

Why do people oppose foreign acquisitions? Evidence from Japanese individual-level data

ITO Banri[†]

Aoyama Gakuin University and RIETI

TANAKA Ayumu

Aoyama Gakuin University and RIETI

JINJI Naoto

Kyoto University and RIETI

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Abstract

This study empirically examines the determinants of individual preference for inward foreign direct investment (FDI) using the responses of questionnaire surveys originally designed. It is known that individuals' preference for inward FDI tends to differ between greenfield and M&A and people are more likely to have a negative attitude toward M&A than greenfield investment. Our results are similar to the empirical results on trade liberalization preferences, and reveal that people's preference for inward FDI depends more on non-economic attributes such as experience and behavioral bias than on economic attributes. People who have a negative attitude toward inward M&A are especially noticeable among middle-aged and older generations, conservatives, those with a negative image of the so-called "vulture fund" for foreign capital, those with a loss aversion, and those with a high time preference rate.

Keywords: foreign direct investment, M&A, policy preference

JEL Classifications: F23, G34

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[†] Corresponding author: Banri Ito, College of Economics, Aoyama Gakuin University, 4-4-25, Shibuya, Shibuya-ku, Tokyo, 150-8566, Japan, E-mail: bito@aoyamagakuin.jp