspectives on international affairs could also affect their assessment of whether MNEs are negatively impacting local businesses. Specifically, we contend that individuals who are more prone to value cooperative arrangements with other nation-states are more likely to be favorable towards the impact of MNEs. For instance, individuals who favor governance through international institutions can be identified as holding pro-cooperation and pro-outsider (i.e. towards international organizations as well as other states) views. Conversely, individuals who think the national interest, however defined, should remain above all other considerations are likely to be (at best) sceptical of the potential intrusiveness of "foreign" institutions. Considering that MNEs are one of the key international institutions driving globalization, individual attitudes that gauge individuals' willingness for cooperative international arrangements can potentially illuminate about individual perceptions of the MNEs' impact on local businesses. In short:

⁵² Citrin 1974.

⁵³ Strokes 1962.

⁵⁴ Strokes 1962; and Hetherington 1998.

H7: Individuals that look favorably upon cooperation with international institutions are more likely to think that MNEs are not harming local businesses.

Having laid out various economic and non-economic factors that could determine individual attitudes towards MNE impact on local businesses, we now turn to the empirical analysis.

The Empirical Analysis

The data used in this study are taken from the 2003 International Social Survey Program (ISSP) dataset and are derived from individual responses to the following statement: “Large international companies are doing more and more damage to local businesses.” From responses to this question, we construct the binary dependent variable, labelled as pro-MNE, which is coded 1 where individual’s ‘disagree’ or ‘strongly disagree’ with the statement, and 0 for those who ‘agree’, ‘agree strongly’, or ‘neither agree or disagree’.⁵⁵ The dataset includes responses from 41,160 individuals from three groups of countries: a) developed countries—the United States, Canada, Japan, Australia, New Zealand, Israel and thirteen European countries; b) eight Central and Eastern European countries (CEECs)—Bulgaria, Czech Republic, Hungary, Latvia, Poland, Russia, Slovak Republic, and Slovenia; c) small, heterogeneous set of emerging economies from the developing world—South Korea, the Philippines, Chile, and South Africa.⁵⁶ While individual perceptions need not be fully aligned with actual impacts of MNEs on local businesses, the literature surveyed above suggests that we need to examine the extent to which MNE activity differs across countries with different levels of economic development. Therefore, as Table 1 shows, we analyze the data in three different sub-samples formed by grouping countries with similar economic development: developed, CEECs, and other emerging markets.

⁵⁵ Information on the dataset can be found at <http://www.issp.org/>. ISSP datasets have been used in a number of studies to evaluate individual attitudes towards political and economic issues. The ISSP distinguishes between East and West Germany and Israeli Arabs and Israeli Jews. We aggregated these data to the country level. We exclude Taiwan, as income data is unavailable from the World Development indices. We also exclude Venezuela from the analysis, as the country has been going through a substantial reduction (with some short-term increases) in the amount of FDI it receives since President Hugo Chavez took office in 1999. For instance, FDI fell from 3.7 billion dollars in 2001 to 800 million dollars in 2001 (IHT 2008). Many observers also point out that the country is a lot less welcoming to FDI than official rhetoric (until recently) would lead one to believe.

⁵⁶ The European countries included are: Austria, Denmark, Finland, France, Germany, Ireland, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

INSERT TABLE 1 ABOUT HERE

Table 1 also provides information on the extent of the outward and inward stock of foreign direct investment, as a proportion of GDP in 2002.⁵⁷ The table indicates that the average outward and inward FDI as a proportion of GDP differs substantially across the three samples in 2002. While on average net stocks from developed countries is negative, net stocks for both CEECs and other emerging markets exceed 15 per cent. Strikingly, the data on FDI stocks for each country reveal gross differences in the rate of FDI expansion between 1992-2002 across the three sub-samples. Here, FDI expansion is measured as FDI inflows (2002, in millions of US dollars) as a proportion of stocks (1992). While the average FDI expansion rate is approximately three- and four-fold, respectively, for developed countries and emerging markets, for CEECs, the same rate is approximately 22.6, owing to the rapid transition from command to market economies in the region. As we will discuss below, this stark change of events in CEECs likely plays into individual attitudes towards MNE impact on local businesses. Moreover, the table illustrates the extent to which countries and regional groupings are pro-MNE: in the developed sub-sample, almost 18 percent of the respondents look favorably upon MNEs, in the CEECs the same number is about 14 percent and in the heterogeneous group of other emerging markets (the developing countries in our sample) it is about 19 percent. Descriptive statistics, however, conceal information about the distribution of observations and are unable to control other variables, such as differences in demographic and socio-economic variables, which likely influence perceptions of how MNEs impact local firms. Hence a more complete analysis of the data is required.

We now turn to testing the hypotheses – we test them in the order necessary for the integrity of the data analysis and not in the order in which we introduced them through the literature analysis above. Hence, we first test hypothesis 4, which posited that the economic development of the country of residence would affect individual perceptions of how MNEs impact local businesses. To do so, we introduce CEEC and emerging country dummies to a base-line specification that is estimated using binary probit models with pro-MNE as the

⁵⁷ The FDI data comes from UNCTAD and the World Development Indicators.

dependent variable.⁵⁸ We also incorporate demographic factors, specifically age and gender, the log of real income, and the level of education (broken into three variables), and a set of country dummies. Definitions of variables and regionally grouped summary statistics for the full set of variables are included in Appendices I and II. Throughout the paper, for ease of interpretation, we report the findings as marginal effects – the change in probability of being pro-MNE, as defined here, to an infinitesimal change in the continuous regressor (or a unit increase in the dichotomous regressor), holding all other variables at their sample means.

INSERT TABLE 2 ABOUT HERE

Table 2, which uses developed nations as the reference group, demonstrates that being from either a CEEC or an emerging economy significantly reduces the individual perception that MNEs are not harmful to local firms. The differing magnitude of the country grouping on the dependent variable suggests that those in CEEC nations are more pessimistic about the effects of MNEs on local firms.⁵⁹ This finding provides robust statistical evidence that there are substantial differences between the groups of nations (hypothesis 4) and thus examining the data in three sub-samples of country groupings is likely to yield a richer analysis of individual attitudes towards the impact of MNEs on local businesses.

The results in Table 2 also suggest that men are less likely to consider that MNEs are harming local businesses, as are those who are younger and are better-off economically (determined by the log real income variable). The specification also illustrates that more highly educated individuals, particularly those who are COLLEGE educated, look more favorably upon the influence of MNEs on local businesses. The literature on spillovers surveyed above suggests that MNEs drive up the demand for skilled employees. Therefore, it is no surprise to find, in support of hypothesis 2, that the more skilled individuals (i.e. those that are more educated) are

⁵⁸ The results are insensitive to the use of the ordered probit estimation where the dependent variable is coded as 1, if individual's 'disagree'; 2, if they 'strongly disagree'; 3, for those who 'neither agree or disagree'; 4, for those who 'agree'; and 5 for 'agree strongly' to the question "Large international companies are doing more and more damage to local businesses."

⁵⁹ The careful reader will have noted that the descriptive statistics suggest that individuals in CEECs on average consider that big business has a less positive impact on local business than developed countries while other emerging countries have, on average, a slightly more positive view of how big business impacts local business. However, controlling for individual characteristics, both groups of less developed nations are relatively more sceptical about the benefits of big business.

more prone to be pro-MNE, as defined. At the same time, given the particular importance of education, it is plausible that it is the pro-outsider, cosmopolitan values that higher education instils in individuals that affect their attitudes towards MNEs.⁶⁰ Certainly, a richer and more nuanced examination of the economic winners and losers is required in order to tease out individual perceptions of MNE impact on host economy firms.

Economic Determinants of Individual Attitudes

The ISSP data does not provide information about whether or not individuals work for MNEs. Thus we are unable to directly address whether those individuals working for MNEs, namely the individuals who are likely to benefit most directly from MNEs, consider to the impact of MNEs on local businesses to be harmful. Fortunately, since employment in MNEs likely constitutes quite a small proportion of our sample of individuals, it is highly improbable that the findings of this study could be greatly influenced by the attitudes of MNE employees.⁶¹

Moreover, we are able to assess which individuals do *not* work for MNEs, given that the ISSP data contains detailed information on the individual's sector and type of occupation based on ISCO classifications.⁶² Hence we are able to test inferences regarding whether individuals working in different sectors/occupations, differ in their views of how MNEs impact local firms. We are able to differentiate individuals into three sectors of employment: PUBLIC, PRIVATE, and SELF-EMPLOYED. Regarding individuals' type of occupation, given sample size considerations, we utilize the aggregate groupings to construct a set of occupational dummies. These groupings consist of SENIOR employees, which typically encompasses legislators, senior officials and managers, corporate managers, and other managers; PROFESSIONALS;

⁶⁰ Education's effects of socializing individuals to think in certain ways is argued in empirical analyses by Hainmueller and Hiscox 2006; and Hainmueller and Hiscox 2007, 405 contains a review of the literature that argues for the value-forming effects of education.

⁶¹ Although the ISSP dataset does not provide us with information regarding the number of individuals employed by MNEs, we are nevertheless able to provide an estimate of the proportion of employees working for MNEs in eighteen of the countries in our sample. These eighteen countries are: thirteen developed countries (Austria, Britain, Finland, France, Germany, Ireland, Japan, the Netherlands, Norway, Portugal, Sweden, Switzerland, and the USA) and five less developed countries (Czech Republic, Hungary, the Philippines, Poland, and Slovenia). We estimate the proportion of employees working for MNEs in these countries as follows. We combine UNCTAD data on the number of MNE employees in a particular country with the total number of individuals of working age (ages 15-65) in that country based on the World Development Indicators dataset. Then, we estimate the proportion of these working age individuals employed in the private sector using the randomly sampled ISSP data. Based on these calculations, we are able to confirm that the proportion of MNE employees is quite low, making up 2.4% of the economically active, which makes up 3.9% of the private sector population (an average of 6.3% in the developed country sample and 3.0% in the less developed country samples).

⁶² The classifications come from ILO ISCO 1988 main occupational group classifications.

TECHNICAL/ASSOCIATE PROFESSIONALS; CLERICAL employees; SERVICE employees; CRAFT workers; SKILLED AGRICULTURAL workers, individuals working in the ELEMENTARY sector; PLANT workers and those who are economically INACTIVE.

Based on the earlier discussion on spillovers, we can posit the following general statements regarding how type/sector of occupation affects individual attitudes towards MNEs' impact local businesses. First, those employees in highly skilled occupations should be the greatest benefactors from the presence of MNEs (hypothesis 2). This grouping of employees generally includes those who are SENIORS but also potentially PROFESSIONALS and TECHNICAL/ASSOCIATE PROFESSIONALS.⁶³ Second, individuals who work in the PRIVATE sector and are SELF-EMPLOYED have disputably the most to gain and most to lose from the presence of MNEs. As the above discussions revealed, these individuals either benefit from the presence of MNEs through their own firms or through client firms that do business with MNEs, or they are pressured by the competitive presence of MNEs and are economically harmed (hypothesis 3). While we are not able to identify whether individuals working in the PRIVATE sector are employed by MNEs or local firms, we are able to identify individuals who are not involved in the private sector—PUBLIC sector and SOE employees. There is no obvious reason why PUBLIC sector employees would gain individually (hypothesis 1), so using the PUBLIC sector as a reference group enables us to determine whether or not PRIVATE sector employees or the SELF-EMPLOYED look favourably upon the impact of MNEs on local businesses.

INSERT TABLE 3 ABOUT HERE

Table 3 extends the baseline specification to incorporate a set of sector and occupational dummies taking those variables for which we are plausibly able to make predictions— the highly skilled SENIOR category and those working in the PRIVATE sector—as reference groups. The full sample results provide support for the hypotheses outlined above. Those employees that constitute the SENIOR category are less likely to consider MNEs as harmful to the local

⁶³ Using occupational effects in conjunction with educational outcomes, particularly for professions where there is a direct mapping between COLLEGE education and occupational choice, can be objected on the grounds that the two variables are inter-related. However, our results show that the correlation between COLLEGE qualification and PROFESSIONALS is 0.45, and the correlation between COLLEGE qualification and SENIOR employees is 0.10, suggesting the presence of dynamics other than a simple overlap between college education and choice of occupation.

businesses, while CRAFT employees are most concerned with MNEs' harmful effects on local firms relative to those in the SENIOR category. Furthermore, sentiment in the PRIVATE sector, which is composed of employees who constitute the bulk of the employment in local businesses, is less negatively inclined toward the impact of MNEs compared to GOVERNMENT. The same observation can be made about the SELF-EMPLOYED. Also, the significant impact of INCOME and EDUCATION withstand the inclusion of sector/type of occupation variables.

These results from the full sample are more robustly displayed in the developed country sub-sample. In that sample, the highly significant results obtained across types and sectors of occupation (with the exception of SOEs) demonstrates clearly that relative to the highly skilled SENIOR reference group, all occupational groups seem more likely to consider MNEs to be harmful to local business, with skilled manual workers (CRAFT) more inclined than the rest to consider MNEs as harmful.⁶⁴ The findings for CEECs generally mimic the results from the developed country sample with some differences. Although education again significantly influences individuals' perceptions, individuals with COLLEGE education are about half as inclined as their counterparts in the developed world to be pro-MNE. At the lowest education level captured, SECONDARY INCOMPLETE, individuals are about twice as likely as their counterparts in developed countries to consider MNEs' impact on local businesses to be harmful. Also, results for SELF-EMPLOYED individuals lose their significance in the CEEC sub-sample. The findings for the set of emerging economies are a lot less robust. The lack of precision in the findings undoubtedly reflects the heterogeneous nature of the sample, which contains five countries from three continents. While the sector and occupational dummies lack robust explanatory power, the results indicate that INCOME has a robust but slightly lower marginal impact on the dependent variable compared to the other sub-samples. COLLEGE education's impact is higher than in the CEEC sample.⁶⁵

⁶⁴ The capital intensive production technology combined with low skilled plant labour, synonymous with MNEs, has been seen as a primary cause for displacement of skilled blue collar workers in manufacturing in developed countries by unskilled plant workers (e.g. Garrahan, 1992).

⁶⁵ As noted earlier, we do not directly assess whether individuals also consider the effect of MNEs on the economy as a whole in forming their opinions regarding whether MNEs affect local businesses adversely. Nevertheless, we experimented with a question that could plausibly illuminate about this issue: "How proud are you of [Country] in the following? [Country's] economic achievements". We did not obtain a robust statistical relationships between answers to this questions and the dependent variable.

Non-economic determinants of individual attitudes

In Table 4, we add the variables that examine the non-economic determinants of individuals' attitudes towards the dependent variable to the specifications. We examine two variables capturing patriotic and nationalist tendencies (hypothesis 5). NATPRIDE1, asks individuals whether “[the individual] would rather be a citizen of [Country] than any other country in the world.” The variable is coded 1 for “Strongly Agree” or “Agree” and 0 for “Strongly Disagree”, “Disagree” or “Neither Agree or Disagree”. NATPRIDE2 supplies information regarding how individuals perceive their country in relation to other countries based on the following question: “Generally speaking, [Country] is better than most other countries.” and is coded analogously to NATPRIDE1. Patriotism and nationalism can be differentiated by the extent to which the individual is proud of one's nation (patriotism) versus the extent to which the individual sees her country as superior to other countries (nationalism).⁶⁶ In this regard, NATPRIDE1 is more inclined to capture patriotism; where as, NATPRIDE2 is more likely to capture nationalism. Both of these variables increase individual propensity to think that MNEs are harming local businesses in both developed countries and CEECs. The variables are insignificant for the emerging country sub-sample.

In addition, we examine the extent to which democracy, seen as a component of “political trust”, affects pro-MNE (hypothesis 6).⁶⁷ Specifically, we examine the answers to the following question: “How proud are you of [Country] in the following way? The way democracy works” (the variable is coded analogously to the nationalism/patriotism variables). This question is particularly pertinent for developed countries with advanced democracies. The results provide some support for this point: in developed countries, pride in the way in which democracy works increases individual propensity to think that the MNEs are not harming local businesses.

We also analyze two additional variables that shed light on how individuals' attitudes towards international relations affect their attitudes towards MNEs' impact on the local firms (hypothesis 7). INTERESTS variable is based on: “[Country] should follow its own interests, even if that leads to conflicts with other nations.” It is coded the same way as the three variables above. Mayda and Rodrik interpret this variable, which they use in their study of individual

⁶⁶ On this point see Druckman 1994, 46; Hoffman 1998, 200-1. In both accounts, nationalism is considered to embody more negative and exclusionary attitudes towards other nations than patriotism.

⁶⁷ Citrin 1974.

attitudes towards trade, as the application of a “nationalistic stand to a practical situation.”⁶⁸ We interpret this question slightly differently in the sense that it likely reflects attitudes that conform to a realist perspective on international affairs given the emphasis in the question on the notion of ‘interests’.⁶⁹ Individuals who answer the INTERESTS question affirmatively could interpret MNEs as infringements on national autonomy of states (which could be seen as an extension of a nationalism, or, as in our interpretation, simply as a view of inter-state affairs). Our results show that this variable is significant and exerts a negative impact on the dependent variable. Across the three types of economies examined, those that answer affirmatively to the INTERESTS question have the propensity to think that MNEs harm local businesses.

The INTERNATIONAL ACTION variable allows us to relate the information on how individuals conceive international institutions to their sentiment on MNEs’ influence on local firms: “How much do you agree or disagree with the following statement? For certain problems, like environmental pollution, international bodies should have the right to enforce solutions.” It is coded 1 if “Strongly Disagree” or “Disagree”, 0 if “Strongly Agree”, “Agree”, “Neither Agree or Disagree”. We consider this variable to indicate an inclination for multilateral governance and thus positive feelings regarding the prospects for international cooperation. Hence INTERESTS and INTERNATIONAL ACTION variables are expected to act in opposite directions. Results confirm this expectation. INTERNATIONAL ACTION exerts a significant and positive impact on the dependent variable both in developed and emerging economies, while it is insignificant in CEECs. In developed and emerging economies, thinking that international institutions should govern on certain issues increases individual propensity to think that MNEs are not harming local businesses. Overall, these two variables show that attitudes towards international relations impact upon individual attitudes towards MNEs (hypothesis 7). This is a finding that is expected in that sense that MNEs are influential actors in contemporary global politics.

With the addition of non-economic factors to previous specifications, as Table 4 demonstrates, education loses its significance in CEECs, while only COLLEGE education

⁶⁸ Mayda and Rodrik 2005.

⁶⁹ Despite debates over what exactly constitutes national interest, the emphasis on interest and national interest is critical to various realist approaches (e.g. see Waltz 1979; Carr 1939).

retains significance in other emerging economies. INCOME retains its significant impact across the board, as do sector/type of occupation classifications.⁷⁰

INSERT TABLE 4 ABOUT HERE

Extension I: Interpretations of ‘Economic’ Variables

In an important contribution, Hainmueller and Hiscox provide evidence, in the context of trade, that education should not be viewed purely as a measure of skill.⁷¹ They argue that the impact of education has more to do with ideas and information than education being a proxy for skill-level and hence an indicator of the individual’s labor market expectations.⁷² Given the lack of scholarly consensus concerning the precise impact of MNEs on local businesses, it is hard to extend these authors’ argument from the realm of trade to the issue of FDI and argue that with greater knowledge, college educated individuals will be more pro-FDI and hence pro-MNE. Nonetheless, it is possible to examine their wider thesis that education is not merely about skill-acquisition, but that it also imparts certain cultural and ideological elements on to individuals.

In order to explore the cultural and ideological elements of education, following Hainmueller and Hiscox, we estimate the model using retired individuals. However, for these retired individuals, we also include their last (prior to retirement) sector of employment and type of occupation as explanatory variables. Our rationale is that it is difficult to conceive that individuals radically alter their attitudes upon retiring. Indeed there is a considerable sociological literature that illustrates how institutions of employment and careers mould individuals’ perspectives.⁷³ Hence earlier work on individual attitudes towards globalization may be picking up, to some extent at least, the habitual behaviours and preferences of individuals formed during

⁷⁰ In addition, to confirm the robustness of the findings, we examine a variety of specifications that exclude some individual countries based on their level of restrictions to FDI. It is possible that variation in government restrictions to FDI influence individual attitudes towards MNEs, since studies have shown that FDI restrictions can affect the extent of investment in a country (see, e.g., Nicolletti *et al.* 2003). Alternatively, restrictions may themselves reflect public attitudes via voter impact on governmental policies. Golub (2008) finds that the Philippines had substantially higher barriers to FDI in services in 2004-5. Earlier work showed that Canada exhibited the highest level of FDI protection amongst the OECD countries in 1983-2000 (Golub 2003), and Russia also remains more protected compared to other countries in our samples (Koyama and Golub 2006). Given that the Philippines, Canada, and Russia exhibit relatively higher levels of FDI restriction, we re-estimated each of the specifications included in this paper by excluding these countries. Our key findings were robust to the exclusion of these countries from the samples.

⁷¹ Hainmueller and Hiscox 2006.

⁷² Scheve and Slaughter 2001a, 2001b.

⁷³ A classic reference is Grey 1994.

labor market tenure, rather than a higher degree of awareness provided by college education. Since the ISSP dataset contains information on individuals' occupations prior to retirement, we are able to operationalize this hypothesis.

Table 5 provides the results for retired individuals using the rich final specification incorporating economic and non-economic factors applied in Table 4. Examining the full sample, the findings provide vindication for the Hainmueller and Hiscox thesis within the confines of this paper: the education variable remains robustly positive and exhibits a relatively greater impact on the dependent variable than in previous regressions (the coefficient on COLLEGE, for example, shifts from 0.086 for the full sample to 0.124 for retired individuals). There is also support for the hypothesis that occupational memory influences perceptions as a number of the occupational dummies continue to influence individuals' perceptions even after retirement. Moreover, PUBLIC employees remain significantly less enchanted with the prompt that MNEs are not harming local business. Overall, despite the different composition of the retired sample, a number of propositions related to the impact of sector/type of occupation on the dependent variable remain consistent across specifications.

INSERT TABLE 5 ABOUT HERE

Extensions II: Forms of FDI

Theoretical and empirical work reviewed argued that different forms of FDI influence local businesses in potentially quite different ways. As discussed above, the distinction regarding the type of FDI is highlighted in the literature on technological spillovers with an emphasis on the notion that M&As are more likely to tap into existing linkages among local firms. In this regard, M&A investments promise relatively greater spillovers to domestic firms, and hence M&As are potentially more beneficial for the local economy. Furthermore, if the foreign company was previously exporting to the country but has now acquired a local company through M&A, then domestic competition is reduced. This kind of an effect through M&A is undesirable when viewed from the perspective of competition, but desirable viewed from the perspective of local business owners or local spectators. Also, if the M&A transfers technology to the acquired domestic firm from the parent firm, then MNEs affect local businesses positively. Given the suggested differences over the impact of M&A versus Greenfield, we analyze the extent to

which these differences influence individual perceptions of MNEs' impact on local firms. To do so, using country-level data from UNCTAD, we derived variables to capture the relative extent of inward M&A (in billions) and Greenfield investments (number of sites) as a proportion of total inward FDI.⁷⁴

Although the specific literature reviewed in this paper suggests that the extent of M&A investments, relative to extent of Greenfield investment, should lead to individuals being more likely to consider the MNEs' impact on local firms in positive light, from the perspective of individuals, the story could be different. First, Greenfield investment adds new capacity to the economy, whereas M&A indicates a change of ownership. Thus, from an economic perspective, individuals may perceive the impact of Greenfield investments to be more positive, as they observe the building of new infrastructure and the creation of new jobs given the creation of business from scratch. Moreover, M&A often leads to restructuring and layoffs ("rationalization"), especially in developed countries where labor costs are higher, whereas Greenfield leads to visible job creation through labor recruitment.⁷⁵ Also, we indicated above that if the company was previously exporting to the country, M&A can reduce competition in the domestic economy. Yet, foreign firms may be more directly competing with local firms through buying out local firms rather than relying on their own branding through export.⁷⁶ Moreover, Heyman et al provide evidence, in the context of Sweden only, that Greenfields tend to pay higher wage premium than M&A. While the extent to which this finding is generalizable remains unclear, it provides yet another rationale for the individual to consider Greenfield more desirable than M&A.⁷⁷ Finally, from an emotional perspective too, M&A versus Greenfield are likely to have divergent influences on individual propensity to think positively of MNEs. While the former could simply be regarded as de-nationalization of local business, the latter could lead to perceptions of co-existence of local and international business.

INSERT TABLE 6 ABOUT HERE

⁷⁴ For an analysis of which mode of entry, M&A or Greenfield, that firms and governments of host countries prefer, see, for instance, Mattoo et al. 2001.

⁷⁵ Sauvart 2008, 10.

⁷⁶ See, e.g., Meyer and Tran 2006. Looking at the market entry strategies of Carlsberg Breweries in four emerging markets, they illustrate that the firm uses what they term two-tier branding and acquisition strategies, where the firm sells its premium brand but purchases local companies to sell to the mass market.

⁷⁷ Heyman et al 2007.

Given the various potential differences between the two investment forms, using identical specification to Table 4, we run a series of estimations that include variables capturing M&A and GREENFIELD that are summarized in Table 6. The full set of estimates are in Appendix B. Since the units differ between the two variables, the variables are transformed into log form to allow direct comparisons of the variables' impact on the dependent variable. For the full sample, the greater the relative M&A expenditure, the more likely it is that people consider MNEs to be harming local businesses. Comparing across columns illustrates that it is the preferences of those living in developed economies that drive this result. The magnitude of the effect in developed nations, as well as being oppositely signed, is larger than in the other country groupings. GREENFIELD investments are positively conceived in developed nations, CEECs, and other emerging markets.

Conclusion

Even though MNEs and FDI are critical components of globalization in the eyes of voters, there exists scant systematic work on individual attitudes towards MNEs. In this paper, we studied the variation in individual attitudes towards MNEs in various developed and developing countries, distinguishing between CEECs and other emerging markets. We analyzed how these attitudes are determined by a rich set of economic and non-economic factors. To highlight some key findings, as expected from the economic literature, high-skilled individuals working as senior-level managers, legislators, and officials are more inclined to think MNEs do not negatively impact local businesses, so are individuals who are economically better-off and well educated. Moreover, the paper illuminates aspects of individual attitudes that cannot be anticipated from this literature given the somewhat equivocal conclusions this literature provides. For instance, employees of the private sector are less prone to think MNEs are adversely impacting local businesses than employees of the public sector. In general, the paper provides a rich picture of how occupation type/sector affects individual attitudes towards the impact of MNEs on local business. The results also demonstrate that men and the relatively young are less likely to think that MNEs are damaging local businesses. Additionally, a number of differences across country groupings exist. Particularly, in CEECs various groups tend to be relatively more sceptical about MNEs, with education not playing a robust role once non-economic factors are introduced into

the specifications. Furthermore, the paper provides evidence that a retired individual's last sector/type of occupation has a lingering effect on the person's perspective on MNEs' impact. Finally, the paper shows that type of FDI (M&A versus Greenfield investment) influences individual attitudes towards the impact of MNEs on local businesses. In the developed world, M&A affects individual opinions negatively, whereas in less developed countries are more positive. In contrast, Greenfield investments are perceived as being beneficial across developed and developing countries. Future studies could build upon this paper to examine other aspects of the issue of how voters perceive MNEs' influence on local firms. For instance, future work could explore how public or official relations with prominent MNEs affect individual attitudes in specific countries. It would be interesting to see how elite rhetoric and policy orientation towards MNEs play into individual attitudes. While the issue of how MNEs impact local firms is pivotal, other dimensions of the voter opinion on MNEs could be considered. Addressing these other issues awaits the availability of rich, well-specified survey data. Given the enhanced levels of scepticism about globalization, further research on understanding the determinants of anti-globalization views, as well as contemplating the right set of mechanisms to provide an outlet for these views, seem pressing priorities for research and policy.

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Table 1: Foreign direct investment and MNE sentiment (in percentage terms)

Country	Outward	Inward	Net Flow	Growth*	Pro -MNE	Country	Outward	Inward	Net Flow	Growth*	Pro -MNE
Australia (AU)	27.1	41.1	14	1.9	6.1	Bulgaria (BG)	0.7	26.4	25.7	19.4	28.4
Austria (AT)	23.3	21.6	-1.7	3.6	15.5	Czech Republic (CZ)	1.5	42.6	41.1	13.4	12.9
Canada (CA)	37.1	30.5	-6.6	2.1	13.4	Hungary (HU)	4.2	43.1	38.9	10.6	7.2
Denmark (DK)	28.3	29.8	1.5	5.8	29.6	Latvia (LV)	3.4	29.5	26.1	15.6	11.4
Finland (FI)	43.5	30.1	-13.4	9.2	19.4	Poland (PL)	0.6	21.7	21.1	35.3	10.8
France (FR)	41.1	29.1	-12	3.0	8.0	Russia (RU)	4.9	7.2	2.3	998.4	14.9
Germany (DE)	30.8	12.9	-17.9	2.5	21.8	Slovak Republic (SK)	2	25.6	23.6	8.9	8.8
United Kingdom (UK)	64.8	36.3	-28.5	3.0	7.9	Slovenia (SI)	4.4	15.5	11.1	10.1	20.9
Ireland (IE)	52.9	126.3	73.4	4.5	37.4	AVERAGE (CEEC)	2.7	26.5	23.7	22.6	14.4
Israel (IL)	7.5	18.6	11.1	5.4	26.8						
Japan (JP)	7.9	2.1	-20.2	5.0	26.6	Chile (CL)	20.2	69.7	49.5	3.7	13.2
Netherlands (NL)	94.4	74.2	-20.2	4.7	24.0	Philippines (PH)	2.1	17.1	15.0	3.0	23.0
New Zealand (NZ)	9.7	46.8	37.1	2.4	16.3	South Africa (ZA)	16.1	29	12.9	2.8	27.2
Norway (NO)	28.8	20.4	-8.4	1.8	20.7	South Korea (KR)	5.4	7.4	2.0	6.6	22.5
Portugal (PT)	24.8	35.4	10.6	3.0	9.0	Uruguay (UY)	1.4	21.8	20.4	2.0	10.2
Spain (ES)	29.5	25.8	-3.7	2.4	9.3	AVERAGE (Emerging)	9.0	29.0	20.0	4.3	19.2
Sweden (SE)	47	58.9	11.9	8.5	19.3						
Switzerland (CH)	109.8	50.6	-59.2	3.8	22.9						
United States (US)	17.2	12.6	-4.6	3.1	14.4						
AVERAGE	38.2	37.0	-1.9	3.1	18.3	AVERAGE (non-DC)	5.9	27.7	18.5	13.5	16.8

Source: Outward and inward investment stocks as a proportion of GDP (UNCTAD); Proportion of Pro-MNE (ISSP).

Note: * 'Growth' refers to the growth of FDI between 1992 and 2002. Outward and inward investment stocks as a proportion of GDP relate to 2002 or the closest available year.

Table 2. Base line model

<i>Dependent variable: Pro-MNE</i>		Coeff	z-stat
<i>Age</i>	AGE	-0.001	(4.70)
<i>Sex</i>	MALE	0.041	(8.66)
<i>Income</i>	log(Real income)	0.033	(9.59)
<i>Education</i>	SECONDARY INCOMPLETE	0.019	(2.72)
<i>(Ref. Uneducated)</i>	HIGH SCHOOL	0.062	(6.88)
	COLLEGE	0.111	(11.63)
<i>Grouping</i>	Central and Eastern Europe	-0.120	(6.27)
<i>(ref. Developed Countries)</i>	Emerging Countries	-0.079	(4.03)
Country dummies		YES	
No. obs		32,487	
Log pseudolikelihood		-14,264	
Pseudo R ²		0.083	

Notes: For probit estimations, coefficients are estimated marginal effects ($\partial F / \partial x_k$), i.e., the marginal effect of $\Pr(y = 1)$ given a unit increase in the value of the relevant dichotomous regressor (∂x_k) holding all other regressors at their sample means. The discrete change in probability is reported for binary regressors. z-statistics are reported and are derived using robust standard errors.

Table 3: Economic factors

<i>Dependent variable: Pro-MNE</i>		(i)		(ii)		(iii)		(iv)	
		Full Sample		Developed Countries		Central & Eastern Europe		Emerging Economies	
		Coeff	z-stat	Coeff	z-stat	Coeff	z-stat	Coeff	z-stat
<i>Age</i>	AGE	-0.001	(2.06)	-0.001	(2.77)	-0.001	(2.14)	0.001	(1.17)
<i>Sex</i>	MALE	0.038	(6.32)	0.049	(6.61)	0.026	(5.55)	0.026	(1.52)
<i>Income</i>	log(Real Income)	0.032	(6.07)	0.034	(5.74)	0.039	(4.38)	0.021	(2.69)
<i>Education</i>	SECONDARY INCOMPLETE	0.019	(2.48)	0.020	(2.67)	0.041	(3.43)	0.007	(0.51)
<i>(Ref. Uneducated)</i>	HIGH SCHOOL	0.063	(5.02)	0.068	(4.17)	0.051	(2.76)	0.056	(2.42)
	COLLEGE	0.119	(9.03)	0.119	(7.50)	0.066	(3.44)	0.110	(3.30)
<i>Occupation</i>	PROF	-0.009	(0.77)	-0.048	(4.14)	-0.040	(2.22)	-0.003	(0.15)
<i>(Ref. Senior)</i>	TECH/ASSOC PROF	0.006	(0.58)	-0.046	(4.13)	-0.044	(3.31)	0.059	(1.84)
	CLERK	0.005	(0.54)	-0.029	(2.68)	-0.051	(3.98)	-0.012	(0.34)
	SERVICE	-0.009	(0.82)	-0.057	(4.06)	-0.061	(3.59)	0.031	(1.13)
	CRAFT	-0.046	(2.90)	-0.093	(6.24)	-0.054	(2.49)	-0.016	(0.26)
	SKILLED AGRI	0.022	(1.87)	-0.018	(1.09)	-0.034	(2.09)	0.011	(0.37)
	PLANT	-0.014	(1.52)	-0.064	(6.88)	-0.056	(3.64)	0.022	(1.18)
	ELEMENTARY	-0.016	(1.20)	-0.075	(6.02)	-0.068	(3.64)	0.022	(0.53)
	INACTIVE	-0.063	(4.68)	-0.069	(5.85)	-0.056	(2.43)	-0.010	(0.16)
<i>Sector</i>	SOE	0.005	(0.40)	0.016	(0.78)	-0.003	(0.21)	0.011	(0.61)
<i>(Ref. Public)</i>	PRIVATE	0.032	(4.37)	0.034	(3.43)	0.029	(4.84)	0.022	(1.32)
	SELF EMPLOYED	0.049	(5.58)	0.052	(4.60)	0.007	(0.76)	0.014	(0.95)
Country dummies		YES		YES		YES		YES	
No. obs		31,501		17,150		6,698		7,653	
Log pseudolikelihood		-13,813		-7,260		-2,493		-3944	
Pseudo R ²		0.086		0.095		0.072		0.074	

Notes: See Table 1.

Table 4. Economic and Non-Economic factors

<i>Dependent variable: Pro-MNE</i>		(i)		(ii)		(iii)		(iv)	
		Full Sample		Developed Countries		Central & Eastern Europe		Emerging Economies	
		Coeff	z-stat	Coeff	z-stat	Coeff	z-stat	Coeff	z-stat
<i>Age</i>	AGE	0.000	(1.40)	-0.001	(1.90)	-0.001	(0.80)	0.001	(1.11)
<i>Sex</i>	MALE	0.043	(6.97)	0.048	(6.17)	0.031	(3.45)	0.038	(2.09)
<i>Income</i>	log(Real Income)	0.030	(5.59)	0.037	(5.95)	0.036	(3.96)	0.016	(1.53)
<i>Education</i> (<i>Ref. Uneducated</i>)	SECONDARY INCOMPLETE	0.011	(1.37)	0.017	(2.26)	0.008	(0.50)	-0.005	(0.46)
	HIGH SCHOOL	0.046	(4.31)	0.063	(4.25)	0.015	(0.74)	0.044	(2.02)
<i>Nationalist</i>	COLLEGE	0.086	(7.46)	0.104	(7.46)	0.025	(1.15)	0.095	(2.75)
	NATPRIDE1	-0.046	(5.51)	-0.050	(4.91)	-0.064	(4.99)	-0.001	(0.20)
<i>Institutional</i>	NATPRIDE2	-0.019	(2.91)	-0.017	(2.19)	-0.037	(3.57)	-0.013	(1.02)
	INTERESTS	-0.042	(5.09)	-0.027	(2.75)	-0.056	(3.07)	-0.063	(3.61)
<i>Democracy</i>	INTERNATIONAL ACTION	0.086	(4.49)	0.105	(4.79)	0.051	(1.30)	0.026	(0.50)
	DEMOCR	0.012	(1.40)	0.019	(1.94)	0.023	(1.27)	-0.022	(1.33)
<i>Occupation</i> (<i>Ref. Senior</i>)	PROF	-0.049	(4.46)	-0.052	(4.12)	-0.053	(2.15)	-0.006	(0.20)
	TECH/ASSOC PROF	-0.036	(3.35)	-0.044	(3.96)	-0.045	(1.92)	0.042	(1.08)
	CLERK	-0.041	(4.12)	-0.032	(2.77)	-0.057	(3.58)	-0.026	(0.62)
	SERVICE	-0.049	(4.13)	-0.052	(3.59)	-0.060	(2.74)	0.014	(0.43)
	SKILLED AGRI	-0.028	(2.03)	-0.017	(0.95)	-0.053	(2.25)	0.004	(0.10)
	CRAFT	-0.075	(7.72)	-0.077	(8.94)	-0.079	(3.96)	-0.016	(0.30)
	PLANT	-0.066	(6.84)	-0.075	(6.96)	-0.063	(2.84)	0.000	(0.02)
	ELEMENTARY	-0.058	(3.29)	-0.075	(4.72)	-0.069	(2.00)	0.024	(0.44)
<i>Sector</i> (<i>Ref. Public</i>)	INACTIVE	-0.071	(4.24)	-0.090	(5.93)	-0.049	(2.05)	-0.008	(0.12)
	SOE	0.010	(0.72)	0.016	(0.70)	-0.003	(0.24)	0.025	(1.18)
	PRIVATE	0.035	(4.26)	0.036	(3.33)	0.024	(2.55)	0.025	(1.14)
	SELF EMPLOYED	0.042	(4.26)	0.053	(4.08)	0.004	(0.36)	0.016	(0.88)
Country dummies		YES		YES		YES		YES	
No. obs		26,674		15,160		5,460		5,979	
Log pseudolikelihood		-11,597		-6,495		-1,998		-3,020	
Pseudo R ²		0.099		0.103		0.097		0.087	

Notes: See Table 1.

Table 5. Retired individuals

		(i)		(ii)		(iii)		(iv)	
		Full		Developed		Central & Eastern		Emerging	
		Sample		Countries		Europe		Economies	
		Coeff	z-stat	Coeff	z-stat	Coeff	z-stat	Coeff	z-stat
<i>Age</i>	AGE	-0.001	(1.71)	-0.002	(2.54)	0.000	(0.14)	-0.002	(0.45)
<i>Sex</i>	MALE	0.042	(3.46)	0.060	(5.27)	0.005	(0.16)	0.039	(0.93)
<i>Income</i>	log(Real Income)	0.030	(3.12)	0.027	(2.06)	0.029	(1.55)	0.022	(1.05)
<i>Education</i>	SECONDARY INCOMPLETE	0.040	(3.53)	0.030	(2.00)	0.025	(2.32)	0.165	(2.73)
<i>(Ref. Uneducated)</i>	HIGH SCHOOL	0.074	(3.93)	0.081	(3.17)	0.058	(1.79)	0.083	(1.52)
	COLLEGE	0.127	(4.46)	0.143	(4.28)	0.089	(1.69)	0.186	(1.34)
<i>Nationalist</i>	NATPRIDE1	-0.064	(4.67)	-0.060	(3.30)	-0.074	(3.91)	-0.030	(2.19)
	NATPRIDE2	-0.009	(0.81)	-0.022	(1.69)	-0.009	(0.39)	0.042	(1.68)
<i>Institutional</i>	INTERESTS	-0.040	(3.17)	-0.030	(2.23)	-0.044	(1.66)	-0.077	(4.49)
	INTERNATIONAL ACTION	0.105	(3.64)	0.145	(3.94)	-0.020	(0.37)	0.083	(1.80)
<i>Democracy</i>	DEMOCR	0.006	(0.44)	-0.011	(0.66)	0.048	(2.00)	-0.026	(1.44)
<i>Occupation</i>	PROF	-0.051	(2.42)	-0.050	(1.80)	-0.032	(1.24)	-0.015	(0.20)
<i>(Ref. Senior)</i>	TECH/ASSOC PROF	0.002	(0.07)	-0.004	(0.14)	0.025	(0.04)	0.175	(2.68)
	CLERK	0.007	(0.32)	0.008	(0.27)	0.044	(0.21)	-0.004	(0.07)
	SERVICE	-0.003	(0.14)	-0.031	(1.37)	0.044	(0.23)	0.138	(2.75)
	CRAFT	-0.034	(2.38)	-0.042	(2.33)	0.007	(0.71)	-0.031	(0.89)
	PLANT	-0.035	(1.43)	-0.063	(2.27)	0.023	(0.13)	-0.010	(0.22)
	ELEMENTARY	-0.014	(0.64)	-0.048	(2.20)	0.056	(0.45)	-0.024	(0.53)
<i>Sector</i>	SOE	-0.002	(0.05)	0.018	(0.50)	-0.002	(0.48)	-0.046	(0.76)
<i>(Ref. Public)</i>	PRIVATE	0.033	(1.93)	0.051	(3.01)	0.005	(2.01)	0.034	(0.47)
	SELF EMPLOYED	0.038	(1.61)	0.051	(1.65)	0.048	(0.61)	0.016	(0.34)
Country dummies		YES		YES		YES		YES	
No. obs		4,914		2,908		1,483		523	
Log pseudolikelihood		-1.598		-1.067		-445		-230	
Pseudo R ²		0.130		0.157		0.122		0.079	

Notes: See Table 1.

Table 6. Merger and Acquisition vs. Greenfield based Foreign Direct Investment

<i>Dependent variable: Pro-MNE</i>		(i)		(ii)		(iii)		(iv)	
		Full Sample		Developed Countries		Central & Eastern Europe		Emerging Economies	
		Coeff	z-stat	Coeff	z-stat	Coeff	z-stat	Coeff	z-stat
	M&A	-0.004 (12.35)		-0.045 (10.92)		0.051 (10.92)		0.059 (2.82)	
Log pseudolikelihood		-11597		-6459		-1998		-2303	
Pseudo R ²		0.099		0.104		0.097		0.047	
N		26,674		15,235		5,450		4,922	
	GREENFIELD	0.007 (9.24)		0.005 (6.67)		0.002 (8.54)		0.017 (5.09)	
Log pseudolikelihood		-11597		-6459		-1998		-3020	
Pseudo R ²		0.088		0.104		0.097		0.087	
N		26,674		15,235		5,450		4,922	

Note: Results are summary estimates from eight separate regressions - four with M&A incorporated into the analysis and four with Greenfield investment – which, other than the inclusion of these investment variables, employ a specification that is identical to the one in Table 4. The full set of results are provided in Appendix B. M&A is measured as the total national inward M&A (in billions) divided by the extent of FDI. The quotient is then taken as a proportion of GDP.

Sources: Cross-Border M&A database and Inward FDI to GDP ratios come from UNCTAD Country Profiles (US dollars at current prices for both sources). Data on the number of Greenfield sites was taken from the World Investment Report (2005).

Appendix I. Variables descriptions

Variables		Coding	ISSP
promne	Pro-MNE	Large international companies are more damage to local businesses	v41
Age	AGE	From 18 years of age.	age
Sex	MALE	Gender; coded 1 if male, and 0 if female.	sex
Income	log(Real income)	income PPP adjustment using WDI PPP conversion factors	income
Education	SCHOOLING	Years of full-time education (capped at twenty years). Those with no formal education are coded as 0.	educyr
	SECONDARY INCOMPLETE	Highest educational attainment; coded 1 if incomplete secondary education, and 0 otherwise.	degree
	HIGH SCHOOL	Highest educational attainment; coded 1 if complete secondary education, and 0 otherwise.	degree
	COLLEGE	Highest educational attainment; coded 1 if complete tertiary, and 0 otherwise.	degree
Nationalist	NATPRIDE1	"I would rather be a citizen of [Country] than any other county in the world." Code 1 for "Strongly Agree" or "Agree" and 0 if "Strongly Disagree", "Disagree" or "Neither Agree or Disagree".	v19
	NATPRIDE2	"Generally speaking, [Country] is better than most other countries." Code 1 for "Strongly Agree" or "Agree" and 0 if "Strongly Disagree", "Disagree" or "Neither Agree or Disagree".	v22
Institutional	INTERESTS	"[Country] should follow its own interests, even if that lead to conflicts with other nations." Coded 1 for "Strongly Agree" or "Agree" and 0 if "Strongly Disagree", "Disagree" or "Neither Agree or Disagree".	v38
	INTERNATIONAL ACTION	How much do you agree of disagree with the following statement? For certain problems, like the environment pollution, international bodies should have the right to enforce solutions. Coded 1 if "Strongly Disagree" or "Disagree", 0 if "Strongly Agree", "Agree", "Neither Agree of Disagree".	v37
Democracy	DEMOCR	How proud are you of [Country] in the following? The way democracy works. Coded 1 if "Very Proud" or "Somewhat Proud", and 0 if "Not very Proud" or "Not Proud at All".	v26
Sector of employment	PUBLIC	Currently employed in the public sector.	wrktype*
	PRIVATE	Currently employed in the private sector.	wrktype
Occupation	SELF EMPLOYED	Currently self employed.	wrktype
	SENIOR	Legislators, senior official and managers (ISCO classifications).	isco88b
	PROFESSIONALS	Professionals (ISCO classifications).	isco88b
	TECHNICIANS/ASSOC PROF	Technicians and associated professionals (ISCO classifications).	isco88b
	CLERKS	Clerks (ISCO classifications).	isco88b
	SERVICE WORKERS	Service workers and market sales workers (ISCO classifications).	isco88b
	SKILL AGRI	Skilled agriculture and fisheries (ISCO classifications).	isco88b
	CRAFT	Craft and related trades (ISCO classifications).	isco88b
PLANT	Elementary Occupations (ISCO classifications).	isco88b	
INACTIVE	Not employed		

Table A.II Summary Statistics

Full Sample		No Obs	Mean	Std Dev.	Min	Max	Developed		No Obs	Mean	Std Dev.	Min	Max
	Pro-MNEs	41,160	0.19	0.39	0	1		Pro-MNEs	21,255	0.17	0.38	0	1
Age	AGE	45,195	46.15	17.13	18	98	Age	AGE	23,249	48.29	16.90	18	98
Sex	MALE	45,502	0.46	0.50	0	1	Sex	MALE	23,445	0.47	0.50	0	1
Income	log(Real income)	35,882	7.32	2.31	-1.14	12.82	Income	log(Real income)	19,270	8.40	2.21	-0.02	12.82
Education	SECONDARY INCOMPLETE	45,502	0.43	0.49	0	1	Education	SECONDARY INCOMPLETE	23,445	0.37	0.48	0	1
(Ref. Uneducated)	HIGH SCHOOL	45,502	0.16	0.37	0	1	(Ref. Uneducated)	HIGH SCHOOL	23,445	0.18	0.39	0	1
	COLLEGE	45,502	0.15	0.36	0	1		COLLEGE	23,445	0.17	0.37	0	1
Nationalist	NATPRIDE1	44,160	0.75	0.43	0	3	Nationalist	NATPRIDE1	22,682	0.74	0.44	0	1
	NATPRIDE2	43,286	0.54	0.50	0	5		NATPRIDE2	22,410	0.58	0.49	0	1
Institutional	ENVIRON	42,639	0.52	0.50	0	5	Institutional	ENVIRON	22,084	0.49	0.50	0	1
	INTERNATIONAL ACTION	40,045	0.03	0.16	0	5		INTERNATIONAL ACTION	21,860	0.03	0.18	0	1
Democracy	DEMOCR	42,121	0.54	0.50	0	5	Democracy	DEMOCR	21,685	0.69	0.46	0	1
Occupation	SENIOR	44,478	0.07	0.26	0	1	Occupation	SENIOR	23,197	0.09	0.29	0	1
	PROFESSIONALS	44,478	0.12	0.32	0	1		PROFESSIONALS	23,197	0.13	0.34	0	1
	TECHNICIANS/ASSOC PROF	44,478	0.12	0.32	0	1		TECHNICIANS/ASSOC PROF	23,197	0.13	0.34	0	1
	CLERKS	44,478	0.09	0.29	0	1		CLERKS	23,197	0.11	0.31	0	1
	SERVICE WORKERS	44,478	0.11	0.31	0	1		SERVICE WORKERS	23,197	0.12	0.32	0	1
	SKILL AGRI	44,478	0.03	0.17	0	1		SKILL AGRI	23,197	0.03	0.16	0	1
	CRAFT	44,478	0.11	0.31	0	1		CRAFT	23,197	0.10	0.30	0	1
	PLANT	44,478	0.06	0.24	0	1		PLANT	23,197	0.06	0.23	0	1
	ELEMENTARY	44,161	0.09	0.29	0	1		ELEMENTARY	23,197	0.06	0.25	0	1
	INACTIVE	44,478	0.20	0.40	0	1		INACTIVE	23,003	0.16	0.37	0	1
Sector	PUBLIC	44,767	0.17	0.38	0	1	Sector	PUBLIC	23,197	0.19	0.39	0	1
	PUBLIC - SOE	44,767	0.08	0.28	0	1		PUBLIC - SOE	23,151	0.06	0.25	0	1
	PRIVATE	44,767	0.40	0.49	0	1		PRIVATE	23,151	0.48	0.50	0	1
	SELF EMPLOYED	44,767	0.11	0.32	0	1		SELF EMPLOYED	23,151	0.12	0.32	0	1
Form of Investment	M&A	45502	5.76	1.88	-0.61	9.79	Form of Investment	M&A	23,151	6.57	1.58	4.19	9.79
	GREENFIELD	45502	1.29	1.38	-1.70	4.14		GREENFIELD	23,445	1.31	1.25	-0.35	4.14

Table A.II. Summary Statistics (con't)

Central and Eastern Europe		No Obs	Mean	Std Dev.	Min	Max
	Pro-MNEs	9,069	0.14	0.35	0	1
Age	AGE	10,093	46.07	17.49	18	97
Sex	MALE	10,171	0.42	0.49	0	1
Income	log(Real income)	8,220	6.55	0.78	2.03	10.01
Education	SECONDARY INCOMPLETE	10,171	0.55	0.50	0	1
(Ref. Uneducated)	HIGH SCHOOL	10,171	0.16	0.36	0	1
	COLLEGE	10,171	0.13	0.33	0	1
Nationalist	NATPRIDE1	9,783	0.72	0.45	0	1
	NATPRIDE2	9,383	0.35	0.48	0	1
Institutional	ENVIRON	9,332	0.51	0.50	0	1
	INTERNATIONAL ACTION	9,195	0.02	0.13	0	1
Democracy	DEMOCR	9,218	0.24	0.42	0	1
Occupation	SENIOR	9,465	0.05	0.22	0	1
	PROFESSIONALS	9,465	0.13	0.33	0	1
	TECHNICIANS/ASSOC PROF	9,465	0.14	0.34	0	1
	CLERKS	9,465	0.07	0.26	0	1
	SERVICE WORKERS	9,465	0.11	0.31	0	1
	SKILL AGRI	9,465	0.03	0.17	0	1
	CRAFT	9,465	0.17	0.38	0	1
	PLANT	9,465	0.09	0.28	0	1
	ELEMENTARY	9,465	0.10	0.31	0	1
	INACTIVE	9,465	0.11	0.31	0	1
Sector	PUBLIC	9,830	0.25	0.43	0	1
	PUBLIC - SOE	9,830	0.19	0.40	0	1
	PRIVATE	9,830	0.32	0.47	0	1
	SELF EMPLOYED	44,767	0.06	0.25	0	1
Form of Investment	M&A	10171	4.97	2.15	-0.61	7.51
	GREENFIELD	10171	1.798	1.34	0.35	4.09

Emerging		No Obs	Mean	Std Dev.	Min	Max
	Pro-MNEs	10,836	0.17	0.38	0	1
Age	AGE	11,853	48.29	16.90	18	97
Sex	MALE	11,886	0.47	0.50	0	1
Income	log(Real income)	8,392	8.40	2.21	-1.14	9.73
Education	SECONDARY INCOMPLETE	11,886	0.37	0.48	0	1
(Ref. Uneducated)	HIGH SCHOOL	11,886	0.18	0.39	0	1
	COLLEGE	11,886	0.17	0.37	0	1
Nationalist	NATPRIDE1	11,695	0.74	0.44	0	1
	NATPRIDE2	11,493	0.58	0.49	0	1
Institutional	ENVIRON	11,223	0.49	0.50	0	1
	INTERNATIONAL ACTION	8,990	0.03	0.18	0	1
Democracy	DEMOCR	11,218	0.69	0.46	0	1
Occupation	SENIOR	11,816	0.04	0.20	0	1
	PROFESSIONALS	11,816	0.08	0.27	0	1
	TECHNICIANS/ASSOC PROF	11,816	0.08	0.27	0	1
	CLERKS	11,816	0.07	0.25	0	1
	SERVICE WORKERS	11,816	0.09	0.28	0	1
	SKILL AGRI	11,816	0.04	0.19	0	1
	CRAFT	11,816	0.07	0.25	0	1
	PLANT	11,816	0.05	0.22	0	1
	ELEMENTARY	11,816	0.14	0.35	0	1
	INACTIVE	11,816	0.34	0.47	0	1
Sector	PUBLIC	11,786	0.06	0.24	0	1
	PUBLIC - SOE	11,786	0.03	0.17	0	1
	PRIVATE	11,786	0.29	0.46	0	1
	SELF EMPLOYED	23,151	0.16	0.36	0	1
Form of Investment	M&A	11,886	6.57	1.58	1.77	7.60
	GREENFIELD	11,886	1.31	1.25	-1.70	3.02

Appendix B.I. Impact of Merger and Acquisition based Foreign Direct Investment

<i>Dependent variable: Pro-MNE</i>		(i)		(ii)		(iii)		(iv)	
		Full Sample		Developed Countries		Central & Eastern Europe		Emerging Economies	
		Coeff	z-stat	Coeff	z-stat	Coeff	z-stat	Coeff	z-stat
<i>FDI form</i>	M&A	-0.004	(12.35)	-0.004	(10.92)	0.005	(10.92)	-0.008	(2.82)
<i>Age</i>	AGE	0.000	(1.40)	-0.001	(1.90)	-0.001	(0.87)	0.001	(1.11)
<i>Sex</i>	MALE	0.043	(6.97)	0.048	(6.17)	0.031	(3.40)	0.038	(2.09)
<i>Income</i>	log(Real Income)	0.030	(5.59)	0.037	(5.95)	0.036	(4.51)	0.016	(1.53)
<i>(Ref. Uneducated)</i>	SECONDARY INCOMPLETE	0.011	(1.37)	0.017	(2.26)	0.008	(0.43)	-0.005	(0.46)
	HIGH SCHOOL	0.046	(4.31)	0.063	(4.25)	0.015	(0.73)	0.044	(2.02)
	COLLEGE	0.086	(7.46)	0.104	(7.46)	0.025	(1.09)	0.095	(2.75)
<i>Nationalist</i>	NATPRIDE1	-0.046	(5.51)	-0.050	(4.91)	-0.064	(5.03)	-0.001	(0.20)
	NATPRIDE2	-0.019	(2.91)	-0.017	(2.19)	-0.037	(3.52)	-0.013	(1.02)
<i>Democracy</i>	DEMOCR	-0.042	(5.09)	-0.027	(2.75)	-0.056	(3.07)	-0.063	(3.61)
<i>Institutional</i>	INTERESTS	0.086	(4.49)	0.105	(4.79)	0.051	(1.30)	0.026	(0.50)
	INTERNATIONAL ACTION	0.012	(1.40)	0.019	(1.94)	0.023	(1.29)	-0.022	(1.33)
<i>Occupation</i>	PROF	-0.049	(4.46)	-0.052	(4.12)	-0.053	(2.12)	-0.006	(0.20)
<i>(Ref. Senior)</i>	TECH/ASSOC PROF	-0.036	(3.35)	-0.044	(3.96)	-0.045	(1.91)	-0.042	(1.08)
	CLERK	-0.041	(4.12)	-0.032	(2.77)	-0.057	(3.55)	-0.026	(0.62)
	SERVICE	-0.049	(4.13)	-0.052	(3.59)	-0.060	(2.76)	0.014	(0.43)
	SKILLED AGRI	-0.028	(2.03)	-0.017	(0.95)	-0.053	(3.07)	0.004	(0.10)
	CRAFT	-0.075	(7.72)	-0.077	(8.94)	-0.079	(4.03)	-0.016	(0.30)
	PLANT	-0.066	(6.84)	-0.075	(6.96)	-0.063	(2.93)	0.000	(0.02)
	ELEMENTARY	-0.058	(3.29)	-0.075	(4.72)	-0.069	(2.05)	0.024	(0.44)
	INACTIVE	-0.071	(4.24)	-0.090	(5.93)	-0.049	(2.03)	-0.008	(0.12)
<i>Sector</i>	SOE	0.010	(0.72)	0.016	(0.70)	-0.003	-(0.24)	0.025	(1.18)
<i>(Ref. Self employ)</i>	PRIVATE	0.035	(4.26)	0.036	(3.33)	0.024	(2.55)	0.025	(1.14)
	SELF EMPLOYED	0.042	(4.26)	0.053	(4.08)	0.004	(0.36)	0.016	(0.88)
Country dummies	YES			YES		YES		YES	
No. obs		26,674		15,235		5,450		4,922	
Log pseudolikelihood		-11,597		-6,459		-1,998		-2,303	
Pseudo R ²		0.099		0.104		0.097		0.047	

Note: M&A is measured as the total national inward M&A (in billions) divided by the extent of FDI. The quotient is then taken as a proportion of GDP. *Sources:* Cross-Border M&A database and Inward FDI to GDP ratios come UNCTAD Country Profiles (US dollars at current prices for both sources).

Appendix B.II. Impact of Greenfield based Foreign Direct Investment

<i>Dependent variable: Pro-MNE</i>		(i)		(ii)		(iii)		(iv)	
		Full		Developed		Central & Eastern		Emerging	
		Sample		Countries		Europe		Economies	
		Coeff	z-stat	Coeff	z-stat	Coeff	z-stat	Coeff	z-stat
<i>FDI form</i>	GREENFIELD	0.007	(9.24)	0.005	(6.67)	0.002	(8.54)	0.017	(5.09)
<i>Age</i>	AGE	0.000	(1.40)	-0.001	(1.90)	-0.001	(0.80)	0.001	(2.23)
<i>Sex</i>	MALE	0.043	(6.97)	0.048	(6.17)	0.031	(3.45)	0.044	(2.41)
<i>Income</i>	log(Real Income)	0.030	(5.59)	0.037	(5.95)	0.036	(3.96)	0.023	(2.58)
<i>(Ref. Uneducated)</i>	SECONDARY INCOMPLETE	0.011	(1.37)	0.017	(2.26)	0.008	(0.50)	0.002	(0.11)
	HIGH SCHOOL	0.046	(4.31)	0.063	(4.25)	0.015	(0.74)	0.041	(1.49)
	COLLEGE	0.086	(7.46)	0.104	(7.46)	0.025	(1.15)	0.079	(2.21)
<i>Nationalist</i>	NATPRIDE1	-0.046	(5.51)	-0.050	(4.91)	-0.064	(4.99)	-0.001	(0.10)
	NATPRIDE2	-0.019	(2.91)	-0.017	(2.19)	-0.037	(3.57)	-0.012	(0.91)
<i>Democracy</i>	DEMOCR	-0.042	(5.09)	-0.027	(2.75)	-0.056	(3.07)	-0.046	(3.47)
<i>Institutional</i>	INTERESTS	0.086	(4.49)	0.105	(4.79)	0.051	(1.30)	0.068	(3.06)
	INTERNATIONAL ACTION	0.012	(1.40)	0.019	(1.94)	0.023	(1.27)	-0.006	(0.55)
<i>Occupation</i>	PROF	-0.049	(4.46)	-0.052	(4.12)	-0.053	(2.15)	0.010	(0.42)
<i>(Ref. Senior)</i>	TECH/ASSOC PROF	-0.036	(3.35)	-0.044	(3.96)	-0.045	(1.92)	0.064	(1.90)
	CLERK	-0.041	(4.12)	-0.032	(2.77)	-0.057	(3.58)	-0.007	(0.17)
	SERVICE	-0.049	(4.13)	-0.052	(3.59)	-0.060	(2.74)	0.026	(0.89)
	SKILLED AGRI	-0.028	(2.03)	-0.017	(0.95)	-0.053	(2.25)	-0.005	(0.13)
	CRAFT	-0.075	(7.72)	-0.077	(8.94)	-0.079	(3.96)	-0.007	(0.13)
	PLANT	-0.066	(6.84)	-0.075	(6.96)	-0.063	(2.84)	0.011	(0.47)
	ELEMENTARY	-0.058	(3.29)	-0.075	(4.72)	-0.069	(2.00)	0.046	(0.85)
	INACTIVE	-0.071	(4.24)	-0.090	(5.93)	-0.049	(2.05)	-0.005	(0.08)
<i>Sector</i>	SOE	0.010	(0.72)	0.016	(0.70)	-0.003	(0.24)	0.025	(1.18)
<i>(Ref. Self employ)</i>	PRIVATE	0.035	(4.26)	0.036	(3.33)	0.024	(2.55)	0.025	(1.14)
	SELF EMPLOYED	0.042	(4.26)	0.053	(4.08)	0.004	(0.36)	0.016	(0.88)
Country dummies	YES			YES		YES		YES	
No. obs		26,674		15,160		5,450		5,979	
Log pseudolikelihood		-11,597		-6,459		-1,998		-3,020	
Pseudo R ²		0.088		0.104		0.097		0.087	

Note: Data on the number of Greenfield sites was taken from the World Investment Report (2005).