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Exposure to FDI and attitudes towards multinational enterprises: do M&A impact?

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Exposure to FDI and attitudes towards multinational enterprises: do M&A impact?

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Abstract

While the formation of preferences towards flows of trade has been quite deeply investigated, the effect of the presence of (multinational enterprises) MNE on local business and their distributional effects have scantily been taken into consideration. The aim of the paper is that of investigating the role of MNE penetration for the formation of individual's preferences towards MNE. We combine individual's information on attitudes and perceptions of MNE from the International Social Survey Programme (2003 and 2013) with an indicator of occupational exposure to MNE based on data on mergers and acquisitions (M&A) from Securities Data Company Platinum database (Thomson Financial). Using an ordered probit model, we find that the role of MNE penetration is crucial to understand the way people think about MNE, even controlling for individual socioeconomic characteristics and for the presence of MNE in the occupation-country. We additionally find that this impact is particularly relevant for people more inclined to the presence of immigrants in their country and for residents in countries with high levels of employment protection.

Keywords: exposure to FDI; individual attitude; survey data; ordered-probit.

JEL: F20; F23.

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1 Introduction

The growing process of globalization of economic activities is primarily characterized by the outstanding relevance of foreign direct investments (FDI). The period in which a rapid expansion of FDI for many developed countries took place is the one before the Great Recession. According to Unctad report (2013), the value of the total stock of outward FDI between 2000 and 2007 more than quadrupled, passing from 7,4 trillion USD to 30,8 trillion. The increasing incidence of multinational enterprises (MNE) can explain most of this surge. However, the rise in FDI flows has collapsed once again due to the pandemic event. Unctad (2021), for instance, argues that global foreign direct investment (FDI) collapsed in 2020, falling by 42% from 1.5 trillion USD in 2019 to 859 billion USD⁴. Nevertheless, the presence of MNE inside an industrial context is expected to have relevant consequences for several economic dimensions. In this respect, the economic literature mostly focused on the impact of MNE on industries and firms.

MNE may bring several positive impacts on economic growth of destination countries, even though also adverse negative or non-significant effects are recognized (e.g. Paul and Feliciano-Cestero, 2021). In particular, the spillover literature points to indirect effects that are due to the superior knowledge MNE are endowed with. They can both crowd-out domestic firms due to the increasing degree of competition, also triggering a process of technological upgrading that may result in a productivity improvement (e.g. Bournakis, 2021)

The presence of MNE not only reflects an international capital flow and a likely change in countries' comparative advantage, but also implies other types of economic flows, including an income re-distributional effect for specific groups of the population. FDI might stimulate intrafirm trade – i.e. trade occurring within the boundaries of a single multinational firm as it takes place between its subsidiaries – that constitutes a large part of total world trade, as well as spur economic development by bringing new technological knowledge and thus creating (or eliminating) new jobs (Harms and Schwab, 2020; Pandya, 2010).⁵ These activities generate a process of income redistribution within

⁴ See also <https://unctad.org/news/global-foreign-direct-investment-fell-42-2020-outlook-remains-weak>.

⁵ For instance, MNE that are part of the global top 100 account for more than one third of business-funded R&D worldwide (Unctad, 2019).

recipient countries by driving up labour demand: foreign firms create additional labour demand by hiring local labour causing a rise in wage of skilled labour. This distributional effect⁶ can therefore be relevant especially for individuals that are exposed to a greater MNE' presence, but may also affect others that are not directly exposed to them as a rise in wage can occur also for those working in other firms than MNE (Pandya, 2010).

For these reasons, a part of the literature points to the effects of individual determinants on the perception of the presence of multinational enterprises: in this respect, while trade policy preferences have been investigated quite extensively (e.g. Blonigen, 2011; Harms and Schwab, 2020), less attention has been paid to the attitude that individuals may display towards MNE.

The literature on this topic put into evidence the heterogeneity of results, mainly driven by the socio-demographic characteristics, such as the skill level, or the country-level determinants. Findings highlight that a positive attitude is driven by the level of individual's education, being highly skilled but also having quite cosmopolitan views. These determinants are also shaped by the level of economic development of the country (e.g. Harms and Schwab, 2020) and by some characteristics of FDI, such as their type (e.g. Kaya and Walker, 2012) or the country of origin (e.g. Raess, 2020).

Less relevance has been given to the degree of exposure to FDI, combined with an analysis of a specific type of FDI, that is the value added of this paper. Indeed, MNE can undertake FDI both in the form of greenfield investments – building new facilities – and as mergers and acquisitions (M&A) – acquiring existing firms in the host country. These two forms of investment might receive different degree of consensus by host country's residents, depending on their consequences on the host economy. Zeng and Li (2019), for instance, argue that the perception of greenfield FDI is usually more positive than that of M&A. In the latter, foreign investors acquire existing assets because of their higher potential to create job opportunities in the host country, lower requirements for the human capital to be employed, the ability to enhance the host country's capital stock, thus

⁶ The economic literature is supported by statistics provided by the Eurobarometer, showing that an absolute majority of respondents (56%) in the European Union think that globalisation is an opportunity for economic growth and a higher level of FDI in their country is seen as a further economic benefit of globalisation by 57% of Europeans. However, alongside the abovementioned positive economic aspects, Europeans also emphasised several negative economic aspects of globalisation, including the fact that it benefits only large companies. Eurobarometer is accessible at: https://ec.europa.eu/commfrontoffice/publicopinion/archives/eb/eb69/eb69_globalisation_en.pdf

positively impacting on productivity. Furthermore, in their view, compared to greenfield FDI, which does not directly affect the life of local firms, M&A are more likely to recall situations of foreign takeovers of national firms. Instead, Kaya and Walker (2012) provide some theoretical insights about the likely motivations for which the attitudes towards M&A and greenfield FDI can be different, pointing to the fact that even though M&A may eventually generate more positive impacts than greenfield FDI, their effects may remain more shaded. However, this aspect of the question is not investigated in their paper and remains an empirical issue still to be explored.

Therefore, the aim of this paper is to identify the changes and sources of attitudes toward MNE in different countries in the years 2003 and 2013. Our main research question deals with the role of MNE presence into the occupation-sector of the host country on the individual's attitude towards MNE. We specifically focus on the effect of the exposure M&A. Using data from the International Social Survey Program (ISSP) – a large international survey that reports, among other dimensions, the individual's view on MNE (as well as on international trade), along with individual characteristics of the respondents – complemented with data on M&A penetration at occupation-country-level from Thomson Financial Securities data, we compare how the attitude changed from the 2003-wave to the 2013-wave. Within these ten years many countries experienced large GDP drops, associated with substantial decrease in levels of income and employment but a widening inequality (Harms and Schwab, 2020). We do not have a priori expectations about the final effect of the MNE penetration on individual attitudes, as from a theoretical point of view both positive and negative effects can occur.

The contributions we give to the literature are threefold. First, we provide further evidence on the role played by the actual exposure to MNE with particular reference to M&A: we think it is important to investigate specifically this type of investment because the share of M&A on total FDI has been subject to a quite relevant drop especially after the 2008-2009 crisis. This empirical fact may have affected the way attitude towards MNE in 2013 has changed with respect to 2003. A second contribution of the paper is that we focus on the penetration of MNE at the occupation-country-level, a dimension that has not been investigated in previous studies. This level of analysis allows us to capture attitudes of respondents depending on the possible impacts of the presence of MNE on the labour

market. Finally, rather than focusing on a single country, we also provide further empirical evidence that is quite generalizable among countries.

Our results do not show quite a big difference of attitudes towards MNE between the two years. In the 2003 sample, we note mainly a positive attitude towards MNE proving that the final effect is not driven by the likely higher competition that such firms can bring into the host country. An even stronger positive impact is found for the year 2013.

The paper is organized as follows: section 2 provides the theoretical framework; section 3 presents the datasets used in the empirical analysis, whose methodology is described in section 4. Section 5 comments on the results obtained and section 6 concludes.

2 Theoretical framework

While the impact of individual attitudes toward international trade has been widely explored in the literature (e.g. Tomiura et al., 2016; Harms and Schwab, 2020), few studies deal with the perception of the presence of MNE, even though FDI in many countries has grown faster than their trade flows over the past few decades (see for instance, Unctad, 2018)⁷. Our paper is related to a growing literature that uses survey data to investigate the sources of individual attitude towards the presence of multinational enterprises.

A first strand of literature considers the individual, socio-economic characteristics of the respondents as sources of their attitudes toward MNE. Pandya (2010) uses survey data from the Latinobarometer to test whether preferences for FDI inflows – measured by a dummy indicating whether the respondent considers FDI beneficial or harmful to the economic development and by a variable indicating (dis)agreement on FDI encouragement by the host country – are influenced by individual demographic characteristics, such as the level of education or further likely mediating mechanisms such as per perception of job insecurity or the fact of being employed into the public or private sector. The results show that positive attitude towards FDI increases with the skill level, and the level of education⁸ but the perception of job insecurity does not give unanimous

⁷ In the year 2020, the amount of FDI dropped widely because of the COVID pandemic.

⁸ They put into evidence that the effect of FDI can go beyond the completion of a university degree, confirming the interpretation of Hainmueller and Hiscox (2006) for the same variable.

results and the public sector of employment reports a negative effect. It is confirmed that FDI have distributional effects on the host country, but they do not differentiate between different FDI types.

Kaya and Walker (2012), adopting the ISSP 2003 survey, examine the individual attitudes toward the impact of MNE on local businesses as well. They find that those who do not show negative MNE attitude are endowed with higher level of education, work in the private sector, and do not have nationalistic feelings. The opposite effect is detected for those who are employed in occupations needing lower level of skills, such as those working in plants or in elementary occupations. In the same way, they also account for the effect of education not just limited to the “skilled effect” but also to the “socializing” effect, finding that a positive effect for that variable is relevant also for retired people. Similarly, they do not include any variable that accounts for the exposure to MNE, but from a theoretical point of view they provide some motivations on the possible differences of attitudes that M&A and greenfield investment can generate. On one side, M&A can generate higher technology transfer and, consequently higher spillovers, but, on the other side, as they do not bring new capital into the countries, M&A remain less visible, therefore inducing likely negative attitudes.

Indeed, greenfield FDI have a different impact on host economies than M&A, as they imply different costs. In the first case, a new plant is built in the host country, while in the second the process of acquisition implies a change in ownership that can have different impacts in the short and in the long run. In the microeconomic literature, one of the most relevant effects that M&A may generate refers to the reorganization of the resources of the acquired firm. However, it is relevant the possibility that M&A impact on firm-level innovation through the change in the level or reorganization of R&D activity (e.g. Jovanovic, and Rousseau, 2008) or productivity (e.g. Schiffbauer, et al. 2017). Also, on the side of management practises, the effects of M&A, mediated by some HR practises can be relevant in impact post-acquisition performance (e.g. Yahiaoui et al. 2016) The potential for the spillover effect is nevertheless different if we consider the motivation for which MNE invest into the host country, therefore the impact on employment can be different. One of the main motivations for M&A-type of FDI is to gain the control over

resources that are part of the basket of capabilities of targeted firms, that is asset seeking motivation. However, mixed results can be found in the empirical literature. For example, Ashraf et al.'s (2016) study about the likely effects potentially affecting receiving countries through M&A recognizes that they can improve productivity more in developed countries than in developing countries. In this respect, as evidenced also by Kaya and Walker (2012), the increasing presence of foreign firms inside a country, by enlarging the stage for competition, can potentially lead some local plants to eventually exit from the market, therefore showing quite relevant occupational effects.

The role of job insecurity is also analysed by Scheve and Slaughter (2004) who use panel data from the UK, over the period 1991-1999. Their argument is twofold: on one side a greater amount of FDI increases worker insecurity, as it increases the labour-demand elasticities but, on the other side, MNE also pay a wage premium, eventually stimulating positive preferences to arise. However, the level of exposure to FDI is calculated just considering a sectoral measure.

A second strand of literature combines individual characteristics and country-level traits on individual attitudes toward multinationals. Daniels et al. (2016), also using ISSP for the year 2003, confirm that strong predictors of attitudes are represented by the most common demographic and socioeconomic factors such as gender, age, income and education. In order to distinguish the between-country variation from the within-country variation, they adopt a hierarchical model without including specific country-level measures. Their results show that country-level heterogeneity such as (possibly) different cultural roots or aggregate income levels explain approximately 7% of total variations in individual attitudes. Using the same dataset, Harms and Schwab (2019) find three main results. First, they find that younger people, those who rank higher in firm hierarchies, as well as those with a higher income relative to the country average display more positive attitude towards multinational enterprises. Second, partially confirming the analysis by Daniels et al. (2016), they find that individuals living in countries with less developed institutions and with high levels of inequalities are more likely to develop a hostile attitude towards MNE. On the contrary, high levels of financial development, high presence of MNE and trade openness favour the development of positive sentiments towards MNE. Third, they also find an important mediating effect of the GDP per capita in contributing to a positive personal attitude. They nevertheless, only marginally

consider the role of actual exposure to MNE, by just adding a control in a robustness check of the analysis, that is the aggregate measure of FDI stock.

As a matter of fact, beyond the already mentioned paper by Scheve and Slaughter (2004), the third strand of literature analyses driving forces of individual attitudes toward MNE by conducting single-country analysis in order to shape the public support toward specific foreign economic policy. One of the most discussed issue is the economic and political implications of Chinese recent outflows of FDI for host countries. For instance, Jeon and Ahn (2001) investigate the individual attributes that shape attitude changes of business managers and government officials toward MNE in Korea. They find that gender, job hierarchical level, education and overseas experience positively affect the attitude toward MNE.⁹ Similarly, Zeng and Li (2019), analyse whether geopolitical concerns and nationalism affect FDI attitude. They consider the role of country of origin of FDI, showing that the attitudes of US respondents are less favourable towards Chinese FDI especially when information highlighting the security and economic threats posed by China are available to them. In particular, the respondents' support for Chinese FDI is lower due to the perceptions of China's security and economic threats because of the concerns about the negative impact of such investments both on national security and on US jobs, respectively.¹⁰

In the same way, Raess (2020) focuses on the case of Switzerland investigating the role of the country of origin of FDI as a motivation for potentially negative attitudes toward MNE. Indeed, when considering FDI coming from China, he finds that the country of origin of FDI matters. In his comparative perspective, using observational data, he finds confirmation that Chinese FDI could be those with the lowest degree of acceptance with particular reference to M&A operations as they may trigger a process of technology transfer, therefore implying a firm-reorganization. Nevertheless, this study is focused only on the preferences of managers.

⁹ Fayerweather (1972) analyse this issue for a similar group of respondents from Britain, Canada and France.

¹⁰ Even though pertaining to political science issue, Chilton et al. (2020) present the results of a conjoint experiment conducted in US and China to evaluate attitudes toward hypothetical acquisitions of domestic companies by foreign firms. Among other results, this study shows that reciprocity matters in the sense that respondents are more likely to oppose foreign acquisitions when the foreign firm's home country does not provide reciprocal market access.

Finally, Leibrecht and Pitlik (2020), using the World Value Survey (WVS), investigate the role of institutions in affecting trust in major companies. They investigate the topic from the perspective of the trust that people may have in the business sector, linking this concept with the characteristics of the business regulation, such as credit market regulation and labour market regulation. They find that the most important dimension is the one related not directly to the intensity of the business regulation but rather to the impartiality of business regulation. Furthermore, higher social trust and good macroeconomic performance are positively correlated to positive attitude towards business sector. Nevertheless, this paper does not directly focus on the role of MNE but just on the business sector in general, it is therefore not possible to disentangle whether the confidence is pertinent to national branches of multinational firms.¹¹

Therefore, even though literature on MNE perceptions is growing it is still not well developed as the case of trade policy preferences and several gaps needs still to be addressed.

3 Data sources and sample composition

We use two different sources of data to assess the impact of M&A intensity in the occupation-country of the respondent on the attitude toward MNE.

The first source includes survey data, from which we retrieve the individual perception of the impact associated to the presence of MNE in an occupation-country, as well as individual socio-economic characteristics, that are likely to affect this perception. To this end, we make use of the National Identity Module II and III of the ISSP, that is available for the years 2003 and the 2013. We have to be aware that these data, even though available for two years, are not collected as panel data but as repeated cross sections. Therefore, we are only able to account for correlations rather than causal effects and we cannot directly account for individual-specific unobserved heterogeneity. Notwithstanding this drawback, one of the advantages that the use of this Survey can bring is due to the rich amount of information that allows us to: (i) construct the respondent's attitude towards MNE and (ii) to account, in the empirical specification, for socio-demographic characteristics of the respondents, as well as their income level.

¹¹ Indeed, the question of the WVS used just refer to the degree of trust in “major companies”.

Moreover, this survey has been extensively adopted in the literature testing the factors affecting both trade and MNE attitudes, as documented in Section 1.

The second source of data is used to measure the M&A exposure in each occupation-country pair, and this is one of the major value added of the paper, as it has never been used to account for MNE presence. Our focus on M&A, as a measure of FDI, is motivated by the fact that very detailed data on these operations are collected by commercial providers. While this may appear as a weakness of our analysis, a large evidence documents that a large part of the stock of FDI is the result of M&A (see, for instance, Herger et al., 2008). Data on M&A are sourced from SDC Platinum Global Mergers and Acquisitions, a database provided by Thomson financial, which records all deals involving a change in ownership by at least 5% of total equity and exceeding 1 million USD. This dataset allows us to have available the number of M&A for a large sample of acquirer and target country-industry pairs, and to measure the intensity of inward M&A.

The original sample retrieved from the ISSP includes about 46,000 respondents in 35 countries in 2003 and 45,200 respondents in 37 countries in 2013, both including developed and transition countries. In order to investigate our main research question, that is the impact of FDI exposure on MNE attitude, we have to consider only those countries for which we are able to retrieve data on FDI. After selecting those same countries for both 2003 and 2013 and respondents with non-missing observations on the variables adopted in the empirical model, we end up with two samples whose distribution among 14 countries is described in Table A1 in the Appendix. It reports the number of respondents in the two surveys, revealing that some countries in the sample are less represented than others. For instance, France shows the lowest number of respondents in both years (81 in 2003 and 145 in 2013). The highest represented country in 2003 is Denmark with 791 respondents and in 2013 is Czech Republic with 1,146 respondents. Moreover, in aggregate terms, in the two surveyed years the number of respondents is 6,481 in 2003 and 8,673 in 2013.

4 Empirical strategy

To assess the impact of M&A intensity in the country-occupation of the respondent on her/his attitude toward MNE, controlling for individual socio-economic and demographic

characteristics, we conduct an empirical analysis based on the estimation of the following model for respondent i in occupation (ISCO) j and country c :

$$MNE-ATT_{i \in jc} = \beta_1 + \beta_2 M\&A-INT_{cj} + \beta_3 X_i + \beta_4 D_j + \beta_5 D_c + \varepsilon_{ijc} \quad (1)$$

In this regression, the dependent variable, $MNE-ATT_{i \in jc}$, accounts for individual's (in occupation j and country c) perception of the impact associated to the presence of MNE in the country. The key explanatory variable, $M\&A-INT_{cj}$, is a measure of M&A intensity at the occupation-country-level. It is worth noting that in all regressions we include a set of socio-economic and demographic characteristics, X_i , and a set of country and occupation dummies, D_c and D_j , to account, respectively, for cross-country differences and for cross-occupation differences in the socio-economic structure, that can affect the degree to which M&A are attracted in the country as well as the respondent's perception about MNE.

The dependent variable has been constructed using the following question in the ISSP survey: “*Large international companies are doing more and more damage to local business*”. Five possible answers can be given on a scale from “agree strongly” (=1) to “disagree strongly” (=5). This variable is, therefore, coded considering higher values as attitude progressively more in favour of multinational enterprises¹².

To build the M&A intensity measure, our key explanatory variable, we consider the number of M&A from the SDC Platinum Database. These data are classified according to the 3-digit SIC87 (Standard Industrial Classification) of both acquirer and target companies. To account for country-sector size (to re-scale the raw number of M&A), we retrieve information about gross output (in euros) by sector-country-year from the World Input-Output Database (WIOD). To estimate the exposure of different occupations in different countries to inward FDI we then collect information for the distribution of occupational employment across different industries using data from the US (BLS Occupational Employment Statistics). Similarly to Egger and Fischer (2020), we decided to exploit the very detailed data on employment by occupation and employment available for the US rather than using the very coarse data for EU countries from the Labour Force Survey, where it is only possible obtain data 1-digit NACE and 3-digit ISCO. This implies

¹² As evidenced also by Harms and Schwab (2020), the question is framed considering the attitude towards *inward* MNE

that we assume that the relative distribution of employment of each industry across occupations (i.e. the set of tasks performed within a certain industry, see Autor, 2013) for all the countries included in ISSP is the same as the one for the United States.¹³

We also include a set of demographic characteristics as control variables: (i) *Age* is the age of respondent; (ii) *Male* is a dummy equal 1 if the respondent is male and 0 otherwise; and (iii) *Single* is a dummy accounting for the marital status equal to zero in case the respondents is not married. The relevant literature finds that young, male and married respondents are more favourable to FDI inflows (see, for instance, Pandya, 2010, and Harms and Schwab, 2019). Then we introduce some economic characteristics: (i) *High education* is a dummy variable equal to 1 if the educational attainment of the respondent is either “above higher secondary level” or “university degree completed”, and zero otherwise; this variable stands for the fact that being endowed with higher skills can put people in a better position to profit from FDI distributional effects but also to know the mechanisms affecting global economy; (ii) *Relative income* is the income of the respondent divided by the aggregate average income in her/his country; being in a relatively higher income position can generate a more positive attitude towards MNE as it provides people with higher life satisfaction; and (iii) *Retired* that is a dummy equal to 1 if the current employment status of the respondent is equal to “retired”, and zero otherwise. We expect that being retired can generate more positive feelings towards MNE as people who are not currently employed may not directly experience possible negative effects. The third set of control variables should account for the general attitude that people may display towards foreign stuff: (i) *Closeness town/continent* is the degree to which a person feels to belong to its own nation with respect to the world or province, as a proxy for cultural values (e.g. Tomiura et al., 2016). It is an index built as the ratio between two variables: the degree of closeness to the town-city and the closeness to the continent. Higher values of the ratio mean that people feel closer to the town than to the continent. We therefore expect a negative sign for this variable. (ii) *Proud citizen* is a categorial variable reporting the answers to the following question: “*generally speaking, [Country] is a better country than most other countries*”, with values ranging between

¹³ More formally, the intensity (per euro of gross output) of M&A for individuals in occupation j and country c is computed as: $M\&A - INT_{cj} = \sum_s [(M\&A_{cs}/GO_{cs})\phi_{js}^{us}]$ where $\phi_{js}^{us} = L_{js}^{us}/L_j^{us}$ is the relative distribution of occupation j across different sectors s in the US.

“disagree strongly” (=1) and “agree strongly” (=5). This variable stands for a higher degree of patriotism when its value increases. We expect a negative sign for this variable as well, as higher values catch a feeling of lower openness towards everything that come from abroad. The description of variables and sources used in our empirical analysis is reported in Table A2 in the Appendix.

To estimate the impact of M&A intensity and individual characteristics on the attitude towards MNE, constructed as an ordinal dependent variable, we adopt an ordered probit model. As pointed out by Greene (2008), an OLS regression estimation would be inappropriate in this case, as it would treat the difference between a 0 and a 1 occurring in the dependent variable as equivalent to the difference between a 1 and a 2. Similarly, multinomial probit or logit would not be efficient methods of estimation as they would miss to account correctly for data-generating process: they indeed assume that no order can be assigned in the different categories that the dependent variable can take.

As an alternative dependent variable, in the robustness checks, we adopt a dummy variable (*dummy MNE-ATT*) equal to one for respondents answering “disagree” (=4) or “strongly disagree” (=5) to the question on MNE and zero in case of respondents that “agree strongly” (=2) or “agree” (=3) with the statement on MNE.¹⁴ In this case, we adopt a probit model to estimate equation (1) and we control for the same individual characteristics of the respondents and the sets of country and occupation dummies.

4.1 Descriptive statistics

Table 1 reports basic descriptive statistics of the variables used in the empirical analysis. Concerning our dependent variable (*MNE-ATT*), the attitude of respondent towards MNE in a range between 1 and 5, the average values for 2003 and 2013 are 2.411 and 2.477, respectively. Concerning the alternative dependent variable (*dummy MNE-ATT*), equal to one for respondents answering “disagree” or “strongly disagree” with the statement that with the statement that “large international companies are doing more and more damage to local businesses” and zero otherwise, from descriptive statistics we find that 23% of respondents in 2003 and 25% in 2013 are favourable to the presence of MNE.

[Table 1]

¹⁴ Notice that in this case we exclude the respondents that “neither agree nor disagree”.

As an additional evidence on the dependent variable, Figure 1 reports, for both years and each country, the average values of the MNE attitude (left panel) and the share of respondents supporting the MNE (right panel), defined as those that “disagree” and “strongly disagree” with the statement on the presence of MNE. In the left panel we see a high heterogeneity among countries in both years. Looking at the right panel, the country where the share of people supporting MNE points to the highest degree is Ireland (around 40%) and it also belongs to the set of countries where the share of respondents supporting MNE is higher in 2013 than in 2003. In general, we significantly note the support for MNE has increased for almost all countries in the samples.

[Figure 1]

Our key explanatory variable, *M&A-INT*, at the occupation-country-level, reveals a decrease from 2003 to 2013 (see, Table 1). In 2003 inward M&A intensity is on average equal to 1.175 and 0.386 in 2013. This variation is related to the fact that the period covered in our paper ranges before and after the financial crisis characterized by a decrease in M&A, as documented in Section 1. Figure 2, in addition, shows a quite evident drop of inward M&A between 2003 and 2013, especially in some countries: this fact that follows the collapse over the years 2008-2009 can be considered quite important also to interpret the result. Reading Figure 1 and Figure 2 together, due to the large drop in M&A, many opportunities for local development have been lost and the process of disinvestment from an economy may negatively affect the life of domestic firms that do not have anymore a source of external funding. This may generate a higher feeling towards the future of the economy as a whole, thus affecting the feeling towards MNE in particular.

[Figure 2]

Table 1 reports also the socio-economic characteristics used as control variables in our empirical model. The average age of respondents is equal to 47 years in 2003 and 49 years in 2013. Moreover, this variable shows a large variation, with values ranging between 18 and about 91 years in 2003 and 15 and 95 in 2013. About 48% in 2003 and in 2013 of respondents are male and 22% are single.

An interesting characteristic of our sample is that the share of respondents with high education (above secondary level or university degree completed) is about 30% in both

years. The relative income shows very similar values between the two years (0.125 in 2003 and 0.115 in 2013), ranging between 0.001 and 8.059 in 2003 and between 0 and 14.075 in 2013. Values higher (lower) than 1 indicate that the income of the respondent is higher (lower) than the mean level of the country. Therefore, on average, the income of our respondents is lower than the country average. Moreover, 21% of respondents in 2003 and 24% of them in 2013 are retired.

High averages of the variable proud citizen in both years demonstrate that our respondents are favourable to the statement that their country is better than others, a result also confirmed by the averages of the variable closeness continent (1.377 in 2003 and 1.366 in 2013), that is higher than one, demonstrating that individuals feel closer to their town than to their continent.

As an additional evidence on the values of our explanatory variables, Table 2 reports their average values splitting the sample according to the median level of MNE penetration. An interesting result is that both in 2003 and in 2013 the MNE attitude and the companion dummy show higher values in countries with higher MNE penetration through M&A. This result is also supported by the value of the *t*-test that shows that the differences are always significant between the two groups.

[Table 2]

As a first glance to the relationship between the MNE attitude and the MNE penetration, we provide two bivariate analysis, for 2003 and 2013, at the country-level. These analyses, reported in Figure 3, reveal indeed a positive relationship between the degree of exposure of the country to M&A and the attitude of their citizens toward MNE.

[Figure 3]

5 Results

In Table 3 we show the results of benchmark estimates of the ordered probit model. In line with other studies using our same data, we run separate analysis for the two years (2003, in Panel A, and 2013, in Panel B). In column 1, we report the coefficients obtained estimating the ordered probit; in columns 2-6 we report average marginal effects.

As it is customary in this literature, we always control for personal socio-demographic characteristics: the aim is to account for the fact that some groups of population can reap more benefits from the presence of MNE. We first acknowledge that control variables have the expected signs, that is a positive attitude towards MNE is positively correlated with being younger, being male and having a higher income (but not significant in 2013) as well as higher education. Instead, we do not find significant results for the dummy accounting for being single (only a weakly significant negative coefficient is found in 2013), neither for being retired. These results are also in line with what found in the literature (e.g. Harms and Schwab, 2019). We also acknowledge that in both years the higher is the degree of closeness to the town/continent the lower the attitude in favour of MNE, as well as the more respondents are proud of their country, the degree of ‘patriotism’ (*proud citizen*), the less favourable they are towards MNE.

[Table 3]

When coming to consider our variable of interest, that is M&A exposure, we see that higher exposure to inward M&A is related to a more positive attitude towards MNE. It means that the fear of losing job, due to higher competition coming from MNE, is not what drives the final effect. As evidenced in the theoretical framework, higher exposure to M&A may generate negative effects when they are perceived as more likely to harm local firms but, at the same time, they can create expectations that, even though not directly changing the structure of industrial context, can improve the performance in the long-run of those firms that are interested by the merger. In columns 2-6 of Table 3 we also report the average marginal effects of control variables on the probability of obtaining each outcome of the MNE attitude. In particular, Columns 2 and 3 show that an increase in inward M&A reduces the probability, for year 2003 (2013), that a respondent “strongly agree” and “agree” with the statement on MNE by 0.7% (3.2%) and 0.3% (1.4%), respectively. On the contrary, the probabilities that the respondent answers “neither agree nor disagree”, “disagree” and “disagree strongly” increase, in 2003 (2013),

by 0.3% (1.4%), 0.5% (2.1%) and 0.1% (1.1%), respectively. Contrary to what found in other papers using our same dataset, but with respect to trade preferences, for the two releases 2003 and 2013, we find similar and stronger results in 2013 compared to 2003 for our variables of interest. One of the motivations could be that, as evidenced in the descriptive statistics, the role of FDI has decreased following the years just after the economic crisis of the 2008-2009. It is only after the 2013 that a surge in FDI restarted. We therefore explore a period in which the amount of FDI did not occupy a large relevance in the economy of host countries. If some countries experienced a large drop in FDI, this could have led to several disinvestment thus causing, especially in the case of M&A, a quite relevant decrease in productivity of firms but also of a country in general, thus making respondents more prone to think positively of FDI seen as the solution to falling GDP and (likely) personal income.

To dig deeper into the benchmark results, we split the sample using several variables. The first set of variables refer to the attitude towards migration (Table 4). In particular, we use a variable that asks whether “*Immigrants take jobs away from people who were born in [Country]*”. This variable takes values ranging from 1 (= “agree strongly”) to 5 (= “disagree strongly”), meaning that higher values refer to people with more positive attitude towards migration. In this respect, in Table 4 we split the sample considering those that reply “agree strongly” or “agree” in a separate group from those that reply “neither agree nor disagree” until “disagree strongly”. We observe that our focal variable is positive and significant when considering those having positive attitude toward immigrants, thus reinforcing the idea that those individuals showing more positive attitude towards migrants are also those that show more positive attitude towards MNE. This is also confirmed when considering two further variables relative to immigrants. The first refers to the question asking whether “*immigrants are generally good for [Country] economy*” and the second is the one asking whether “*immigrants improve [Country Nationality] society by bringing in new ideas and cultures*”. These variables take values ranging from 1 (= “agree strongly”) to 5 (= “disagree strongly”). Therefore, we associate to lower values more positive attitude towards immigrants and we find (columns 3-6) that individuals having such more positive attitudes are also those that think that immigrant will bring new ideas. These results are confirmed in 2013 (Panel B) showing an even stronger effect for all variables.

[Table 4]

Finally, we also consider heterogeneity in the labour markets and social security systems (Table 5). First, we split the sample according first to a country-level measure relative to Employment Protection Legislation (EPL, columns 1 and 2). This measure comes from the OECD indexes relative to employment protection; in particular, we refer to the “*Strictness of employment protection – individual dismissals (regular contracts-version 1)*”: it measures the strength of the protection given to workers. A higher index means that workers are shielded towards possible job losses, expecting that those that feel to be more protected from job losses are also those that have a more positive attitude toward MNE.¹⁵ We find that this variable only weakly affects the attitude towards MNE in 2003, while in 2013 more positive attitudes of individuals in occupations with high FDI exposure are shown in countries with lower level of EPL. A further interesting result is relative to the effect played by the confidence in the social security system of their country (columns 3 and 4 of Table 5): if people are reasonably confident in the protection that the social security system can offer them, they will not fear of being hurt by MNE but they will only experience of their positive spillovers effects. This variable is measured using a categorical variable ranging from 1 to 4, being 4 standing for the fact people are “very proud” and 1 “not proud at all”. Nevertheless, this effect, though positive as expected, is weak in 2003 but highly significant in 2013. The role of the social security system in years just after the crisis is perceived much more relevant when a situation of economic instability is occurring. In the same Table 5 (columns 5 and 6), we split the sample considering whether the respondent works for private firms or for public owned firms (or government). In this respect, we find that for both 2003 and 2013 those working for private firms show more positive attitude toward MNE, even though those that work in public owned firms or government should expect to be shielded from competitions of MNE.

[Table 5]

¹⁵ Countries with high level of EPL were: Czech Republic, Germany, France, Latvia, Portugal, Sweden, Slovenia, Slovakia, while countries with low level of Employment protection were Denmark, Spain, Finland, United Kingdom, Hungary and Ireland.

6 Conclusions

The fragmentation of production occurring due to the rising presence of FDI around the world is subject to both upward trends but also to sharp declines, such as the one that followed the 2008-2009 crisis and the recent crisis due to the COVID pandemic event. Indeed, several different impacts on host countries can occur due to the presence or “absence” of MNE.

Besides economics advantages that the presence of MNE can bring up for a country as a whole, as well as for some social groups, the distributional effect might be relevant also for individuals: as a result, the economic policies attracting or limiting FDI can be affected by many drivers. For this reason, understanding the way MNE attitudes shape can become crucial to understand possible reactions to specific policies to attract or limit FDI. In particular, government’s policy responses to deal with globalization process may reckon with those attitudes (Daniels et al., 2016). In addition, how people perceive MNE or the receptivity of MNE in host countries affects the impacts MNE can generate in those hosts (Jeon and Ahn, 2001; Kaya and Walker, 2012). However, while trade preferences have been quite extensively investigated (Harms and Schwab, 2020) the same has not happened for MNE. We position our paper inside this stream of literature by adopting a comparative perspective, already used by other authors, but giving a better account of the exposure effect, by focusing on M&A.

We do that because we think that a detailed understanding of how FDI perceptions are formed requires to consider that different types of FDI may have different impacts on those perceptions. In particular, the impact of the mode of entry on the formation of FDI attitude is an aspect that has not been investigated so far. This is the gap we fill in the literature by focusing especially on the impact of M&A, through a novel dataset. Indeed, the exposure of a country and of an occupation to the presence of MNE is different according to several economic characteristics, such as the relative importance of each sector into the industrial structure of the country or the “type” of business involved. So far, only FDI exposure variables have been taken into consideration to account for the FDI heterogeneity.

Moreover, as the Unctad (2000, p. 23) argues “FDI entry through the takeover of domestic firms is less beneficial, if not positively harmful, for economic development than entry by setting up new facilities. At the heart of these concerns is that foreign acquisitions simply

transfer ownership and control from domestic to foreign hands. This transfer is often accompanied by layoffs of employees or the closing of some production or functional activities”. However, the likely productivity spillover effects on the industrial structure can be both beneficial, as well as detrimental being more important for those employed in more exposed occupations.

The analysis we carry out tries to uncover whether higher or lower M&A exposure can generate a positive or negative attitude towards MNE. In our analysis, we consider both 2003 and 2013, the former being a period characterized by fast growth in FDI, the latter being a period with declining FDI as a consequence of the 2008-2009 crisis. Our main research question has therefore been examined in two different situations: we think that the way in which the distributions of gains and failures of MNE are perceived by people may affect the way they form their attitude toward MNE.

In particular, we consider a measure of M&A penetration at the occupational-level, in order to take into account the level of exposure to the presence of MNE. We do not have a priori expectations of the final effect generated by the presence of M&A, as theoretical insights and previous empirical research point to both positive and negative effects. We find some differences between 2003 and 2013: in 2003 people display stronger positive views towards MNE, while a stronger effect is found in 2013. Moreover, in the subsamples analysed results in the two years mirror the benchmark result as stronger effects are found for 2013, with the only exception of the sample split relative to EPL in which results are reversed. This stands for the fact that the wave of disinvestment that took place in the years following the economic collapse of the year 2008-2009 could have influenced the way MNE are perceived.

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Data availability statement

The dataset generated and analyzed during the current study is not shared.

Table 1 – Descriptive statistics on the whole sample

	2003						2013					
	mean	median	s.d.	min	max	n. obs.	mean	median	s.d.	min	max	n. obs.
<i>Individual-level variables</i>												
MNE-ATT	2.411	2	1.049	1	5	6,481	2.477	2	1.092	1	5	8,673
Dummy MNE-ATT	0.230	0	0.421	0	1	5,096	0.252	0	0.434	0	1	6,585
Age	46.863	46	15.694	18	91	6,481	49.450	50	15.732	15	95	8,673
Male	0.476	0	0.499	0	1	6,481	0.475	0	0.499	0	1	8,673
Single	0.216	0	0.412	0	1	6,481	0.220	0	0.415	0	1	8,673
High education	0.311	0	0.463	0	1	6,481	0.297	0	0.457	0	1	8,673
Relative income	0.125	0.099	0.135	0.001	8.059	6,481	0.115	0.088	0.178	0	14.075	8,673
Retired	0.212	0	0.409	0	1	6,481	0.243	0	0.429	0	1	8,673
Closeness town/continent	1.377	1	0.728	0.25	4	6,481	1.366	1	0.708	0.250	4	8,673
Proud citizen	3.178	3	1.082	1	5	6,481	3.267	3	1.079	1	5	8,673
<i>Country-occupation-level variables</i>												
M&A-INT _{cj}	1.175	0.759	1.749	0	25.114	1,681	0.386	0.245	0.447	0	5.163	1,909
<i>Country-level variables</i>												
Employment protection (EPL)	2.518	2.5205	0.885	1.269	4.583	14	2.289	2.471	0.692	1.230	3.392	14

Notes: this table reports the descriptive statistics for variables used in the empirical analysis. Variable description and sources are reported in Table A2 in the Appendix.

Table 2 – Descriptive statistics on sub-samples and *t*-test

	2003					2013				
	low M&A penetration	n. obs	high M&A penetration	n. obs	<i>t</i> -test	low M&A penetration	n. obs	high M&A penetration	n. obs	<i>t</i> -test
<i>Individual level variables</i>										
MNE-ATT	2.323	3,240	2.499	3,241	-6.788***	2.409	4,334	2.544	4,339	-5.737***
Dummy MNE-ATT	0.186	2,526	0.273	2,570	-7.397***	0.217	3,269	0.286	3,316	-6.472***
Age	47.009	3,240	46.717	3,241	0.748	49.333	4,334	49.568	4,339	-0.695
Male	0.423	3,240	0.529	3,241	-8.541***	0.416	4,334	0.534	4,339	-11.144***
Single	0.190	3,240	0.243	3,241	-5.253***	0.210	4,334	0.231	4,339	-2.303**
High education	0.351	3,240	0.270	3,241	7.040***	0.321	4,334	0.273	4,339	4.882***
Relative income	0.131	3,240	0.118	3,241	3.908***	0.119	4,334	0.111	4,339	2.196**
Retired	0.226	3,240	0.198	3,241	2.743***	0.244	4,334	0.242	4,339	0.13
Closeness town/continent	1.359	3,240	1.395	3,241	-2.008**	1.378	4,334	1.354	4,339	1.595*
Proud citizen	3.069	3,240	3.287	3,241	-8.154***	3.188	4,334	3.345	4,339	-6.779***
Immigrants take away jobs	2.923	3,173	3.041	3,177	-3.891***	2.855	4,275	2.846	4,299	0.372
Immigrants good for economy	3.051	3,113	3.135	3,135	-3.151***	3.016	4,205	3.056	4,235	-1.733**
Immigrants bring new ideas	2.728	3,129	2.839	3,159	-4.131***	2.758	4,239	2.809	4,269	-2.192**

Notes: This table reports the descriptive statistics for variables used in the empirical analysis, on the sub-samples of countries with low M&A exposure (below the median of the distribution) and countries with high M&A exposure (above the median of the distribution). Variable description and sources are reported in Table A2 in the Appendix. The approximate degrees of freedom for the *t*-test are obtained from Welch's (1947) formula. * indicates significance at the 10% level, ** indicates significance at the 5% level, *** at the 1% level.

Table 3 – Baseline specification

Panel A – 2003						
Dependent variable: Large international companies are doing more and more damage to local business (1 = agree strongly; 5 = disagree strongly)	Coefficients	Marginal effects (outcome=1)	Marginal effects (outcome=2)	Marginal effects (outcome=3)	Marginal effects (outcome=4)	Marginal effects (outcome=5)
<i>M&A-INT_{cj}</i>	0.026** (0.011)	-0.007** (0.003)	-0.003** (0.001)	0.003** (0.001)	0.005** (0.002)	0.001** (0.001)
Relative income	0.405* (0.209)	-0.103* (0.053)	-0.042* (0.022)	0.046* (0.024)	0.075* (0.039)	0.024* (0.012)
Age	-0.006*** (0.001)	0.002*** (0.000)	0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.000*** (0.000)
Male	0.104*** (0.030)	-0.027*** (0.008)	-0.011*** (0.003)	0.012*** (0.003)	0.019*** (0.006)	0.006*** (0.002)
Single	0.005 (0.036)	-0.001 (0.009)	-0.001 (0.004)	0.001 (0.004)	0.001 (0.007)	0.000 (0.002)
High education	0.099*** (0.037)	-0.025*** (0.009)	-0.010*** (0.004)	0.011*** (0.004)	0.018*** (0.007)	0.006*** (0.002)
Proud citizen	-0.074*** (0.014)	0.019*** (0.004)	0.008*** (0.001)	-0.008*** (0.002)	-0.014*** (0.003)	-0.004*** (0.001)
Closeness town/continent	-0.084*** (0.020)	0.022*** (0.005)	0.009*** (0.002)	-0.010*** (0.002)	-0.016*** (0.004)	-0.005*** (0.001)
Retired	-0.012 (0.047)	0.003 (0.012)	0.001 (0.005)	-0.001 (0.005)	-0.002 (0.009)	-0.001 (0.003)
<i>N</i>	6,481					
pseudo <i>R</i> ²	0.047					
Panel B – 2013						
Dependent variable: Large international companies are doing more and more damage to local business (1 = agree strongly; 5 = disagree strongly)	Coefficients	Marginal effects (outcome=1)	Marginal effects (outcome=2)	Marginal effects (outcome=3)	Marginal effects (outcome=4)	Marginal effects (outcome=5)
<i>M&A-INT_{cj}</i>	0.128*** (0.035)	-0.032*** (0.009)	-0.014*** (0.004)	0.014*** (0.004)	0.021*** (0.006)	0.011*** (0.003)
Relative income	0.165 (0.133)	-0.042 (0.034)	-0.018 (0.014)	0.018 (0.015)	0.027 (0.022)	0.014 (0.012)
Age	-0.008*** (0.001)	0.002*** (0.000)	0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)
Male	0.048* (0.026)	-0.012* (0.006)	-0.005* (0.003)	0.005* (0.003)	0.008* (0.004)	0.004* (0.002)
Single	-0.063* (0.032)	0.016* (0.008)	0.007* (0.003)	-0.007* (0.004)	-0.010* (0.005)	-0.005* (0.003)
High education	0.171*** (0.032)	-0.043*** (0.008)	-0.019*** (0.003)	0.019*** (0.004)	0.028*** (0.005)	0.015*** (0.003)
Proud citizen	-0.068*** (0.012)	0.017*** (0.003)	0.007*** (0.001)	-0.008*** (0.001)	-0.011*** (0.002)	-0.006*** (0.001)
Closeness town/continent	-0.118*** (0.019)	0.030*** (0.005)	0.013*** (0.002)	-0.013*** (0.002)	-0.019*** (0.003)	-0.010*** (0.002)
Retired	0.013 (0.039)	-0.003 (0.010)	-0.001 (0.004)	0.001 (0.004)	0.002 (0.006)	0.001 (0.003)
<i>N</i>	8,673					
pseudo <i>R</i> ²	0.051					

Notes: Ordered probit model. Robust standard errors in parenthesis. * p<0.1, ** p<0.05, *** p<0.01. Additional control variables: country dummies, occupation dummies (ISCO 1-digit).

Table 4 – Sample split (attitude towards immigrants)

Panel A – 2003						
Dependent variable: Large international companies are doing more and more damage to local business (1 = agree strongly; 5 = disagree strongly)	Disagree or neutral on “Immigrants take away jobs”	Agree on “Immigrants take away jobs”	Disagree or neutral on “Immigrants good for economy”	Agree on “Immigrants good for the economy”	Disagree or neutral on “Immigrants bring new ideas”	Agree on “Immigrants bring new ideas”
<i>M&A-INT_{ej}</i>	0.047*** (0.018)	0.005 (0.013)	0.013 (0.014)	0.041** (0.017)	0.007 (0.014)	0.040*** (0.015)
Immigrants take away jobs	0.152*** (0.028)	0.535*** (0.055)				
Immigrants good for economy			-0.349*** (0.059)	0.004 (0.032)		
Immigrants bring new ideas					-0.267*** (0.072)	0.004 (0.028)
<i>N</i>	3,813	2,537	2,331	3,917	1,688	4,600
pseudo <i>R</i> ²	0.045	0.048	0.058	0.046	0.052	0.046
Panel B – 2013						
Dependent variable: Large international companies are doing more and more damage to local business (1 = agree strongly; 5 = disagree strongly)	Disagree or neutral on “Immigrants take away jobs”	Agree on “Immigrants take away jobs”	Disagree or neutral on “Immigrants good for economy”	Agree on “Immigrants good for the economy”	Disagree or neutral on “Immigrants bring new ideas”	Agree on “Immigrants bring new ideas”
<i>M&A-INT_{ej}</i>	0.267*** (0.057)	0.048 (0.045)	0.046 (0.071)	0.143*** (0.041)	0.043 (0.075)	0.146*** (0.040)
Immigrants take away jobs	0.286*** (0.051)	0.291*** (0.021)				
Immigrants good for economy			-0.297*** (0.051)	-0.096*** (0.025)		
Immigrants bring new ideas					-0.306*** (0.058)	-0.102*** (0.023)
<i>N</i>	2,888	5,686	2,858	5,582	2,178	6,330
pseudo <i>R</i> ²	0.046	0.050	0.048	0.053	0.055	0.048

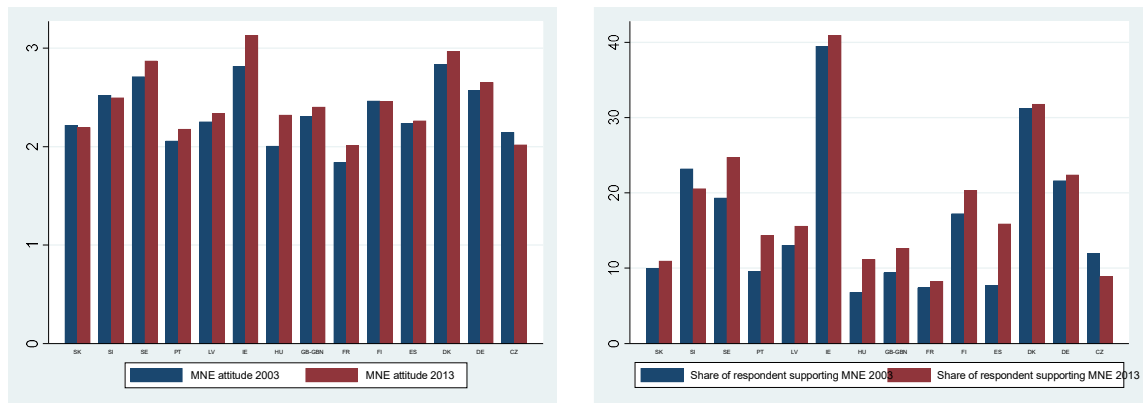
Ordered probit model. Robust standard errors in parenthesis. * p<0.1, ** p<0.05, *** p<0.01. Additional control variables: country dummies, occupation dummies (ISCO 1-digit), Relative income, Age, Male, Single, High education, Proud citizen, Closeness town/continent, Retired.

Table 5 – Sample split (EPL, social security, private vs public sector)

Panel A – 2003						
Dependent variable: Large international companies are doing more and more damage to local business (1 = agree strongly; 5 = disagree strongly)	Countries with high employment protection legislation	Countries with low employment protection legislation	High confidence in social security system of the country	Low confidence in social security system of the country	Working in private sector	Working in public sector
<i>M&A-INT_{cj}</i>	0.065* (0.036)	0.019 (0.012)	0.024* (0.014)	0.028 (0.018)	0.031** (0.013)	0.007 (0.019)
<i>N</i>	3,064	3,417	3,033	3,448	3,352	3,026
pseudo <i>R</i> ²	0.038	0.047	0.049	0.042	0.059	0.040
Panel B – 2013						
Dependent variable: Large international companies are doing more and more damage to local business (1 = agree strongly; 5 = disagree strongly)	Countries with high employment protection legislation	Countries with low employment protection legislation	High confidence in social security system of the country	Low confidence in social security system of the country	Working in private sector	Working in public sector
<i>M&A-INT_{cj}</i>	0.032 (0.059)	0.192*** (0.046)	0.190*** (0.048)	0.050 (0.051)	0.090** (0.044)	0.083 (0.073)
<i>N</i>	4,867	3,806	4,544	4,129	5,472	3,035
pseudo <i>R</i> ²	0.046	0.049	0.054	0.044	0.052	0.057

Notes: Ordered probit model. Robust standard errors in parenthesis. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Additional control variables: country dummies, occupation dummies (ISCO 1-digit), Relative income, Age, Male, Single, High education, Proud citizen, Closeness town/continent, Retired.

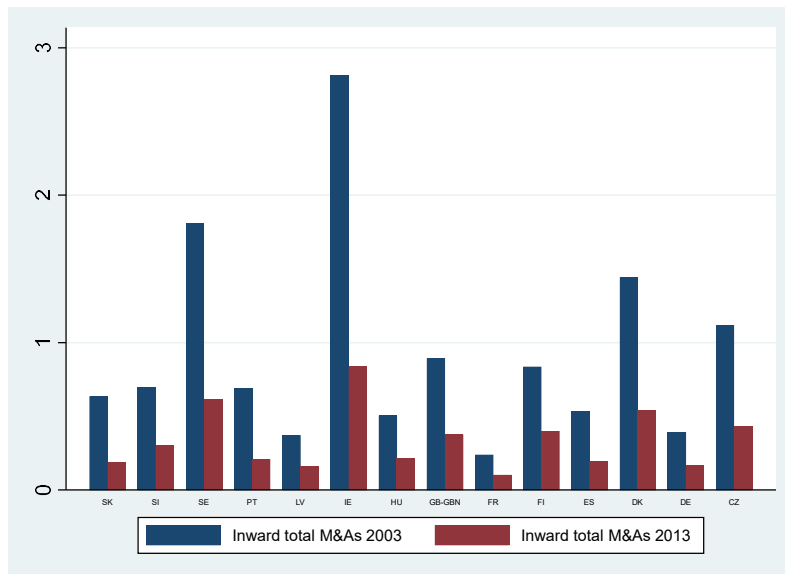
Figure 1 – Attitude towards MNE and share of respondent supporting MNE



Notes: this figure reports for both years (2003 and 2013) and for each country, the average values of the MNE attitude, ranging between 1 and 5, (left Panel) and the share of respondents supporting the MNE (right Panel), defined as those that “disagree” (=4) and “strongly disagree” (=5) with the statement that “large international companies are doing more and more damage to local businesses”.

Source: own elaborations on ISSP data over the waves 2003 and 2013.

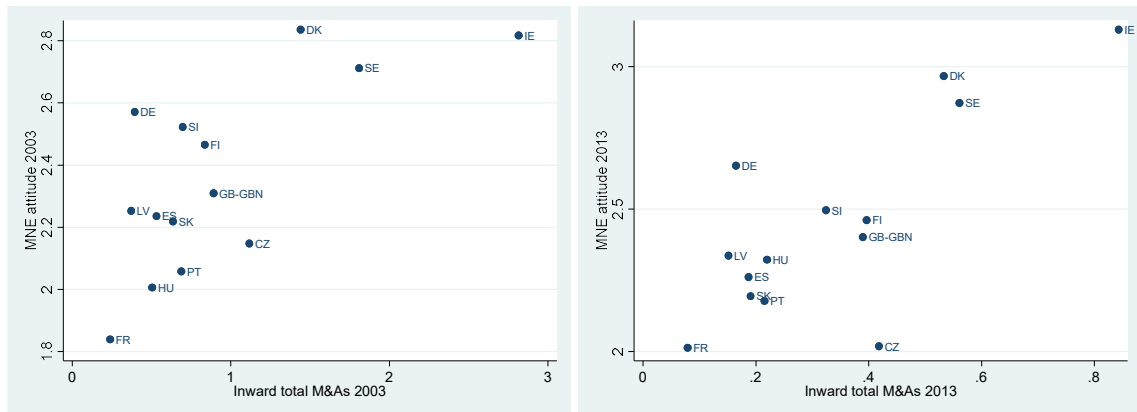
Figure 2 – Inward M&A by countries and years



Notes: this figure reports, for both years (2003 and 2013) and for each country, the average values of inward M&A indicator.

Source: own elaborations on Thomson Financial Securities data.

Figure 3 – Bivariate relationship between exposure to M&A and attitudes towards MNE



Notes: this figure reports the bivariate relationship between the MNE attitude and inward M&A exposure at the country-level. *Source:* own elaborations on ISSP data over the waves 2003 and 2013.

APPENDIX FOR ONLINE PUBLICATION ONLY

Table A1 – Distribution of respondents among countries and years

Country	2003	2013
Czech Republic (CZ)	501	1,146
Germany (DE)	527	893
Denmark (DK)	791	1,003
Spain (ES)	479	592
Finland (FI)	116	585
France (FR)	81	145
Great Britain (GB-GBN)	404	363
Hungary (HU)	470	672
Ireland (IE)	661	591
Latvia (LV)	368	525
Portugal (PT)	773	348
Sweden (SE)	496	542
Slovenia (SI)	444	467
Slovakia (SK)	370	801
Total	6,481	8,673

Table A2 – Variables and sources

Variable	Description	Source
Individual-level variables		
MNE-ATT	large international companies are doing more and more damage to local businesses in [<i>Country</i>] [1 = “agree strongly”, 2 = “agree”, 3 = “neither agree neither disagree”, 4 = “disagree”, 5 = “disagree strongly”]	ISSP 2003; 2013
Dummy MNE-ATT	Dummy equal to one for respondents answering “disagree” (=4) or “strongly disagree” (=5) to the question “large international companies are doing more and more damage to local businesses in [<i>Country</i>]”, and zero in case of respondents that “agree strongly” (=2) or “agree” (=3) with the statement	ISSP 2003; 2013
Age	age of the respondent	ISSP 2003; 2013
Male	dummy equal to 1 if the respondent is “male”, and zero otherwise	ISSP 2003; 2013
Single	dummy equal to 1 if the marital status of the respondent is “never married”, and zero otherwise	ISSP 2003; 2013
High education	dummy equal to 1 if the education of the respondent is either “above higher secondary level” or “university degree completed”, and zero otherwise	ISSP 2003; 2013
Relative income	income of the respondent’s family relative to the aggregate income in [<i>Country</i>]	ISSP 2003; 2013
Retired	dummy equal to 1 if the current employment status of the respondent is equal to “retired”, and zero otherwise	ISSP 2003; 2013
Closeness town/continent	index constructed as the ratio between how close the respondent feels to her/his town or city and how close she/he feels to her/his continent	ISSP 2003; 2013
Proud citizen	generally speaking, [<i>Country</i>] is a better country than most other countries [1 = disagree strongly, 2 = disagree, 3 = neither agree neither disagree, 4 = agree, 5 = agree strongly]	ISSP 2003; 2013
Immigrants take away jobs	immigrants take jobs away from people who were born in [<i>Country</i>] [1 = “agree strongly”, 2 = “agree”, 3 = “neither agree neither disagree”, 4 = “disagree”, 5 = “disagree strongly”]	ISSP 2003; 2013
Immigrants good for economy	immigrants are generally good for [<i>Country</i> ’s] economy [1 = “agree strongly”, 2 = “agree”, 3 = “neither agree neither disagree”, 4 = “disagree”, 5 = “disagree strongly”]	ISSP 2003; 2013
Immigrants bring new ideas	immigrants improve [<i>Country Nationality</i>] society by bringing in new ideas and cultures [1 = “agree strongly”, 2 = “agree”, 3 = “neither agree neither disagree”, 4 = “disagree”, 5 = “disagree strongly”]	ISSP 2003; 2013
Proud social system	How proud are you of [COUNTRY] social security system [1 = “not proud”, 4 = “very proud”]	ISSP 2003; 2013
Private sector	Dummy equal to 1 for respondents working for private sector	ISSP 2003; 2013
Country-occupation-level variables		
M&A-INT	FDI intensity measure, constructed considering the number of cross-border mergers and acquisitions (M&A)	SDC Thomson Financial
Country-level variables		
Employment protection (EPL)	synthetic indicators of the strictness of regulation on dismissals and the use of temporary contracts	OECD

Table A3 – Results using probit

Dependent variable: dummy = 1 for “disagree” or “disagree strongly” with the statement: Large international companies are doing more and more damage to local business				
	2003 (coefficients)	2003 (average marginal effects)	2013 (coefficients)	2013 (average marginal effects)
<i>M&A-INT_{cj}</i>	0.040** (0.016)	0.010** (0.004)	0.234*** (0.056)	0.065*** (0.015)
Relative income	1.359*** (0.284)	0.356*** (0.074)	0.136 (0.111)	0.038 (0.031)
Age	-0.008*** (0.002)	-0.002*** (0.001)	-0.009*** (0.002)	-0.002*** (0.000)
Male	0.191*** (0.046)	0.050*** (0.012)	0.145*** (0.039)	0.040*** (0.011)
Single	-0.004 (0.058)	-0.001 (0.015)	-0.135*** (0.049)	-0.038*** (0.014)
High education	0.112** (0.056)	0.029** (0.015)	0.245*** (0.047)	0.068*** (0.013)
Proud citizen	-0.114*** (0.020)	-0.030*** (0.005)	-0.110*** (0.017)	-0.031*** (0.005)
Closeness town/continent	-0.116*** (0.033)	-0.030*** (0.009)	-0.107*** (0.028)	-0.030*** (0.008)
Retired	0.045 (0.075)	0.012 (0.020)	0.019 (0.061)	0.005 (0.017)
<i>N</i>	5,096	5,096	6,585	6,585
pseudo <i>R</i> ²	0.135		0.126	

Notes: Probit model. Robust standard errors in parenthesis. * p<0.1, ** p<0.05, *** p<0.01. Additional control variables: country dummies, occupation dummies (ISCO 1-digit).