The Attitude of U.S. Multi-National Corporations

Towards Ireland as a Location for

Foreign Direct Investment

Eoghan Stedman

A dissertation submitted in partial fulfilment of the requirements for

an MSc in Management 2012

School of Business

National College of Ireland

2012

Norma Smurfit Library

National College of Ireland

Research Students Declaration Form

(Thesis/Author Declaration Form)

Name: Eoghan Stedman

Student Number: x10209115

Degree for which thesis is submitted: MSc in Management 2012

Material submitted for award

(a) I declare that the work has been composed by myself.

(b) I declare that all verbatim extracts contained in the thesis have been distinguished by quotation marks and the sources of information specifically acknowledged.

(c) My thesis will be included in electronic format in the College Institutional Repository TRAP (thesis reports and projects)

(d) I declare that no material contained in the thesis has been used in any other submission for an academic award.

Signature of research student: ______________________________________

Date: 31st August 2012

Abstract

Foreign Direct Investment (FDI) represents a major source of employment and finance to Ireland, with flows in excess of US$ 26billion in both 2009 and 2010 into the country, the majority of which came from U.S. companies. Equally, Ireland has become an important location for American firms looking to locate operations overseas, with the stock of such investments in the country estimated at over $190 billion in 2009, which is more than the value of American investments into Brazil, Russia, India and China combined. By 2012, all this investment resulted in over 500 U.S. owned companies operating within the State providing jobs to 100,000 people. What are the factors encouraging such levels of investment into a peripheral European nation? Is it all about Ireland's corporate tax rate? What, if any role is played by factors such as cultural ties, a shared language and government policy in attracting American investors? This paper reviews the literature and carries out research to determine the factors influencing the FDI decisions of U.S. Multi-National Corporations to determine if they are all purely profit driven or whether any 'soft factors' work in Ireland's favour when courting American investors.

Acknowledgements

My sincere thanks go to everyone who helped and supported me during the two years of study within the National College of Ireland and who made the experience challenging, enjoyable and rewarding, in particular those who assisted in the preparation, research and completion of this dissertation.

A big thank you to all the faculty and staff for their assistance, patience, willingness to answer questions and share their knowledge whenever they were asked. In particular, I would like to extend my deepest gratitude to Dr. Philip McGovern, who as my supervisor on this project provided invaluable advice, guidance and support.

To all those who took the time to share their knowledge, insight and experience on the topic of this paper either through the online survey or by talking to me directly in an interview, I am incredibly grateful.

All my colleagues at Sajan inc, thanks guys for your flexibility in accommodating my studies.

To my family and friends, many of whom I have neglected for much of the last two years in order to research various assignments, study for exams and latterly complete this paper, thank you all for your patience and support.

Finally, to my new friends and classmates of the last two terms, thank you all for putting up with my constant questioning and offering of opinions during lectures, no matter how “scary”.

Go raibh mile maith agaibh go léir.

Contents

Figures

1. Background & Introduction

Of the fourteen reasons why Intel originally invested in Ireland, only one still remains; a low corporate tax rate.

Comments reportedly made by Craig R. Barrett, former C.E.O. Intel Corporation, at the Global Irish Economic Forum 2009 (Cooper, 2009).

1.1 Introduction

This research has been primarily undertaken by the author out of personal interest in the topic. Having worked in a number of U.S. Multi-National Corporations based in Ireland and witnessed the effects their presence has had on the country's economy, this author has long been interested in the motivations behind the presence of many of the leading American firms in the small nation that is the Irish State.

In conducting research for this dissertation it became apparent that until recently, very little work has been carried out to determine the factors that influence the investment decisions of American corporations with regard to their presence in Ireland. It is hoped that this paper will go some way to expanding the area.

1.2 Background

Foreign Direct Investment (FDI) is defined by the United Nations Conference on Trade and Development (UNCTAD) as “an investment made by a resident of one economy in another economy, and it is of a long-term nature or of ‘lasting interest’”, where the investor retains a “‘significant degree of influence’ on the management of the enterprise” (UNCTAD, 2009, p.35).

Global Foreign Direct Investment flows into Ireland during both 2009 and 2010 exceeded US$ 26 billion in each year (UNCTAD, 2011 a, p.4). During 2010, despite a 17.5% decline in investment by American firms during the first 3 quarters (Hamilton & Quinlan, 2011, p.vii), inward FDI by these organisations sustained 99,772 jobs, representing 71.8% of all IDA Ireland supported employment (IDA Ireland, 2011, p.16). To place that in perspective; 1 job in every 18 within the Irish workforce is created as a direct result of IDA Ireland supported investment by a U.S. company (Central Statistics Office, 2011 a).

By the end of 2009, the value of investments in Ireland by U.S. companies stood at over US$ 190 billion. That equated to 9% of the total investment by American corporations into Europe and 5% of their total global positions (Ibarra-Caton, 2010). This figure places the total investment by U.S. firms in Ireland at more than that made by American companies in Brazil, Russia, India and China combined (Hamilton & Quinlan, 2011, p.vii).

1.3 Objectives

It is clear from these figures that Ireland is an important or at least an attractive location to U.S. Multi-National Corporations (MNC's) as a host country for Foreign Direct Investment, just as these organisations are an important part of the Irish economy. The objective of the paper is to gain an insight into the attitudes of U.S. Multi-National Corporations towards Ireland as a location for their investments.

As part of that, the research will explore the factors that influence such decisions.

2. Literature Review

2.1. Introduction

Given the recent nature of the area under investigation, only a small body of work exists exploring the topic. There has been much published focusing on the factors influencing the selection of host countries by MNC's for inward investment globally and additional works reviewing the impact of FDI into Ireland on the local economy. However, investigation of the factors influencing U.S. companies and their attitude towards the State as an investment location is limited.

Gunnigal & McGuire (2000), while focusing on labour issues in Ireland and how they affected U.S. FDI, discovered that some 'soft factors' such as cultural identity and language contributed positively to the investment decision.

Examining the decade between 1997 and 2007 to determine the factors that attracted foreign investment into Ireland Kamilya & Anh Nguyen (2010) conducted a review of the work to date. They found that government and State agency policy direction have been significant determinants in the selection of Ireland by many companies.

Reviewing the determinants of U.S. outward FDI for Multi-National Enterprises (MNEs), Yeaple (2003) building upon the knowledge-capital model of Carr, Markusen & Maskus (2001), found, that "In industries with high skilled-labor intensities, U.S. MNEs favour skilled-labor abundant countries over skilled-labor-scarce countries, whereas in sectors with low skilled-labor intensities U.S. MNEs favor skill-scarce countries over skill-abundant countries" (Yeaple, 2003, p.727).

In order to understand the factors influencing the FDI decisions of U.S. Multi-National Corporations and the attraction of Ireland to them, the review will explore the broader phenomenon of Foreign Direct Investment and also the history of investment into the Irish State.

2.2. History of Foreign Investment into Ireland

In an article reviewing the history of enterprise policy in Ireland, O'Gorman and Cooney (2007) state that the development of industrial strategy in Ireland from the 1960's had been focused on "promoting export-led growth in Irish manufacturing through various incentives and of encouraging foreign companies to establish manufacturing plants in Ireland, producing specifically for export markets" (O'Gorman and Cooney, 2007, p.1). In fact, the roots of this policy can be tracked back to before the 1960's and with them, so too are the foundations for the modern strategy of attracting FDI into the State.

O’Mahony & Barry (2005) in attempting to review the data available on the value of U.S. FDI flows into Ireland note the inconsistencies, both over time and between agencies, in what is included in the calculation of the investment, making an accurate comparison over time difficult.

2.2.1. Investment from 1920 to 1949

The initial sources of FDI into the newly independent Irish State were mostly by way of 'tariff jumping' by British companies wishing to sell their products in Ireland to exploit the higher profit margins created in the Irish market as a side effect of the government’s increasing levels of protectionist levies (Barry, 2011, p.2, citing Girvin, 1989). However, the initial growth in economic activity in the first decade of independence was quickly reversed with the election of Fianna Fáil in 1932 and the subsequent passing into law of The Control of Manufacturing Acts of 1932 and ’34. These restricted foreign ownership of industries in the Irish Free State, thus paving the way for greater levels of protectionism and the Anglo-Irish Trade War of the 1930’s, as outlined by Neary & Ó Gráda (1991). In the article they note that even before the change of government, the State was far from being an open economy, levying almost 80 categories of tariff in 1931 which extended to almost 290 by 1936, resulting in a fivefold increase in tariffs and levies during the period (Neary & Ó Gráda, 1991, p.254).

In 1949 the Industrial Development Authority was established under the then Department of Industry and Commerce and was initially tasked with growing indigenous exports. Later the role of the agency was widened to support both local and foreign companies with a manufacturing base in the State that would export their products (Donnelly & Hogan, 2011, p.9).

2.2.2. Investment from 1950 to 1979

The 1950's brought an increasing awareness in Irish government circles of the untapped potential that U.S. investment into the State held (Barry, 2011). In 1950 the country attracted US$ 5 million from the total US$ 1.72 billion of American investment into Europe (Barry, 2011, p.10). Barry suggests that the key event to opening up the Irish economy to FDI came in 1956 with the introduction of Export Profits Tax Relief and a reduction in the restrictions on foreign ownership of firms in the State. The paper highlights that the move was not universally supported, detailing opposition from both politicians and local business groups. The author points to the liberalisation of the economic landscape, as many of the restriction brought about by both the Control of Manufacturing Acts were relaxed by 1958. However, the Acts were not fully repealed until 1968.

The shift in Irish economic focus during the 1950s and ‘60s from a protectionist stance to an outward looking one and the associated drive for greater inward FDI is documented by Berry and Bradley (1997). They note that during the ten years from 1960 to ‘69 agriculture, which had been the main export of the State since independence, was surpassed in the number one position by manufacturing, a change that echo’s the move between stages 3 and 4, ‘agriculture’ and ‘commerce’, of Adam Smith’s four stages of history.

The 1970’s with the signing of the Anglo-Irish Free Trade Agreement and membership of the European Economic Community further opened up the economy to trade and investment (Berry, 2001).

McAleese (1972, p.64) found that during the period between the end of the Second World War and the start of the 1970's, in all but two years, Ireland experienced a net positive inflow of investment capital.

Estimating the number of inward investments into Ireland, Barry (2006) calculates that between 1955 and ’59 a total of 30 new FDI operations were established in the State, 5 of which were U.S. owned. The next 10 years saw a total of 202 investments including 47 backed from the U.S. According to the paper, during the first three years of the 1970’s 168 new investments were made with 55 of those by U.S. based organisations (Barry, 2006, p.4).

2.2.3. Investment from 1980 to 1999

The 1980’s witnessed a number of significant events that opened the State to further FDI (O’Gorman & Cooney, 2007, p.9). The establishment of the International Financial Services Centre (IFSC) in Dublin’s Docklands area under The Financial Services Act 1987 created incentives for financial institutions to locate operations in the city. The first of the Social Partnership agreements, The Programme for National Recovery (PNR), brought about a stable industrial relations environment. The PNR also set out a number of macroeconomic targets for government aimed at improving the fiscal position of the State. These included a commitment to the Exchange Rate Mechanism, the forerunner to the Euro (Department of the Taoiseach, 1987) and keeping borrowing between 5% and 7% of Gross National Product (GNP) along with steps to reduce the national debt, which stood at 150% of GNP. By comparison, in 2010, estimates by the State's debt management agency, the National Treasury Management Agency (NTMA), place debt levels at € 148.1billion (National Treasury Management Agency, 2011) while the Central Statistics Office report GNP for the year stood at € 128.2 billion (Central Statistics Office, 2011 b), placing the 2010 debt to GNP ratio at 115%. The debt figure does not include the obligations the State has undertaken on behalf of the Irish headquartered banks (Coffey, 2012), resulting in some commentators suggesting a significantly higher ratio for 2010 of over 400% (Landon, 2011).

Barry (2006) highlights the outlawing within the European single market area of restrictive public procurement practices in the 1980's as a key factor in boosting investment into Ireland. The paper suggests that prior to the ban, larger states had exerted influence over FDI decisions by, as Barry states, "suggesting" that organisations seeking to win government tenders may be blacklisted from such contracts if they located in Ireland rather than in the country issuing the tender (Barry, 2006, p.13). The same author later notes that airline deregulation in the middle of the decade (Barry, 2007, p.199) and investment by the Irish State telecoms firm Telecom Éireann, to create what was then one of the most advanced digital telecommunication infrastructures in Europe, both contributed to making the country more accessible to the outside world and so more attractive for investment (Barry, 2007, p.203).

Commenting on the development of IDA Ireland, Donnelly (2010) describes how in the 1980's the strategy adopted by the Industrial Development Authority to meet its job creation targets was, at the time, promoting FDI over the cultivation of indigenous industries. As a result, in 1994 the government reorganised the investment agency, giving the role of the Industrial Development Authority to a new body Forfás, which gained an overarching policy and legal remit for job creation and two subordinate agencies; Forbairt, later Enterprise Ireland, to promote indigenous industry and IDA Ireland tasked with attracting and supporting FDI (Donnelly, 2010, p.2).

Buckley & Ruane (2006) detail how during this period, government agencies set out a strategy based around attracting investment from four key market segments; microprocessors, software, printers and other computer products. As a result, two of the global information technology (IT) industry leaders set up operations in Ireland; Microsoft in 1985 (Microsoft Corporation, n.d.) and Intel in ‘89 (Intel Corporation, n.d.), both becoming flagship projects for the State, leading to subsequent investment by other major firms within the IT sector during the 1990’s (Buckley & Ruane, 2006, p.11).

Following on from the success of focusing investment strategy on the IT sector, in 1992 the Irish Government established the Industrial Policy Review Group which “recommended the promotion of industrial clusters focused on niches of national competitive advantage”

(Department of Enterprise, Trade and Employment, 2008, p.7). As a result, the State targeted FDI in three sectors, Information Communications Technology (ICT), Biotechnology/Pharmaceuticals (Life Sciences) and Internationally Traded Services, primarily in the financial sector (see Figure 1).

The mid 1990's witnessed a rapid increase in both GNP and overall employment. Murphy (2000) details how GNP growth remained above 6% per year from 1994 through to the end of the decade, with employment increasing at an annual rate above 3% during the same period (Murphy, 2000, p.5).

The effect of all of these actions, as noted by Barry (2006) was that employment within foreign owned firms operating within the State increased by 50% between 1987 and 2000 (Barry, 2006, p.13).

2.2.4. Investment from 2000 to 2011

Brennan & Verma (2010) in reviewing recent FDI trends into Ireland state that the stock of FDI in the State grew by 50% in the 10 years from 2000, rising from US$ 127 billion at the start of the decade to US$ 193 billion in 2009. However, during the decade, FDI flows turned negative for four years, indicating investment leaving the country (Table 1).

As the stock of investment continued to increase, and with it, overall levels of employment, wage pressures started to exert themselves in the economy. As a result, much of the labour market competitiveness that had previously attracted investment was eroded during the early part of the decade (Bergan et al, 2009, p.5).

The external and internal factors that led to the economic collapse within Ireland in the second half of the decade are well documented. Prior to his appointment as Governor of the Central Bank of Ireland, Honohan (2009) summarised why the State was left in a weak position to deal with the global recession as “a home-grown banking crisis, a trend loss in wage competitiveness that had been underway since 2000 and a tax structure whose yield was far too heavily dependent on a continuation of the boom”, also citing “hubris formed during the years of solid growth (before 2000)” as a factor (Honohan, 2009, p.2).

The 2011 Survey of MNCs in Ireland (Condon & O’Toole, 2011) reveals that 44% of all companies polled categorised their activities as completely services, with 34% identifying themselves as purely manufacturing (Condon & O’Toole, 2011, p.9). 52% of respondents indicated their cost base in Ireland was increasing, with 20% seeing a reduction, labour and energy costs being seen as more expensive in the State than elsewhere (Condon & O’Toole, 2011, p.15).

According to IDA Ireland figures, at the end of 2011 there were 515 U.S. firms operating in the State, (IDA Ireland, 2012 b, p.18) while during the same year over 50 American firms had made or announced investments in the country (IDA Ireland, 2011 b).

Decade	1970s	1980s	1990s	2000s	2010s
0	$32.00	$286.45	$621.91	$25,779.44	$26,329.56
1	$25.00	$203.45	$1,361.67	$9,650.92	
2	$31.00	$242.01	$1,458.17	$29,323.80	
3	$52.00	$169.65	$1,077.89	$22,781.29	
4	$51.20	$121.36	$856.98	-$10,607.61	
5	$158.17	$163.66	$1,442.93	-$31,689.30	
6	$172.68	$250.29	$2,617.48	-$5,542.31	
7	$136.24	$322.48	$2,135.94	$24,707.17	
8	$375.26	$257.44	$8,865.09	-$16,452.92	
9	$336.68	$192.76	$18,210.64	$25,959.83	

Table 1 Total Net FDI flows into Ireland in millions at current U.S. dollar rates (UNCTAD, 2011 b).

2.3. Factors Affecting FDI Decisions

There has been a significant body of work exploring the diverse reasons cited for the location choices of companies wishing to invest outside their home country.

Moving beyond the view of classical economists, Porter (1990) claims that the attraction a country holds for FDI is not just the sum of its factor endowments, but rather what it can create through innovation and upgrade. He states, "Differences in national values, culture, economic structures, institutions, and histories all contribute to competitive success" (Porter, 1990, p.74). This paper will seek to determine if this is the case with regard to American investment into Ireland.

Dunning (2001), writing about his earlier work on the topic, the OLI or Eclectic Theory, which attempts to define a framework to analyse FDI decisions, sums up the issues facing any effort to generalise the factors behind corporate investments by saying, "I have frequently asserted that no single theory can be expected to satisfactorily encompass all kinds of foreign-owned value-added activity simply because the motivations for, and expectations from, such production vary a great deal" (Dunning, 2001, p.176).

In reviewing the work available, Blonigen (2005), notes the extent of the existing canon and points to a focus on macroeconomic factors, such as taxes, exchange rates, legal institutions and tariffs in the research. The paper critiques existing models that attempt to explain FDI movements concluding, "In the final analysis, the empirical literature on determinants of FDI is still young enough that most hypotheses are still up for grabs. [...] However, as this survey of the literature reveals, the issues are complicated enough that broad general hypotheses such as taxes generally discourage FDI simply should not be expected once one takes a closer look" (Blonigen, 2005, p.398).

As noted by Bandelj (2001), much of the work on the factors driving FDI is "premised on the rational choice thesis" (Babdelj, 2001, p.1), that is, the assumption that investors will locate in the country that maximises their profit. Quantifiable variables such as labour laws, taxes, economic and political structures, market size and labour availability amongst others can be factors in the consideration.

In a wide ranging paper for the Economic and Social Research Institute on the topic of "Industrial Strategy and Business Planning in Ireland", that cites theories from Porter, Kotler and Vernon, amongst others, Bradley (2001) concludes, "Luck plays a large part in industrial strategy. The expected external conditions needed to support success do not always conveniently arrive, and their absence may frustrate otherwise admirable policy initiatives" (Bradley, 2001, p.32).

The effect that chance can have on the investment decision was highlighted during an informal interview with Chief Executive Officer ‘Z’. During the session he stated that his organisation had intended to open a European Headquarters in the Netherlands. However, following a chance meeting with an individual in his sector who suggested Ireland as a location, the firm reviewed its decision and opened their European office in Dublin (CEO ‘Z’, 2011).

2.3.1. Taxation

> *Ireland's low corporate tax rate is “the unique and essential foundation stone of Ireland’s foreign investment boom”.*
>
> Padraic White, former chief executive, IDA Ireland (McSharry & White (2000) cited in Barry (2011, p.1)).

Ireland levies a Standard Corporate Tax rate of 12.5% on profits generated from trading income (Revenue Commissioners, n.d. a). Recent comments from some Eurozone leaders suggest that the aid being offered to the State during the economic recession should be, in some way, tied to an increase in this rate (Scally & Mac Cormaic, 2010) or an acceptance of a Common Consolidated Corporate Tax Base (C.C.C.T.B.) (European Commission, n.d.) across the entire E.U. block (Stearns, 2011). Given the perceived importance of the tax rate in attracting investment, this option has been robustly rejected from the highest levels of the Irish government (Beesley, 2011).

Work by consulting group PricewaterhouseCoopers (PwC) on behalf of the World Bank highlighted that Ireland's 'profits tax' rate was around the European average level and higher than that of other European Union (E.U.) countries including France, the Czech Republic, Cyprus or Luxembourg. The paper also shows that Ireland's Total Tax Rate (T.T.R.), that is the overall burden including profit, labour and other levies on a corporation operating within the country, at 26.5% stood at the third lowest in the E.U. (PwC, 2011, p.31).

Not only is the prevailing tax rate a potential factor in FDI decisions, but so too are efficient tax arrangements between the tax authorities of the target country and the home nation of the investing organisation in order to avoid any double taxation (de Mooij & Ederveen, 2003, p.675). The article concludes that once effective arrangements are in place, their exact nature is not a significant factor and that when assessing the impact of tax on FDI decisions, it is the effective or average rate, rather than the headline figure that is the determinant.

A tax treaty exists between Ireland and the United States of America that eliminates the risk of double taxation (Revenue Commissioners, n.d. b).

A further potential factor, especially for U.S. technology companies and those with intellectual property (I.P.) rights, is the tax planning arrangement known as The Double Irish. The scheme takes advantage of lax Irish legislation in the area of transfer pricing, and in essence requires that the U.S. corporation sets up two units, both registered in Ireland, with one managed from a low tax jurisdiction and the other managed within the State. These two sub-entities then transfer rights to use the I.P. between each other for a fee (Darby & Lemaster, 2007). It is believed that a number of U.S. firms located in Ireland have availed of this arrangement to achieve significant tax savings (Slattery, 2010).

In a 2011 interview given to a CBS television ’60 Minutes’ documentary reviewing U.S. companies relocating functions outside America to avail of lower tax rates, John Chambers, CEO of Cisco acknowledged that the company had eight subsidiaries in Ireland saying, “we do what makes sense to the shareholders, we go where there are incentives in countries that say we want you here, we’re going to give you tax advantages, we want you to add jobs here etcetera” (Stahl, 2011).

2.3.2. Political, Regulatory and Legal Environment

In reviewing the role played by a national regulatory environment in attracting FDI, Smith-Hillman & Omar (2005) state that the importance of the regime is evident by virtue of the number of pro-FDI changes made internationally during the 1990’s, which they estimate at over 1,000. The paper notes that even with the increasing number of bi-lateral trade agreements protecting MNC’s in their overseas investments, the key risk businesses face is to their amassed profits that reside in any particular jurisdiction.

Reviewing the effect that the cost of contract enforcement had on FDI flows into developing nations, Ahlquist & Prakash (2010) concluded that countries with lower enforcement costs attracted more FDI, but note that given the debt levels of the countries in their survey group

MNC’s may be able to exert influence on governments to make legal changes in their favour (Ahlquist & Prakash, 2010, p.195).

Guimón (2008), writing on government strategies to attract FDI, states that legal enforcement of Intellectual Property (I.P.) rights are key to attracting investment. However, Adams (2010) concluded that I.P. rights protection was not on its own a determinant of FDI, but part of a basket of factors that influenced investment decisions.

Whether the paying of bribes within a country affects inward FDI flows is a topic of some debate with differentiation required as to whether the giving of gifts is a cultural norm and if the payment in question is a corruption of the system or not. Al-Sadig (2009) found that where corruption is the case, there is direct and negative correlation with inflows of FDI i.e. an increase in the level of corruption in the host country leads to a decrease in FDI. However, Kendell & Zhou (2008) concluded that under certain circumstances, the ability to avail of a corrupt environment in the host country could have a positive effect on FDI flows.

Kim (2010), testing earlier hypotheses, found that while countries with low levels of corruption and greater levels of political freedom generated more FDI outflows, the opposite was true of states receiving inward FDI. According to the paper, nations with higher levels of corruption and fewer political freedoms received greater amounts of investment, concluding, “FDI inward performance is positively correlated with the corruption level of government and negatively correlated with the level of democracy” (Kim, 2010, p.64).

2.3.3. Currency Stability

In describing a model to explain the risk factors influencing FDI, Palacios & Griffin (2011), highlight currency risk as having a correlation to FDI inflows within their subject group. The reasons stated in the paper are that such risk creates a lower value of the host country currency leading to a pool of “comparatively cheaper labor” for the investing organisation (Palacios & Griffin, 2011,p.18).

Globerman & Shapiro (2003) found that appreciation or depreciation of a host country currency did not relate to the level of FDI in a significant manner, but that having exchange rate predictability between the home country of the MNC and host country of the investment did contribute positively (Globerman & Shapiro, 2003, p.37).

2.3.4. Workforce, Education & Demographics

From an economic perspective, one of the four factor endowments of a country is its labour force. As noted by Riedl (2010), beyond the pure endowment nature of the size of a nation’s workforce, proximity to end markets and specialisations within the country (see Industry Clustering below) may play a role in attracting FDI (Riedl, 2010, p.745).

The effect of labour market flexibility on attracting inward FDI was examined by Floyd (2003), who reviewed the position of the United Kingdom. The article took into account factors such as trade union power, minimum wages legislation, scope for individual workers to operate beyond the hours of a mandated maximum work week as well as labour skills and specialisation. Floyd concluded that the U.K.'s labour market is flexible and as a result the country is an attractive location for foreign investment.

Shatz (2003) found that U.S. corporations were more likely to invest in foreign countries that had higher standards of education, even though well-educated workforces lead to higher unit labour costs. The paper concludes that "The preponderance of FDI seeks educated labour" (Shatz, 2003, p.144). This backed up earlier research by Fung et al (2000) that reviewed inward FDI into China, finding that, "The FDI from both U.S. and Japan are significantly influenced by labor quality, whereas the strong influence is generally not found in the other nations' FDI" (Fung et al, 2000, p.33).

2.3.5. Cost Base

> "Unlike in the 1980s and 1990s, Ireland is no longer a low-cost location. This was starkly demonstrated in early 2009 with the decision by Dell to close its manufacturing operations in Ireland while retaining its higher value functions" (Brennan & Verma, 2010, p.3).

Barrell & Pain (1996), reviewing FDI decisions of US MNC’s during the 1970’s and 80’s concluded that factor costs such as labour and capital “are important determinants” in investment decisions (Barrell & Pain, 1996, p.206).

Comparing E.U. regions, Anastassopoulos (2007), notes that how the costs and competitiveness of a nation are measured for potential FDI will vary depending on the organisation’s motivations for making the investment (Anastassopoulos, 2007, p.43).

Government incentives can affect the overall cost of locating in a particular country. Morisset & Pirnia (1999), reviewing previous work, concluded that such incentives are not the driving factor in FDI location choices and could not make up for deficiencies in the overall investment environment.

2.3.6. National Characteristics

Bhardwaj, Dietz & Beamish (2007), argue that high levels of trust along with lower levels of uncertainty avoidance; reflecting a culture’s lower requirement for strict rules and direction/supervision, both play a significant factor in attracting FDI. Their figures showed Ireland with a relatively low uncertainty avoidance score of 35/100, joint 4th lowest in their survey group of 43 nations and having a trust rating of 47.37/100, ranking 7th highest of the group (Bhardwaj, Dietz & Beamish, 2007, p.37).

In reviewing companies that had invested in Northern Ireland and Bahrain, Gilmore et al (2003) found that the importance of cultural closeness between the home nation of the investor and that of the target country could be a factor in the investment decision, but that this varied depending on the nationality of the investing party.

2.3.7. Industry Clustering

Work by Barry, Görg & Strobl (2001), looked at the factors that may influence the agglomeration, or coming together, of companies into industry clusters in Ireland. In particular, the paper considered the efficiencies and benefits of companies locating near others in the same or associated industries as well as what they termed the “demonstration effects” i.e. when an organisation establishes a presence in a particular location, it then sends out a signal to others that the selected area is a good place to do business. They suggest that U.S. firms’ decision to locate in Ireland is influenced by both of the factors examined and that the ability of the country to attract flagship projects at the early stages of sectorial development helps in attracting later investment.

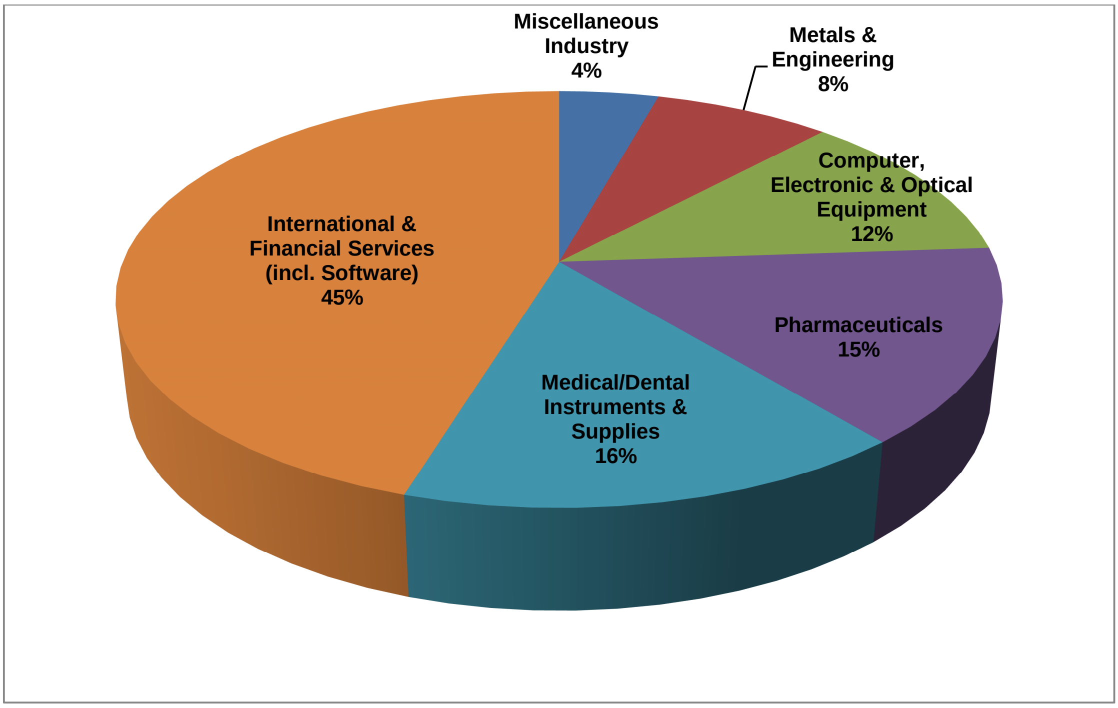

Figure 1 Distribution of employment by sector in IDA Ireland supported industries, IDA Ireland (2011 a, p.17).

It appears that the strategy employed by IDA Ireland in attracting FDI into the country would, based on the presence of investment by industry leaders in each of the target sectors and number of jobs supported by the organisations in each area, indicate the agency is focused on 4 sectors (see Figure 1), and appears to correspond with the approach outlined by Barry, Görg & Strobl (2001).

2.4. Investors view of Ireland

A 2011 survey, carried out by Amárach Research on behalf of law firm Matheson Ormsby Prentice, found that of the 250 U.S. organisations asked, 58% rated Ireland positively as a place to do business, 30% had no strong view either way and 12% were negative. Overall, the split between whether respondents were likely to do business in Ireland or not was slightly tipped towards “unlikely” at 38%, with 32% likely and the remainder returning a neither likely nor unlikely response. The report concludes that; “business leaders of Irish America maintain a very positive image of Ireland, both in absolute and relative terms” (Amárach Research, 2011).

A year earlier, the IBM 2010 Global Locations Trends survey (IBM Global Services, 2010), ranked Ireland the number 1 location for Foreign Direct Investment, when weighted for population size.

In compiling the 2011 Economic Freedom Index for the Frasier Institute, Gwartney, Lawson & Hall (2011) ranked Ireland 25th from 141 countries. That places the State behind Switzerland and E.U. members the U.K., Finland, Slovakia, Denmark, Austria, Cyprus, Hungary and Germany. The report notes that Ireland’s rating has declined since 2005, primarily as a result of the economic crisis restricting access to finance within the country (Gwartney, Lawson & Hall, 2011,p.19).

Work by Lyons (2012) reviewed the factors and attitudes influencing the FDI decisions of 315 individuals within 101 multinational companies each with a presence in Ireland.

Amongst the findings were;

- 49% of respondents felt that “Ireland will see moderate export growth and inward FDI” in the period up to 2014.

- 56% expressed the opinion that Ireland was “Slightly more expensive” to “Far more expensive” for wages and salaries when compared to other countries within which they did business.

- 19% indicated that “the biggest risks or disadvantages of doing business in Ireland” were the “high cost of doing business”, while a further 17% cited “Poor transport and physical infrastructure”.

- 56% classified “Ease of doing business” as “Very significant” in influencing FDI decisions, while a further 40% ranked it as “Somewhat significant” making it the single highest ranking factor for that question in the survey, just ahead of “Cost of doing business” with 51% citing that as “Very significant” and 44% as “Somewhat significant”.

(Lyons, 2012).

When Lyons asked “which competitive advantages does Ireland have to offer?”, “Access to EU market” ranked highest (see Figure 2).

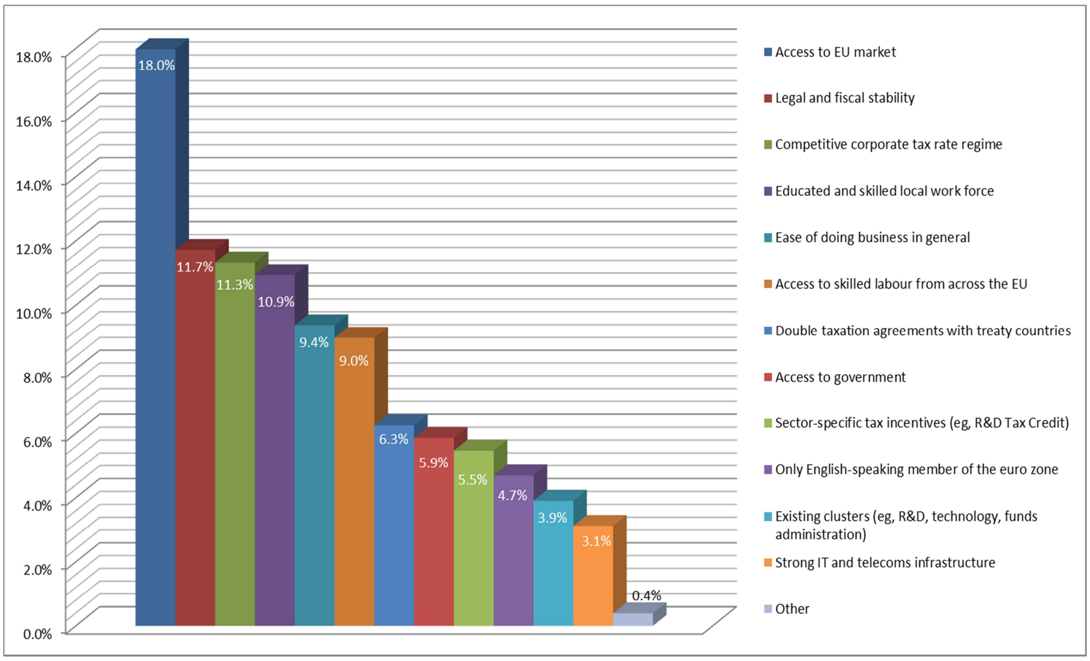

Figure 2 Percentage replies to “which competitive advantages does Ireland have to offer?” (Lyons, 2012).

Specifically addressing the investment decisions of U.S. multinationals with regard to Ireland, Quinlan (2011), suggests that while there appears to be no single strategy adopted across all American firms investing in Europe, the motivation of the majority is to gain access to the “continent’s massive and wealthy consumer market” (Quinlan, 2011, p.32), with most then placing their production facilities in or close to larger country markets. The author notes, that in the case of Ireland, the majority of the output from U.S. firm’s operating within the State is directed towards exports (Quinlan, 2011, p.35).

Whatever the driving factors, net total FDI flows into Ireland, measured in US Dollars at current prices and rates, grew from US$ 32 million in 1970, through US$ 286.45 million in 1980, US$ 621.91 million by 1990, US$ 25,779.44 million in 2000, peaking in 2002 at US$ 29,323.79 million, before experiencing net outflows between 2004-2008, then showing strong growth again in the last two years of the decade (UNCTAD, 2011 b).

2.5. Summary

Ireland has attracted FDI in different forms since independence in the early 1920's. The targeting of foreign investment and in particular investment from America became government policy in the 1950's. The implementation of strategies in the 1980's and 1990's to target growth sectors in what today would be known "the knowledge economy", with highly skilled jobs away from traditional manufacturing and also in the internationally traded services sector, led to a surge in investment and resultant jobs as U.S. firms established new operations across the country.

The review also highlights the many factors that can influence the location of an overseas investment. These factors will be included in the research in order to determine which ones are relevant to U.S. firms and to Ireland in the FDI decision making process.

3. Research Methodology

> "We can […] define research as something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge."

Saunders, Lewis & Thornhill (2009, p.5).

3.1. Introduction

The literature review highlights the complexity and diversity of factors influencing FDI decision making. It also overviews how the State, through its inward investment agency (the IDA and later IDA Ireland) actively sought to attract foreign, and in particular U.S. firms to invest in the country through a strategy of creating a conducive business environment allied to establishing clusters in the target industries of Life Sciences, Financial Services and Information Communications Technology (ICT).

This author suggests that given the significant investment by US firms into the State, the strategy followed can be regarded as having had some success. The purpose of this paper is to investigate the following; In 2012, given the back drop of economic and banking issues in the U.S. and Ireland as well as the wider global economic recession, over the short to medium term how do US multinational corporations view Ireland as a location for their overseas investments?

In order to answer this, a number of approaches and associated tools are available. In this chapter the author will expand upon the purpose of the paper to detail the research objectives as well as describing the research methods available and why those selected were chosen for the task.

3.2 Research Aims & Objectives

As noted by Blonigen (2005, p.398), research into the determinants of FDI is a young area. The purpose of this paper is to gain an insight into the factors at play in the decision-making within U.S. Multi-National Corporations with regard to their investment decisions in Ireland and their view of the country as a location FDI over the short to medium term, from 2012 to 2015.

The research will attempt to discover what are the key factors at play and the relative levels of influence each has on investment decisions. The work will include economic factors, such as corporate tax levels & treaties, the cost of doing business, access to markets etc. alongside ‘soft factors’ such as culture, personal ties of decision makers to Ireland and U.S.-Irish relationships.

The research is exploratory in nature, and as such no hypothesis is being put forward for testing in the paper. The research will review in a broad manner the factors influencing the decision makers and their decisions surrounding FDI location into Ireland.

It has been suggested by Blonigen (2005) along with commentary by Dunning (2001) and Quinlan (2011), that no generalisations or “hard and fast rules” can be drawn in the broad area of FDI. This author has found that while discussing the topic of this paper socially, the majority of individuals believe that Ireland’s low corporate tax rate is the only reason U.S. companies invest in the country. Unscientific as this is, the position may not be entirely without merit. Successive Irish governments have defended the corporate tax rate in the face of stiff E.U. demands for change. However, as outlined by research carried out by PwC (2011, p.31), Ireland does not have the lowest effective tax rate in the E.U. and the total tax rate (TTR) is third lowest in the block. Therefore, other factors are likely to be at play in attracting the volume of investment that the State receives.

The main research questions the work will seek to address are as follows:

- What are the main factors influencing the FDI decisions of U.S. Multi-National Corporations with regard to their choice of location?
- How does Ireland rank with regard to these factors?
- How is Ireland viewed by such organisations as a location for investment in the short to medium term?
- What, if any, effect do factors such as national culture, Ireland-U.S. ties and personal experience of those involved have on the FDI decision?

3.3. Methodology

Saunders, Lewis & Thornhill (2009) describe a model, called the 'research onion' that a researcher can use to refine their methodology. Using the model, researchers identify the philosophy, approach, strategy, choice of method, time horizon and types of data collection tools to use for their work.

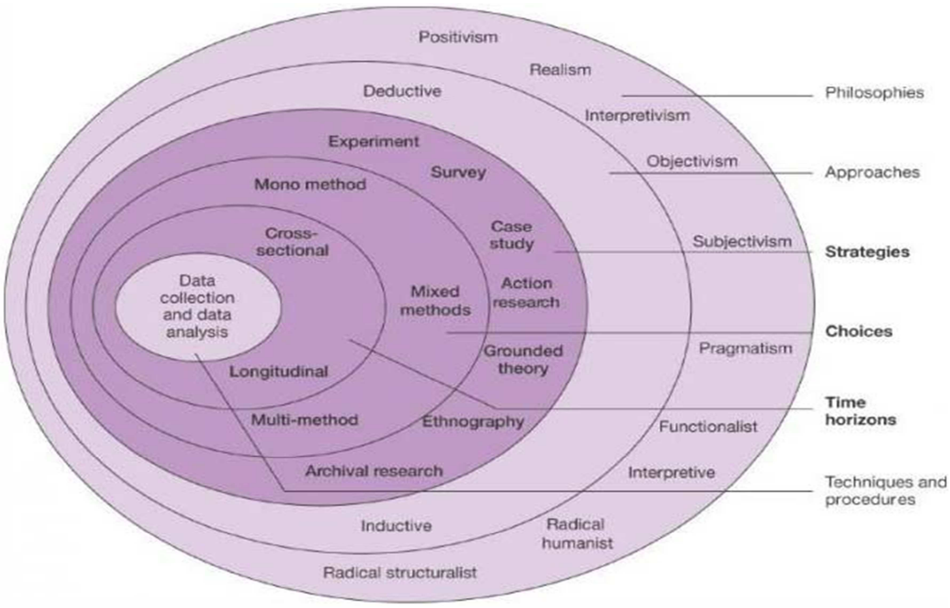

Figure 3 The research 'onion' as described by Saunders, Lewis & Thronhill (2009, p.108).

3.3.1. Philosophy

The philosophy adopted in any piece of research will be influenced by the nature of the question being posed. Saunders, Lewis & Thornhill (2009, p.108) describe how a question seeking a measurable or 'fact' based answer will require the researcher to adopt view known as a positivist position, which will be different to that taken by another seeking insight into attitudes or feelings.

In addressing the difference between a positivist or subjectivist/anti-positivist approach, Remenyi et al (1998), note that the end product of the former is “the derivation of laws or law-like generalisations similar to those produced by physical and natural scientists” (Remenyi et al, 1998, p.32), while the latter approach views each event as “a unique incident in its own right” (Remenyi et al, 1998, p.32). Positivists focus on the gathering a statistical data, or quantitative methods, whereas subjective/anti-positivists, working with phenomena that cannot easily be measured rely on the researcher interpreting observations and the role of “social actors” in events.

McGovern, in outlining the rationale for the selection of a particular research philosophy notes, “positivists state that the advantage of quantitative methods is objectivity, due to the distance maintained by the observer”, while the argument for an anti-positivist or subjective approach include “its flexible nature” and “its emphasis on discovering unanticipated findings” (McGovern, 2009, p.59).

In order to determine whether ‘soft factors’, such as any previous experience or personal ties of senior managers to Ireland act as influences in the decision making, a position that allows for the analysis of decision makers and influencers as “social actors” within the process will be adopted. If such items are factors then, in common with earlier findings, it is possible that no all-encompassing or definitive set of determining conditions common to all investing organisations exists. If this is the case, then the decision to invest in Ireland will be entirely subjective to each business. Therefore, the research will need to be conducted in an "anti-positivist" way that can identify such individual factors and unique circumstances.

However, one of the research objectives is to determine how Ireland ranks against other nations as a location for FDI. This research question requires a positivist philosophy to be adopted in order to collect measurable statistics and then rank the country's performance against them.

As such this author adopted a pragmatic position to the philosophy of the research, incorporating elements of both positivists (quantitative) and subjective (qualitative) positions.

3.3.2. Approach

Having identified their research philosophy, the researcher can then move to determine whether they are testing the validity of a hypothesis or theory, rather than investigating a phenomenon in order to gain an understanding of it. This then defines the research approach. Saunders, Lewis & Thornhill (2009, p.124) describe the two options as being a Deductive approach when testing a stated theory and an Inductive one when researching to gain an understanding of a given phenomenon.

Commenting on differences between the two approaches, Horn (2009) describes deductive as a "top down" view, starting with a testable statement and drilling down in order to determine if it is valid, while the inductive is more a "bottom up" view of the phenomenon, requiring observation and the building of data (Horn, 2009, p.108). The author states that an inductive approach involves the observation of multiple individual cases and then building a theory around what is seen, whereas deductive research starts with a theory or hypothesis which is then tested against observations. Furthermore, an inductive approach, with its roots in the social sciences allows for the investigation of "social actors" within the phenomenon, whereas the deductive approach with ties back to the natural sciences is far more rigid and looks to the construct of testable laws (Saunders, Lewis & Thornhill, 2009, p.124).

This research is being conducted to test a hypothesis and is open to the possibility that the FDI decision making process is influenced by the "social actors" within it. Furthermore, the research is concerned with investment into Ireland within the context of the wider FDI decisions by organisations. Finally, from the outset, this author believed that it was unlikely that the group being studied in the research, "C-Level" executives in U.S. Multi-National Corporations would respond to the requests to participate in sufficiently large numbers to be able to draw any "hard and fast" general conclusions from the research. As such, the research followed an inductive approach; exploring the investment decisions of individual organisations in Ireland within the context of their global investment strategy.

3.3.3. Strategy & choices

Due to the diverse nature of the target group, along with the exploratory nature of the work, a strategy involving multi-method research using both quantitative survey and qualitative interview was used to gather data. Saunders, Lewis & Thornhill (2009, p.153) suggest that this approach is useful where data are required to fulfil different purposes within the research.

A self-administered questionnaire was used to gather quantitative data in order to determine if any trends were discernible while semi-structured interviews were used to explore the FDI decision making process with individual decision makers and influencers. The questionnaire format was selected due to the time constraints in place on the research combined with the geographic spread of potential respondents and because, as noted by Saunders, Lewis & Thornhill (2009, p.362), “Questionnaires […] tend to be used for descriptive or explanatory research”.

The quantitative survey was carried out across a cross section of U.S. firms that included companies currently invested in Ireland and others that were not. This fulfilled two purposes. First, it allowed for the correlation of the results against the Lyons (2012) findings and secondly, allowed for the identification of any trends within the group.

Once the questionnaires were completed a number of semi-structured interviews were held with a selection of corporate level (‘C’ level) executives within the surveyed firms. Malhotra and Birks (2006) suggest that interviews provide respondents with the opportunity to reflect upon questions and affords them the opportunity to respond in their own terms. In the context of the research, the interviews were used to identify any factors that were not considered during the questionnaire.

The survey provided for the gathering of data in an attempt to extrapolate broad trends in attitudes, while the interviews allowed for participants to engage in more narrative format to describe their organisations FDI process.

3.3.4. Time Horizon

Research can follow a phenomenon over a prolonged period of time or interrogate it as a snap shot at a particular moment. Long term investigations, known as Longitudinal studies allow for the collection of large amounts of data leading to an understanding of how things change over time, or in response to the influence of factors. Snapshots or shorter term research, referred to as Cross-Sectional, capture smaller amounts of data in order to establish the state of the subject at the time of the study (Saunders, Lewis & Thornhill, 2009, p.155)

The aim of this research was to identify the influencing factors and attitudes surrounding FDI into Ireland as they currently exist, and as such the time horizon is cross-sectional.

3.3.5. Research Questions

> "Despite a threefold increase in FDI inflows to Ireland over the period 1990-1997, there are currently no qualitative studies addressing the factors influencing the location of inward investment in Ireland. Of particular concern is the lack of research data on corporate level decision making at U.S. headquarter level."
>
> Gunnigle & McGuire (2000).

The questions posed surround both the economic, financial and other factors that influence the decisions surrounding investments by U.S. organisations in Ireland.

In order to answer the primary question posed by the paper; "What is the attitude of U.S. Multi-National Corporations towards Ireland as an investment location?" a number of questions will be asked by the research;

- What are the main factors influencing the global FDI decisions of U.S. Multi-National Corporations?
- How does Ireland perform when ranked against these criteria?
- What, if any, effect do factors such as national culture, Ireland-U.S. ties and personal experience in Ireland of those involved have on the FDI decision?
- How is Ireland viewed by "corporate America"?

3.4. Implementation

A structured self-administered questionnaire was selected as the method for collection of quantitative data. Lyons (2012) in conjunction with The Economist Intelligence Unit developed a questionnaire to survey Global MNC's attitudes towards Ireland, a variation of which was used in this research to gather quantitative data (See Appendix I). The questions required a mix of both ranking and selection of key factors in the FDI process from a list while adding the ability of the respondents to include additional options. Respondents were also given the opportunity to elaborate on their answers by adding comments. It was then hosted on the web based platform "SurveyMonkey".

Key differences between the version of the survey used in this research and Lyons' original were;

- The original survey was designed to be carried out as a telephone questionnaire, whereas this version was intended to be self-administered by participants online. Therefore, the ability for respondents to include comments was added and features within the "SurveyMonkey" platform that allow automatic branching of questioning based on previous responses were utilised to provide appropriate questions to participants based on whether their organisation was invested in Ireland or not.
- Some questions were expanded to include potential factors that were of interest to this survey such as cultural similarity to the U.S., air links to American cities and Total Tax Take.

- As the target group for this survey, U.S. Multi-National Corporations, was a sub-set of that reviewed by Lyons, Global Multi-Nationals, questions such as “In which country are your company's global headquarters based?” were removed from the questionnaire and replaced by “In which U.S. State is your company headquarters based?”

A semi-structured interview was used to investigate whether any factors not identified by the questionnaire are at play. This provided the opportunity for participants to elaborate and expand on themes discovered in the questionnaire and for this author to build on responses and in particular to explore the impact of ‘soft factors’ such as cultural links in the overall decision making process.

3.4.1. Pilot

In order to validate the questionnaire it was supplied to individuals on the senior management team of one of the target organisations for their feedback at the end of July. Following their review, a number of minor modifications and additions were made to the questionnaire and it was this updated version that was used in the survey.

3.4.2. Sample Selection

Two sources of information were used to develop the pool of organisations and individuals to survey. The IDA Ireland website, which provides details of all agency assisted organisations operating within the State along with the nationality of their parent company, was used to draw up a list of U.S. MNC's invested in Ireland.

A commercial contacts database, InsideView, was used to collate a list of U.S. multi-national firms with no presence in Ireland and also to develop a contact list for C-Level executives in all the target firms for the survey.

3.4.3. Quality

While steps were taken to ensure that the individuals and organisations invited to participate were appropriate to the target group. As responses to the self-administered questionnaire were anonymous, with all respondents using a common internet hyperlink to participate, there was no mechanism to verify individual's identities. However, a number of invited participants did reply to the email invitations to state that they had completed the survey.

The results of the questionnaire were compared to the earlier work by Lyons (2012) and in many respects there was found to be a correlation between both sets of findings.

The author took steps to ensure that during the semi-structured interviews, open questions were asked.

3.4.4. Data Analysis

The "SurveyMonkey" platform collates questionnaire responses and allows them to be downloaded in spread sheet format. For the most part, data from each question within the questionnaire was reported as percentages of respondents to that question. The exception to this was analysis of questions were participants were asked to rank items on supplied lists. In that case a weighted average was applied in order to provide an overall ranking of items.

In a question where respondents were asked to rank a number of investment factors on a scale of "Not Significant", "Somewhat Significant" to "Very Significant" and with the option to select "N/A or don't know", weightings were applied as follows;

Not Significant = 1, Somewhat Significant = 2, Very Significant =3, N/A = 0

The number of responses in each grade were then totalled, and multiplied by the weighting, with all those totals then added together and divided by the number of respondents to produce a weighted average figure for the factor.

For example, the survey question “Please rank the significance of the following characteristics of investment locations to your worldwide direct investment decisions” required participants to rank each of seventeen factors on the scale above. One factor, “Ease of attracting key international staff” received the following number of selections;

Not Significant = 7, Somewhat Significant = 10, Very Significant = 5, N/A = 2

Applying the weightings to these results gives

$$(7 \times 1) + (10 \times 2) + (5 \times 3) + (2 \times 0) = 42$$

The total is then divided by the number of responses to produce the weighted average; 42 / 24 = 1.75

By applying this method, the list of factors can then be placed in an overall ranking and also compared to the results of the earlier Lyons survey.

3.5. Summary

This section outlined the methodology adopted in this research. It draws on the authors class work on the topic in the National College of Ireland from 2011-2012 and also on Saunders, Lewis & Thornhill (2009).

The primary research tools of a self-administered quantitative questionnaire and semi-structured qualitative interviews were selected based on their appropriateness with regard to research objectives and the collecting of data relevant to the research questions.

4. Data Analysis and Findings

4.1 Introduction

This chapter will review and analyse the findings from the research. Using the methodology described in the previous chapter, a pool of target companies to survey was developed. This was collated from two sources; firstly using the IDA Ireland website which identifies foreign owned companies operating in the country by the nationality of their parent and secondly a commercially available contacts database, InsideView, was used for two purposes; firstly to identify additional American multi-national corporations not invested in Ireland and secondly to gather contact details for C-Level and senior executive staff with relevant experience within all businesses.

Companies that were subsidiaries or “sister organisations” of other firms invested in Ireland were discounted from the IDA Ireland list in order to avoid duplicate requests to participate being sent. Similarly, any organisation where no suitable contact details for senior executives were available was also discounted.

In total, 372 American multinational organisations were selected, 250 of which had one or more investment in Ireland, with email invitations to participate in the online survey being sent to 1,236 individuals during the week of August 6th 2012. Survey responses were anonymous, with all participants using a single common internet hyperlink to access the online questionnaire and no connection between the original email request and the participant was established.

Due to the location and nationality of the majority of the target group, the spelling used in the survey was U.S. English.

4.2 Questionnaire & Interview Analysis

In response to the invitation to participate, 8 individuals sent an email reply declining and a further 2 stated that their organisation was focusing solely on the U.S. market at this time so also declined to participate. 1 individual replied after the closing date for participation in the questionnaire and took part in a phone interview. 27 surveys were started, with 18 completed representing a 66.67% completion rate on a response rate of 2.18%.

4.2.1 Respondents Demographics

Three individuals participated in interviews, all of whom were Corporate level exectutives in their respective organsiations.

Chief Executive Officer ‘Z’, is a founding pricipal of company ‘S’. At the time of the interview he had been CEO of the business for fifteen years. The company, which operates in the software services sector is based in the U.S. Mid-West, had located its European headquarters in Ireland in 2010 and has operations in Spain and Singapore.

Corporate Officer ‘S’, is an American citizen who moved to Ireland in the 1990’s. He has been with his current employer, company ‘E’ since its initial investment in Ireland during 2001 having previously worked for another U.S. MNC in the country. The firm is a global business within the banking sector and is part of a larger American financial institution headquartered in the southern United States.

Chief Operating Officer ‘M’ has been with company ‘R’ since 2008. The firm, with a headoffice in the U.S. Mid-West and offices in over 20 countries operates within the reinsurance industry and first located in Ireland during 2003. Ireland hosts the EMEA headquarters for the organisation.

The individuals who responded to the invitation to participate in the online survey represented organisations that were headquarted in 15 U.S. states (see Figure 4) and operated within 9 industry sectors (Figure 5)

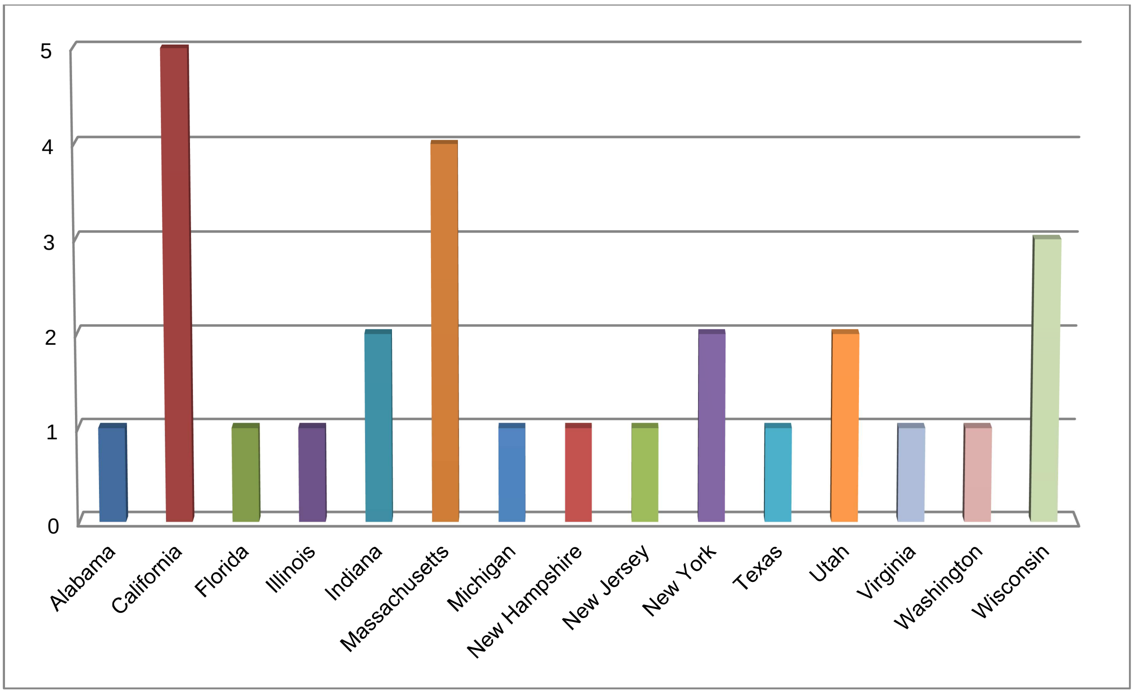

Figure 4 Response to "In which U.S. State is your company headquarters based?" Number of responses: 27.

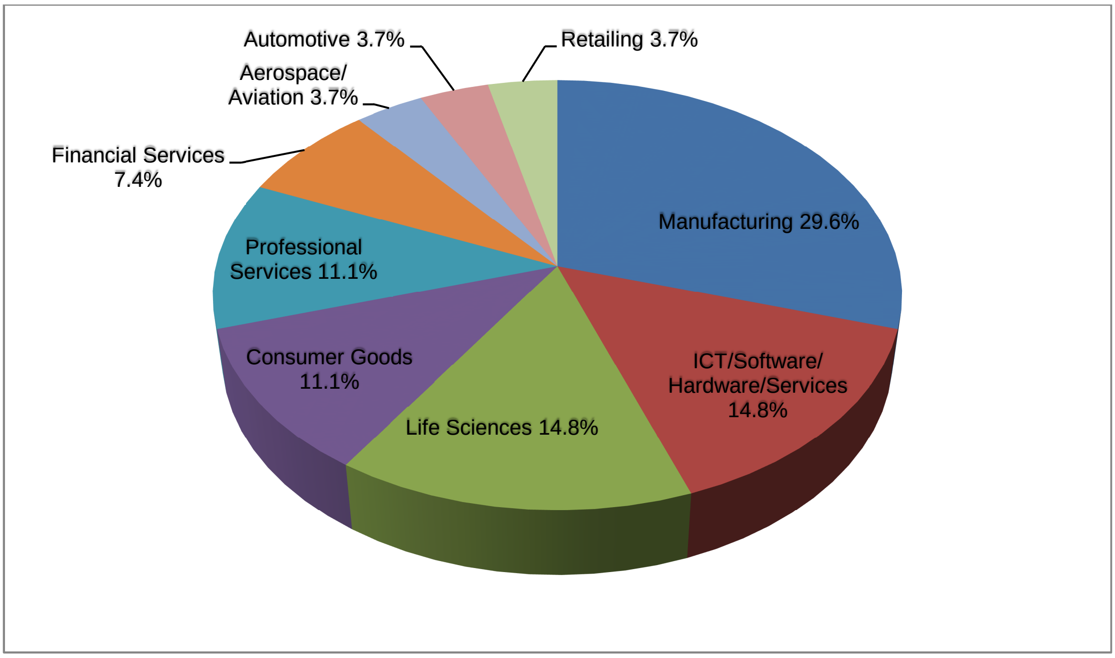

Figure 5 Response to "What is your company's primary industry?" Number of responses: 27.

In line with the target demographic, the individuals who responded identified themselves as mostly being Chief Executive Officer (CEO) level within their organisations (37%), with the second largest group comprising Chief Financial Officers (CFO) (29%) followed by Chief Operating Officer (COO) (15%) (Figure 6). In total, 85% of respondents were employed at "Corporate Level" within their respective organisation (Figure 6).

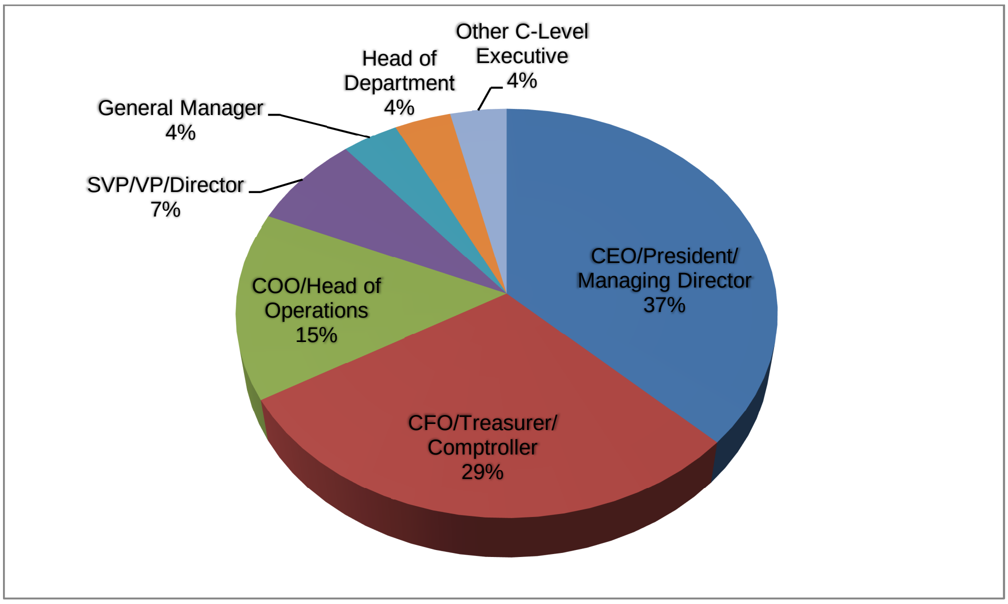

Figure 6 Responses to "Which of the following best describes your job title?" Number of responses: 27.

96% of respondents indicated that they held responsibility for, or had familiarity with their organisations FDI decisions while 93% stated they were familiar with their employer's position regarding investments into Ireland.

All companies that responded were operating in a number of countries (Figure 7), with a broad range of total head count (Figure 8) and revenue (Figure 9).

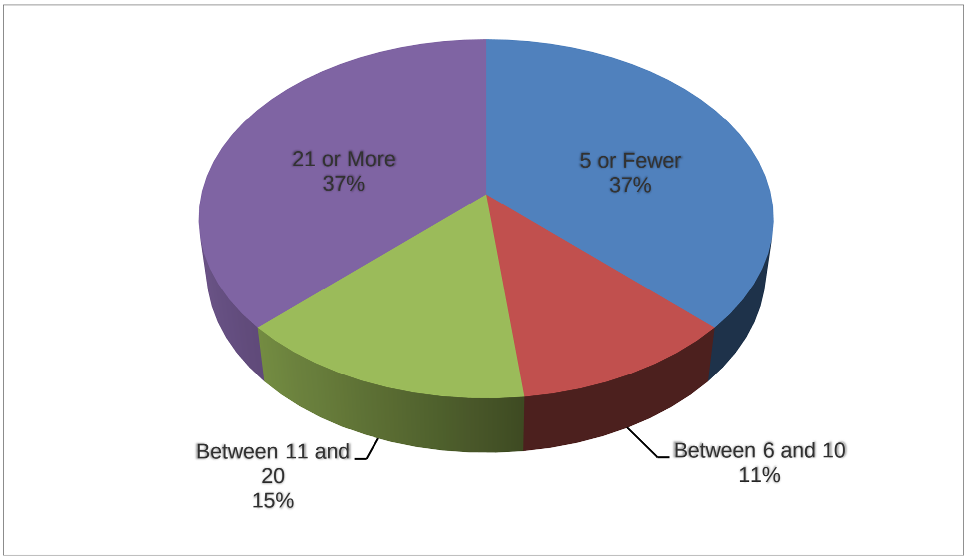

Figure 7 Responses to "Including the U.S. in how many countries worldwide do you have operations?" Number of responses: 27.

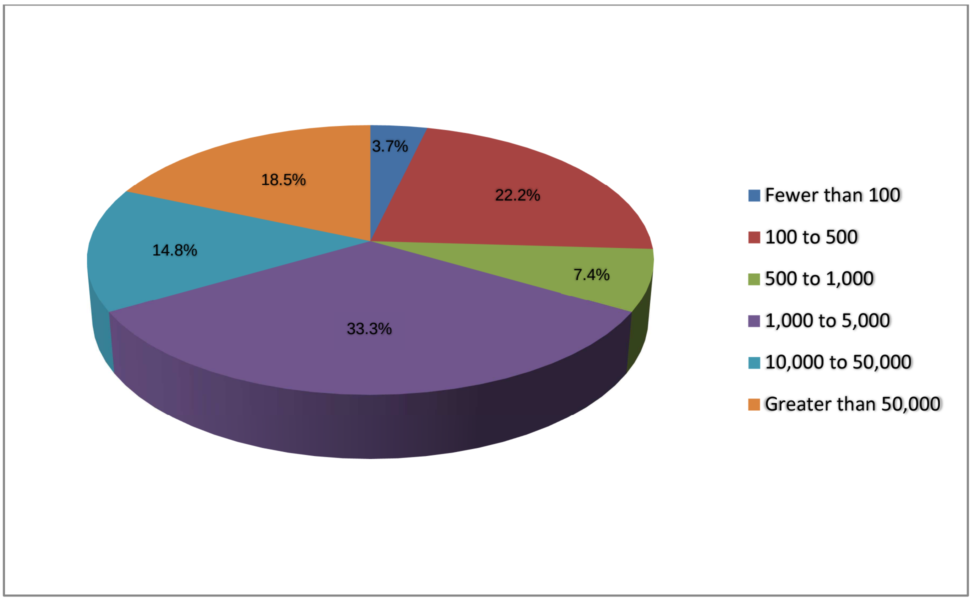

Figure 8 Responses to "What is your organization's approximate global head count?"

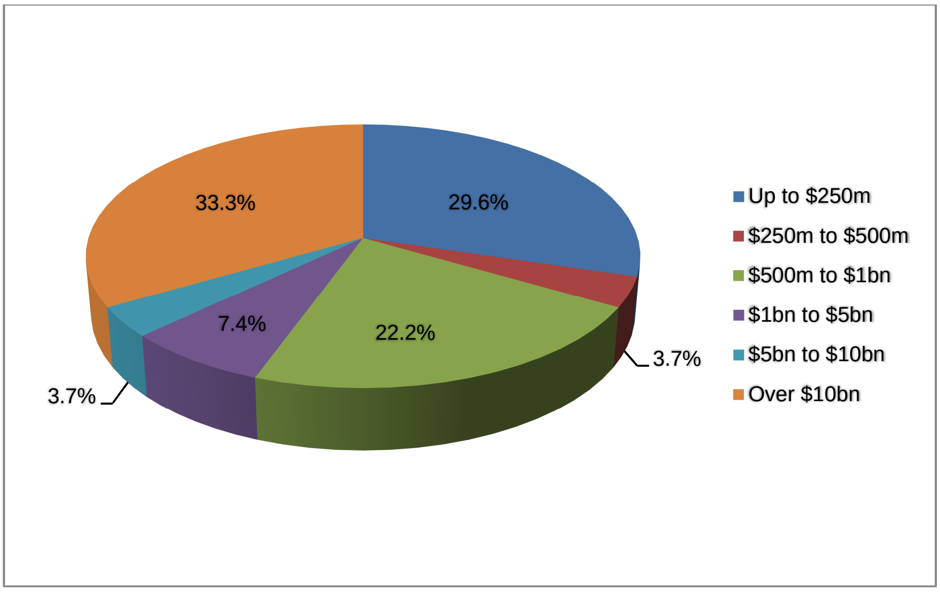

Figure 9 Responses to "What is your organization's approximate global annual revenue in US dollars?" Number of responses: 27.

4.2.2. Factors influencing FDI decisions

In order to understand the position of the surveyed businesses with regard to Ireland, the first set of questions sought to establish the factors behind FDI decisions globally for the survey group.

When asked to select the 3 factors that influenced their global FDI location decisions, the most chosen option, selected by 62.5% of respondents was availability of skilled labour in the country, followed by access to markets (58.3%) and the presence of an educated workforce (54.2%). The availability of 'Government tax incentives' was chosen by 45.8% making it the fourth most popular reason (Figure 10).

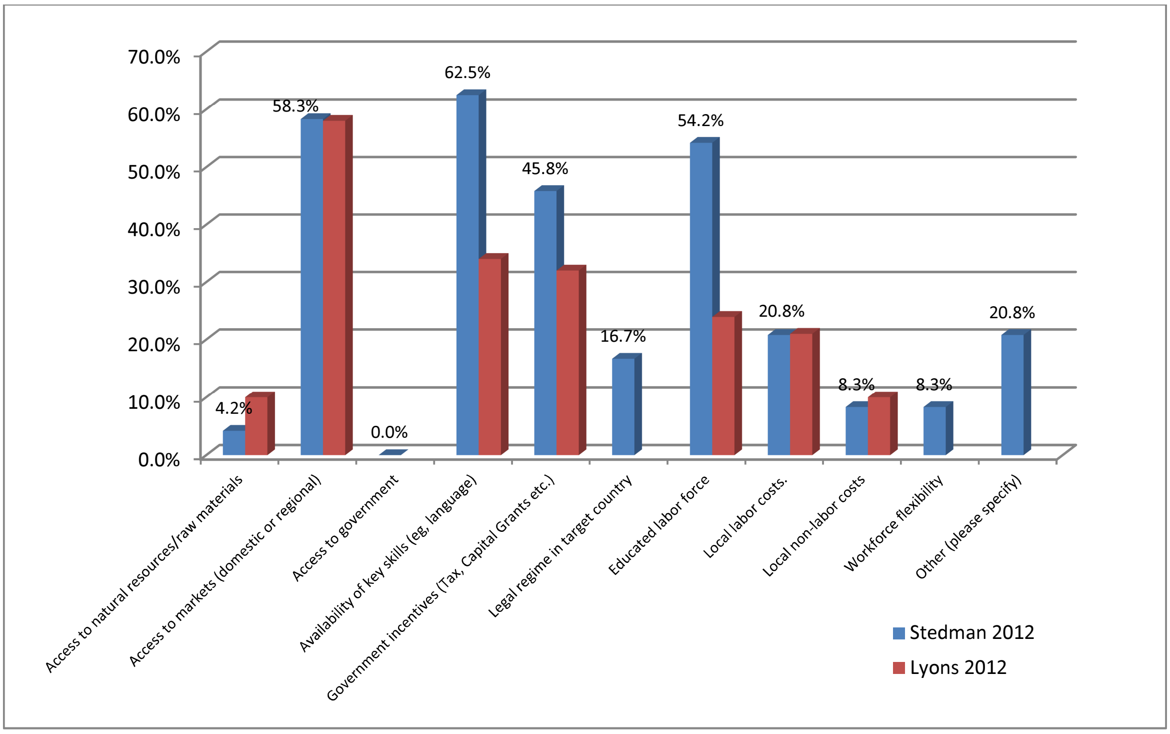

Figure 10 Response to "What are the 3 primary factors that attract your business to invest in an overseas location?" Number of responses: 24, with comparison to findings by Lyons (2012).

Other reasons given by respondents for investing in a particular economy included "growth prospects" in the country and "opportunity to gain market share" which potentially could both be interpreted as being part of 'Access to markets', "diversify operations" and finally proximity to "supplier base".

As noted in the literature review, the work of Dunning (2001) and Blonigen (2005) in the area of FDI point to the complexity of the topic and diversity of reasons behind organisations investment decisions. This is reflected in the spread of responses given to this question, which required participants to select three items from a choice of ten possible factors, including access to markets, Government incentives (tax etc.), labour costs, non-labour costs and an educated work force, with the option for respondents to add additional factors.

Ultimately nine of the ten options were selected at least once with four additional reasons added.

These results are somewhat at a variance to the earlier findings of Lyons (2012), who in surveying a pool of global MNC's on their attitudes toward Ireland found that in ranking that groups key factors influencing FDI location decisions access to markets at 58% of respondents was the single most significant factor, with key skills in the labour force second (34%), tax incentives third (32%) and an educated work force at 24% fourth (Figure 10).

While the order of the items is different across both surveys, the top 4 key driving factors for FDI decision makers found by both are the same; access to markets, Government tax Incentives and access to both skilled and educated workforces.

Respondents where then asked to rate the significance of a number of characteristics related to investment locations into 3 broad categories; "Not Significant", "Somewhat Significant" and "Very Significant". The option to mark items as "Don't know or N/A" was also presented on each factor (Figure 11).

The items most often selected as Very Significant were 'Access to pool of local skilled labor' chosen by 79% of respondents, followed by 'Cost of doing business' with 71%, 'Political Stability' 63% and 'Ease of doing business' at 58%.

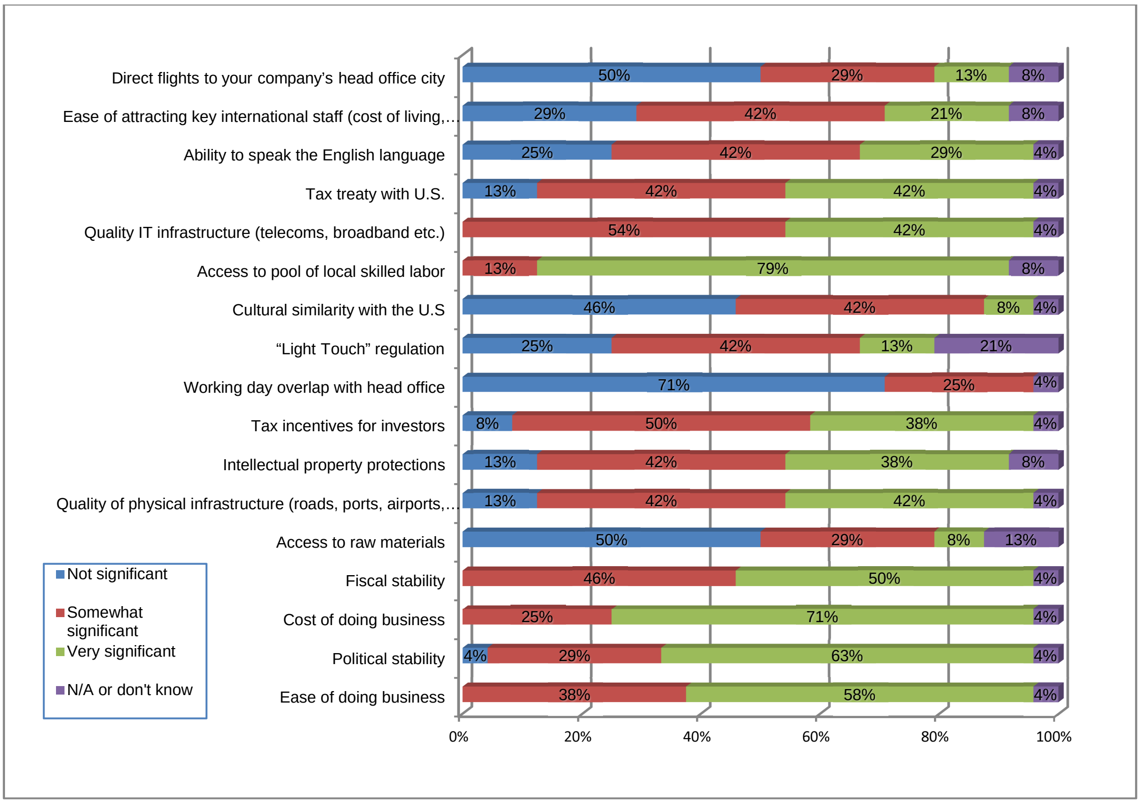

Figure 11 Response to "Please rank the significance of the following characteristics of investment locations to your worldwide direct investment decisions." Number of responses: 24.

Top of the list of Somewhat Significant were 'Quality IT infrastructure' selected by 54%, 'Tax incentives for investors' with 50% of respondents, 'Fiscal Stability' with 46% and a group of seven factors then receiving a Somewhat Significant grade from 42% of participants;

- Ease of attracting international staff
- Ability to speak the English language
- Tax treaty with the U.S.
- Cultural similarity with the U.S.
- "Light Touch" regulation

- Intellectual property protection
- Quality of physical infrastructure

Items most often selected as Not Significant were ‘Working day overlap with the U.S.’ selected by 71%, ‘Access to raw materials’ and ‘Direct flights to your company’s head office city’ both chosen by 50% of respondents then ‘Cultural similarity to the U.S.’ with 46%.

Using a simple weighted average, as outlined in the Methodology chapter, the items that rank as the most significant factors are ‘Access to pool of skilled labor’, ‘Cost of doing business’, ‘Ease of doing business’ and ‘Political stability’ (Figure 11).

By comparison, using the weighted average analysis of Lyons (2012) shows that in response to a similar question the top 4 items in that data set were ‘Ease of doing business’, ‘Cost of doing business’, ‘Political stability’ and ‘Tax incentives for investors’.

Lyons offered a more restricted set of factors to choose from in the original question;

- Ease of doing business
- Political stability
- Cost of doing business
- Fiscal certainty

- Intellectual property protections
- Tax incentives for investors
- Regulatory incentives for investors
- Access to pool of local skilled labour
- Ease of attracting key mobile international staff (cost of living, quality of life, etc.)

While access to skilled labour ranked first out of seventeen in this survey, Lyons found it fifth from nine. Tax incentives, which are 4th on the weighted average analysis of Lyons' data, rank as joint seventh in this survey, in both cases, a position that placed the factor 'mid table'.

Both surveys reveal that in considering where to locate FDI, the cost and ease of doing business in a host country are ranked amongst the four most significant determinants by investors along with the political stability of the nation.

Political stability may to some seem like an unlikely candidate for the list, let alone a high scoring one. This author suggests that when viewed as the potential for political instability or rather as "political risk" the importance of the factor comes more clearly into focus. The Multilateral Investment Guarantee Agency (MIGA), a part of the World Bank Group, charged with encouraging FDI into developing economies produces an annual report on political risk around the world. In the 2009 edition they defined political risk as;

> "the probability of disruption of the operations of MNEs by political forces or events, whether they occur in host countries, home country, or result from changes in the international environment. In host countries, political risk is largely determined by uncertainty over the actions of governments and political institutions, but also of minority groups, such as separatist movements"
>
> (MIGA, 2009).

Events such as the move in early 2012 by the government of Argentina to nationalise the assets of Spanish oil firm Repsol in that country (Forero, 2012) highlight the risks posed and may explain why this factor figures so highly in the survey.

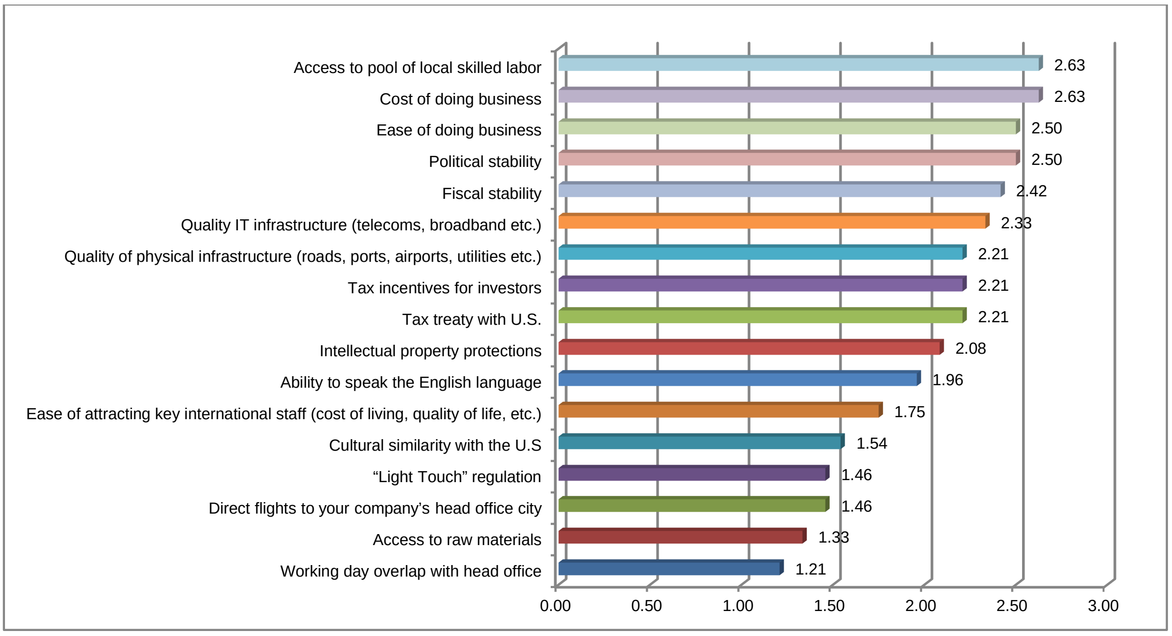

Figure 12 Weighted average of responses to "Please rank the significance of the following characteristics of investment locations to your worldwide direct investment decisions." Number of responses: 24.

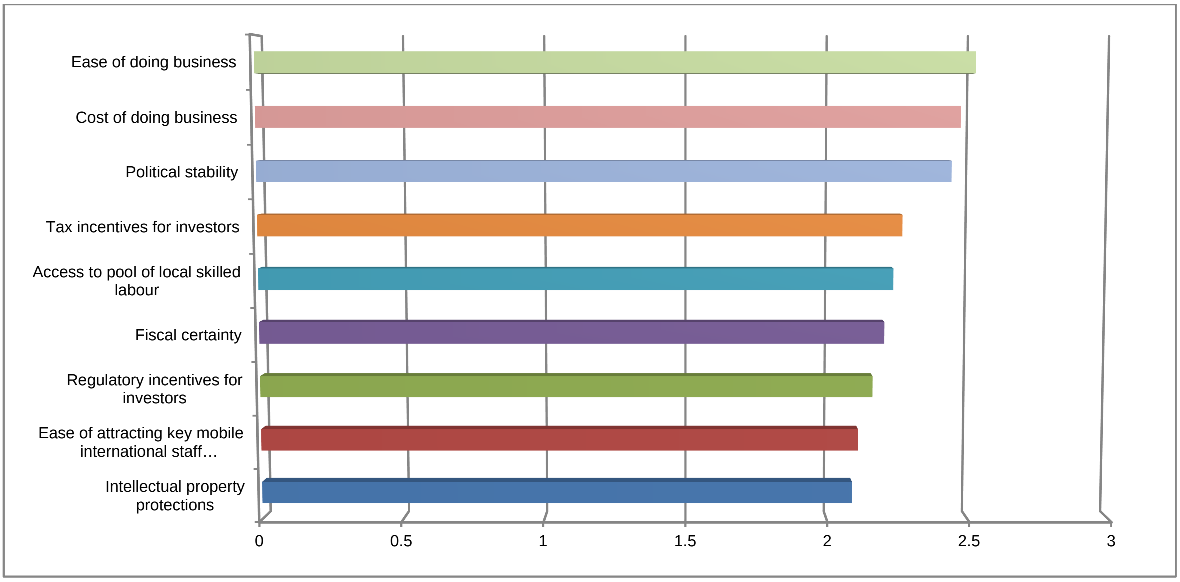

Figure 13 Weighted average of Lyons' responses to "How significant are the following factors to your worldwide direct investment decisions?"

The role of different financial and tax incentives was then queried. Respondents were asked to select the three most significant factors from a list that included corporate tax rates, total tax takes, tax treaties and tax credits along with access to local sources of credit and grants. The top responses were 'Low corporate tax rate', attracting 75% of votes, 'Low total tax rate' with 70.8%, 'R&D tax credits', 37.5% and 'Transfer pricing arrangements' on 33.3% (Figure 14).

Lyons (2012) did not include the option of 'Low total tax rate' however, also found that a low corporate tax rate was the most selected option with 46% of respondents choosing it. 'Transfer pricing taxation arrangements' was third with 23%, behind 'Double taxation agreements' on 34% and ahead of 'Access to sources of local credit and funding', 20%.

The significance of a low total tax rate was highlighted by Corporate Officer ‘S’ during an interview in August 2012 (CO ‘S’, 2012), where he observed that unlike many U.S. states and European countries, Ireland does not have a system of regional and municipal taxes that are levied against organisations or individuals. Thus, the total tax take for those locating in Ireland, with its single, flatter nationwide taxation structure is lower than the burden elsewhere. Accordingly, he stated that in his opinion, as an American who had moved to Ireland, this was a significant factor in attracting both direct corporate investment and also foreign nationals to the country. As noted in the literature review, work by PwC found that Ireland has the third lowest total tax rate for businesses in the E.U. (PwC, 2011, p.31).

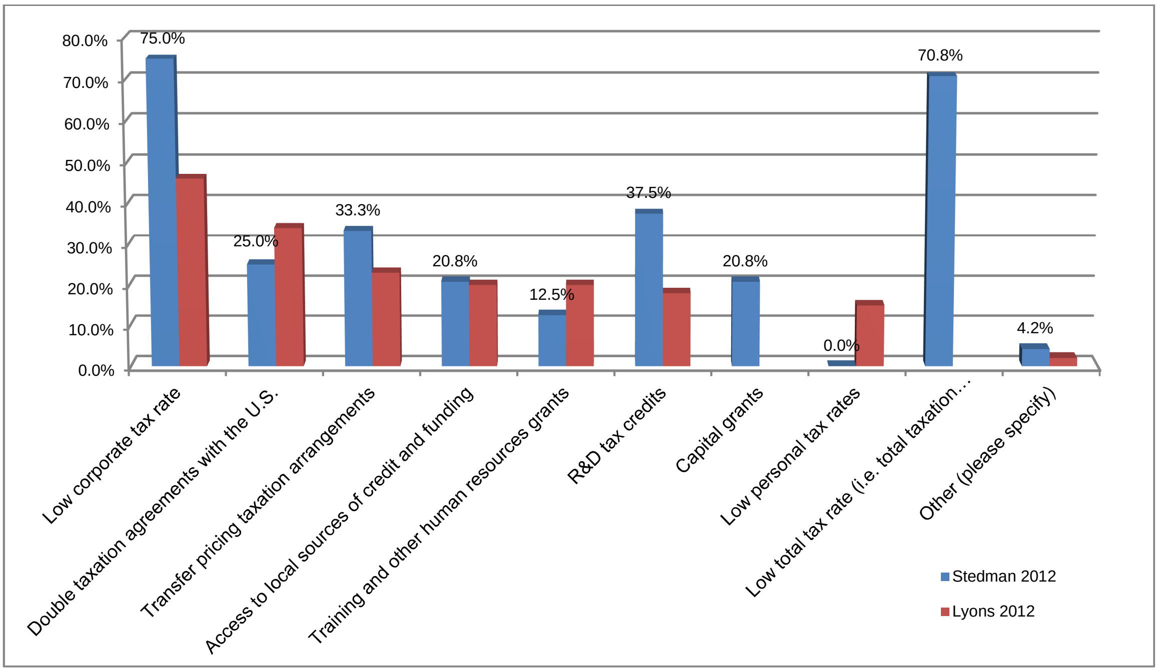

Figure 14 Response to “With respect to financial incentives offered by host countries; what are the 3 most important types of incentive for your company?” Number of responses: 24 with comparison to Lyons 2012.

Reviewing both sets of findings, a ‘low corporate tax rate/regime’ and ‘transfer pricing arrangements’ stand out as the two most important financial incentives for companies when considering locations for their overseas investments.

Having established the criteria for FDI decisions, respondents were asked to pick three potential investment locations, other than Ireland that offered the best investment opportunities for their organisation. Singapore was the most chosen option, with 39% of respondents selecting the city state, followed by the United States of America (30.4%) and tied in joint third were Brazil and China with 26.1% of respondents selecting both. Again, the results have a significant overlap with Lyons (2012), who found China to be the most preferred location (33%), followed by Singapore, 29%, the U.S. was third selected by 28% of participants and then the United Kingdom on 27% (Figure 15).

Of the other countries included by respondents under ‘Other’ in this survey, Poland was the most commonly added with 2 of the 4 (50%) valid replies. That ranked it alongside Hong Kong, Japan, Spain and Netherlands as a location with 8.7%. The remaining two additions were Taiwan and the United Arab Emirates with one selection each, which placed them joint equal to France and Belgium on 4.3%.

As a result, it appears from both sets of data that, apart from Ireland, investors consider Singapore, the U.S. and China as the most attractive locations for investment.

By comparison, the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2012, reviewing global investment trends ranked China and the U.S. first and second followed by India and Indonesia as the “top prospective host economies for 2012-2014” (UNCTAD, 2012, p.5).

While India ranked joint 5th in this survey on 21.7% alongside Brazil and Mexico, it did not register in Lyons’ findings, while Indonesia did not factor in either survey.

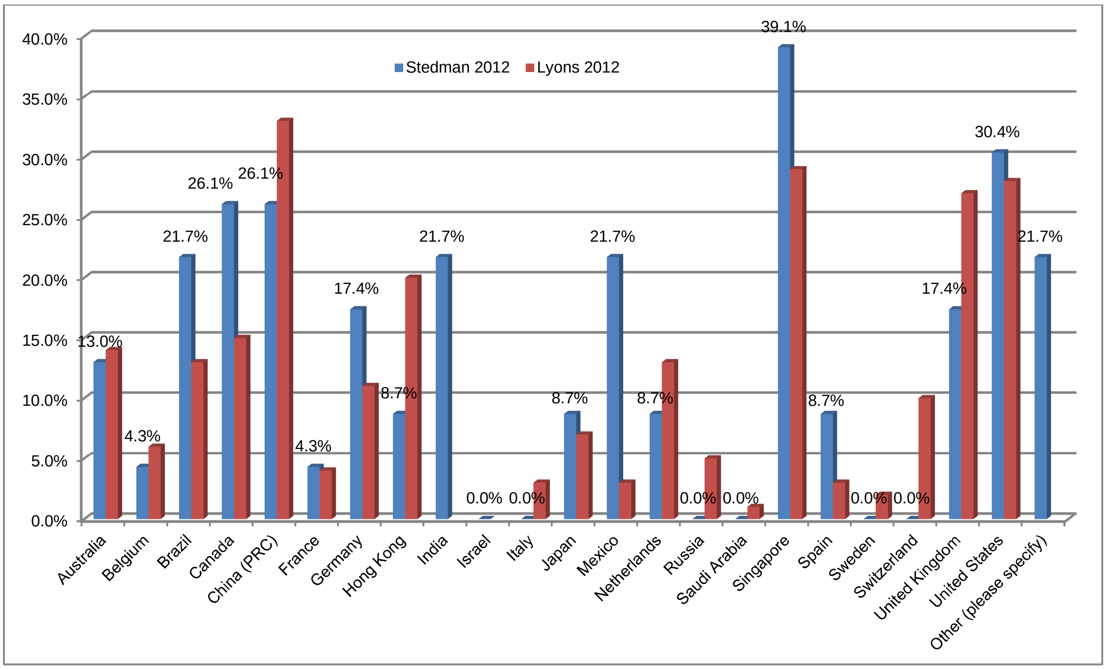

Figure 15 Response to “In your view, which 3 host countries (excluding Ireland) offer the best overall conditions for your company as a direct investor?” Number of responses: 24. With comparison to Lyons (2012).

The final question in this section looked at the sources of information used in the FDI process. The original Lyons (2012) survey question was expanded to include four additional options; ‘Existing corporate investments/divisions’, ‘Industry peers & competitors’, ‘Personal contacts’ and ‘Previous experience’.

The results showed, that in common with Lyons’ findings, Professional advisors were the preferred source of information. This survey found 60.9% of respondents indicated they used advisors from accountancy, legal and similar firms in the FDI process. The second most common source was through existing investments within the business, with 47.8% indicating they looked to the organisational experience for information. The inward investment agency of the host country, such as IDA Ireland, was the third most commonly selected option at 34.8% with ‘Industry peers & competitors’, ‘Personal contacts’ and ‘Previous experience’ in tied fourth, each selected by 30.4% of respondents. Only one entry was included as ‘Other’, which indicated that IDA Ireland had been a key source, increasing the inward investment agency score to 39.1%.

Lyons earlier findings ranked ‘Professional advisors’ first with 52%, ‘Financial & business press’ second on 33%, ‘Inward investment agency’ third at 22% and ‘Annual reports’ attracted 20% of the votes in fourth.

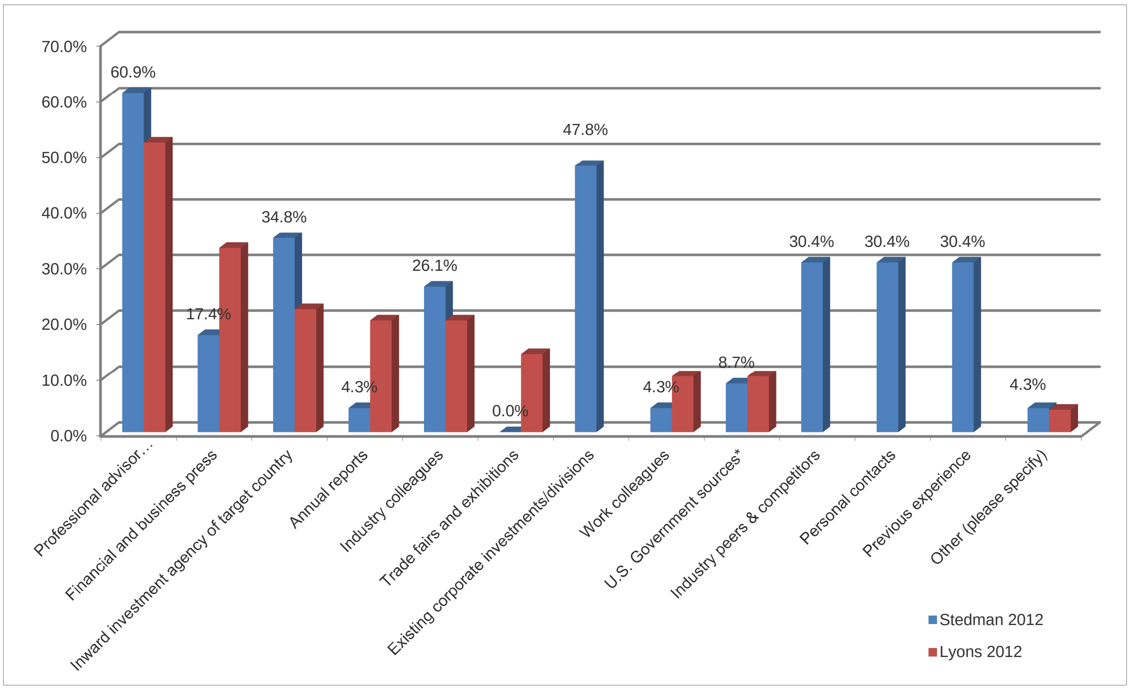

Figure 16 Response to "What are your primary sources of information about potential investment locations? (Please select 3)" Number of responses: 23 with comparison to Lyons (2012).

* Note that Lyons listed "Government Sources" as an option not "U.S. Government sources".

In a paper looking at FDI in Africa, Kachwamba and Sæbø (2012) suggest that Internet based information sources and in particular the websites of the national inward investment agencies can play a key role in reducing the cost of FDI information gathering. While there may be merit in the position, the Internet was not included on the list of options nor was it added by any respondents suggesting that it is not seen by U.S. firms as a source of investment information.

4.2.3. Investors' view of Ireland

The majority of respondents worked in organisations that were currently invested in Ireland, with only 13% indicating their company had no presence in the country. Of those who participated 56.5% were employed by firms with an investment in the country and expected their net position in the State to increase during the period 2007-2015. A further 17.5% had investments with an expectation of no change in their position and 13% believed the net position of their employers' investment would decrease between 2007 and 2015. Of those that stated their company had no investment in Ireland all said they had no plans to invest in the State (Figure 17).

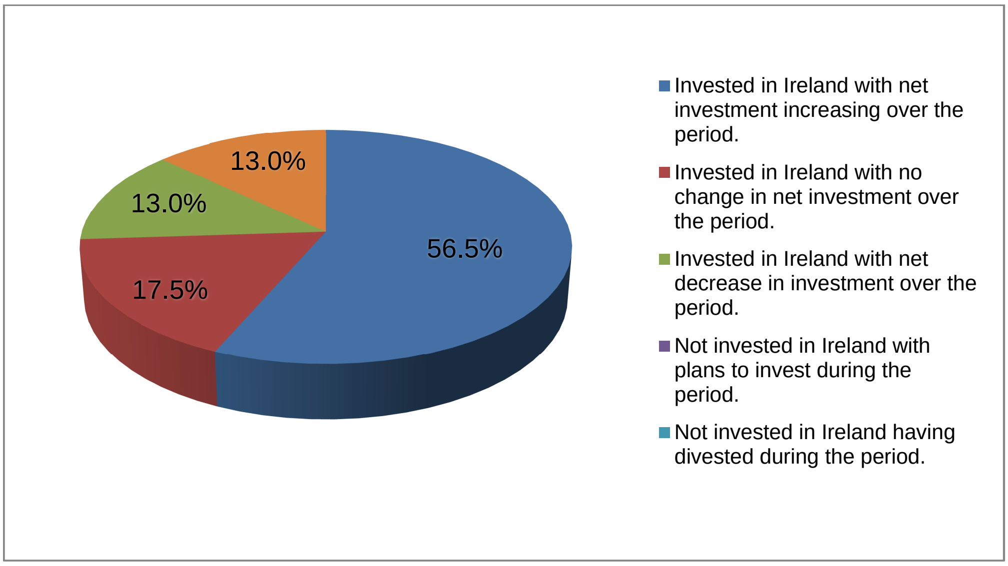

Figure 17 Response to "With regard to investing in Ireland, which statement best reflects your company's actual and planned net position over the period 2007 - 2015?" Number of responses: 23.

All respondents where then asked to identify what they saw as the three most significant advantages and disadvantages Ireland offered to potential investors.

65% of respondents indicated that the most significant advantage the country offered was a 'Competitive corporate tax regime'. The next most popular choice, selected by 55% was 'Educated and skilled local workforce' followed by 'Access to EU market' attracting 30% of votes, with both 'Strong IT and telecoms infrastructure' and 'Work ethic of Irish workforce' on 25% (Figure 18).

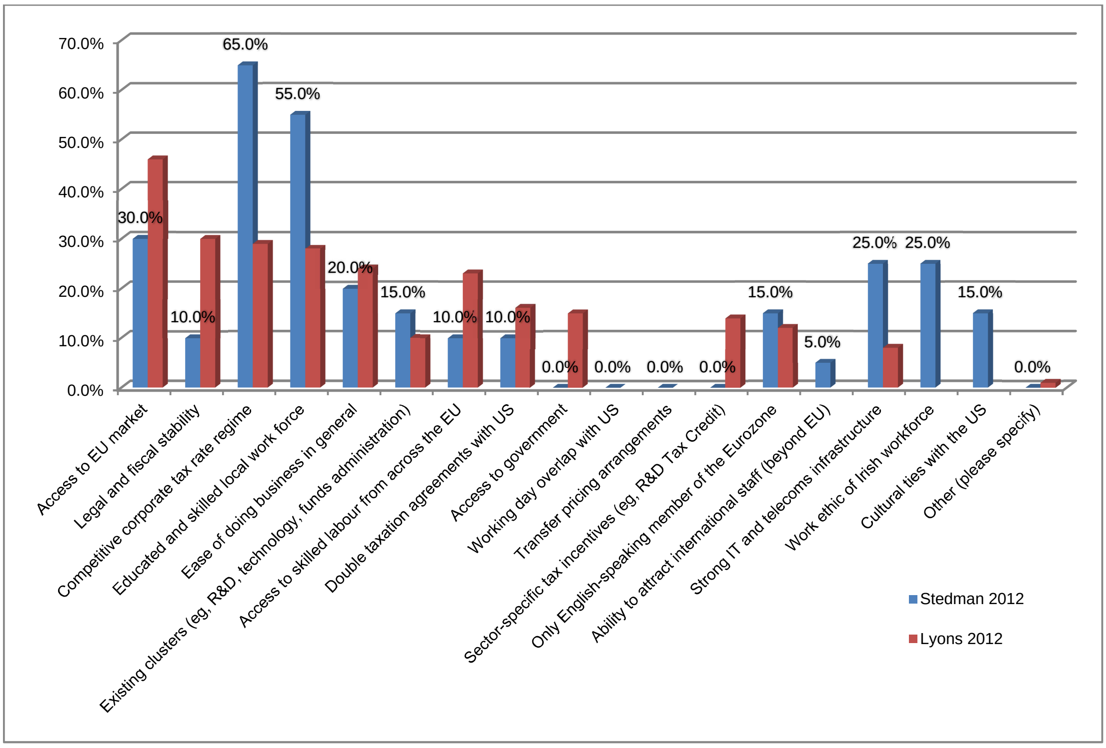

Figure 18 Response to "In your view, what 3 competitive advantages does Ireland have to offer US investors?" Number of responses: 20, with comparison to Lyons (2012).

The earlier study by Lyons, found ‘Access to EU market’ ranked first on 46%, followed by ‘Legal and fiscal stability’ on 30%, ‘Competitive corporate tax regime’, 28% and ‘Educated and skilled workforce’ on 28%.

Comparing the two surveys, Ireland’s tax regime and the nation’s pool of skilled labour were selected in the top four competitive advantages held by the State by both sets of respondents. When reviewed in the context of the findings related to the factors influencing FDI decisions, the high ranking of these two characteristics should place the country in a strong position to attract U.S. investment. Lyons and this survey found that a low tax rate was a key factor for decision makers, while in both papers access to skilled labour appeared as one of the top two factors that attracted organisations to a country.

In the context of Ireland, ease of doing business, stated as one of the key factors in attracting FDI to a country, ranked sixth out of the thirteen options that received a score in this survey. 20% of respondents selected it as an advantage the country offered, less than a third of those who selected the most popular choice of the tax regime and less than half the size of the group that cited the educated and skilled work force as the second greatest advantage. As an advantage offered by the country ‘Ease of doing business’ also ranked below ‘Access to EU markets’, ‘Strong IT and telecoms infrastructure’ and the ‘Work ethic of Irish workforce’.

Lyons had earlier found respondents ranked the ease of doing business in the country as the fifth most cited advantage from a list of twelve options.

Concerns surrounding ease of doing business in Ireland had been raised by Corporate Officer 'S' during his interview (CO 'S', 2012), when the topic of regulation in Ireland was discussed. Operating within the Banking sector, the interviewee highlighted how the legislation in Ireland, even before the banking crisis of the late 2000's, imposed a burden on the organisation. As an example, he singled out Section 149 of the Consumer Credit Act 1995, which requires all financial institutions operating within the State to submit an application to, and receive approval from the Regulator for any and all fees or amendments to fees levied on accounts. He noted that this requirement was not present in other countries and expressed concern that in the wake of the failure of the banking system in the country, politicians may implement additional, in his view, unnecessary legislation, thus increasing the burden on organisations rather than looking at the regulatory regime and ensuring the effective and balanced policing of the sector.

Feedback received from participants completing the questionnaire would appear to substantiate this view. In response to the question 'Please describe the most significant disappointments or under performing aspects of the investment in Ireland', one respondent wrote, "immature and over zealous regulatory environment", while another, adding commentary on the question 'In your view, what are the 3 biggest risks or disadvantages of doing business/investing in Ireland?' included, "undue burden related to employment laws".

In contrast, The Doing Business Project, part of the World Bank Group, which reviews the impact of national business regulation and enforcement, ranked Ireland tenth best country out of 183 global economies in its 2012 "Ease of doing business" survey, a fall of two places from the 2011 position (Doing Business Project, 2012 a). The report places the State behind other locations identified in this survey as potential investment locations such as Singapore, which it placed 1^{st} and the United States, 4^{th}, but well ahead of China which it ranked mid-table at 91^{st}. The survey found Ireland to be the third best E.U. member, behind Denmark, 5^{th}, and the United Kingdom, 6^{th}, and as a result the country is ranked as the easiest place in the Euro Area to do business (Doing Business Project, 2012 b).

The single largest risk or disadvantage presented by Ireland to American investors, as selected by 70% of respondents was the on-going instability in the Euro Area. That was followed by the size of the domestic market with 45%, cost of doing business on 40% and uncertainty over government finances chosen by 30%. These, as the top four match the findings of Lyons, albeit in a different order.

Both in this work and the earlier study by Lyons, the cost of doing business was selected as the second most significant factor by U.S. companies when considering a location for FDI (Figures 12 & 13).

In light of the prominent position that 'Instability in the Eurozone' and 'Uncertainty over government finances' received in both Lyons' and this survey's findings, it is probably not surprising that the American Chamber of Commerce Ireland, the lobby and representative group for U.S. companies operating in the State, had campaigned publicly for a "Yes" vote in the 2012 constitutional referendum on the Treaty on Stability, Co-ordination and Governance in the Economic and Monetary Union, also known as the Fiscal Stability Treaty. In a press release promoting acceptance of the amendment, president of the Chamber, Paul O'Neill said, “with this Treaty we have the opportunity to put in place new limits on public debt and budget deficits, providing stability not only for Ireland's domestic finances but across the Eurozone” (American Chamber of Commerce Ireland, 2012).

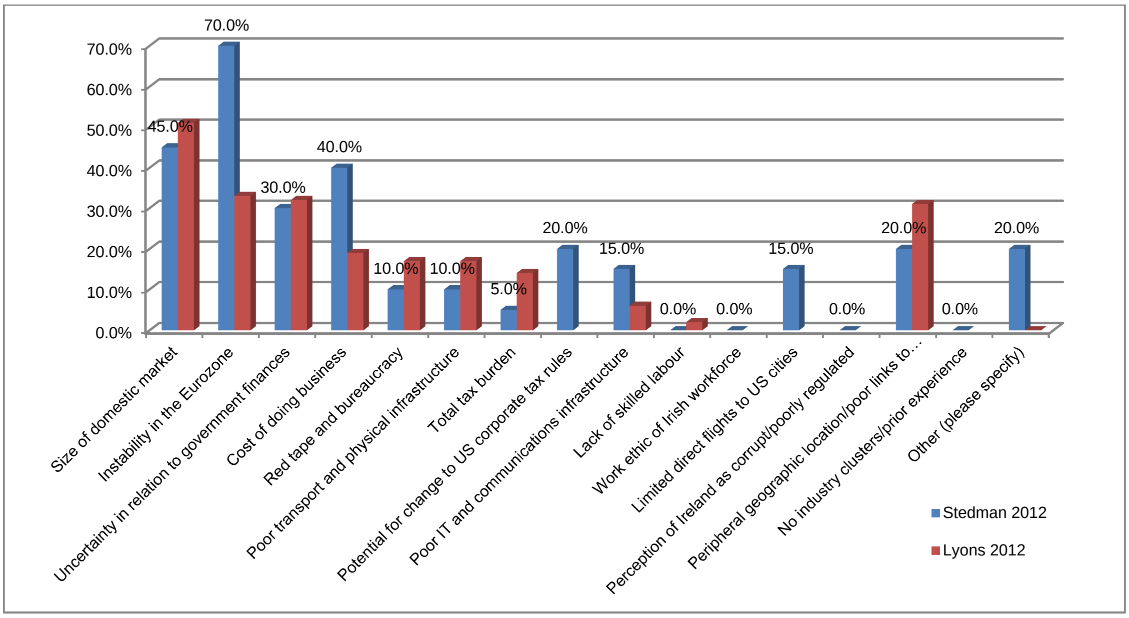

Figure 19 Response to “In your view, what are the 3 biggest risks or disadvantages of doing business/investing in Ireland?” Number of responses: 20, with comparison to Lyons 2012.

Reviewing the elements contributing to the costs of doing business, respondents were asked to rank Ireland’s performance versus other locations on a list of cost elements that affect firms. Only in ‘Overall tax burden’ did the country receive a majority view of being less expensive than other locations. Of those who expressed an opinion a combined 70.6% indicated they believed the State to be ‘Somewhat less expensive’ or ‘Significantly less expensive’ than other locations for total tax burden, with a further 11.8% stating taxes were about the same as other locations within which they operated.

In no area did an overall majority indicate that costs in Ireland were more expensive than elsewhere, however, with regard to wages, 47.1% of those who expressed a view stated Ireland was either ‘somewhat more expensive’ or ‘significantly more expensive’.

The areas of ‘Professional services’ and ‘Utilities and infrastructure’ were both selected by 46.7% of respondents as being more expensive in Ireland than in their other locations. Apart from taxes, the only area where more respondents believed Ireland to be less expensive rather than more was ‘Commercial rents’, 41.7% expressed this view, with 25% indicating the cost of property to be about the same as elsewhere (Figure 20).

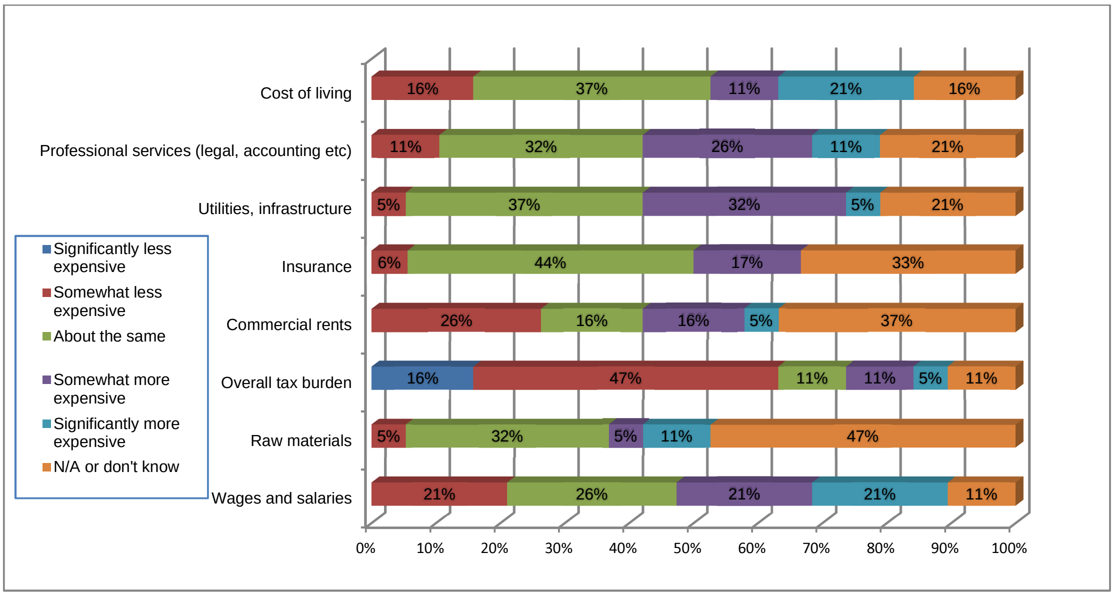

Figure 20 Response to “In terms of the following aspects of business cost, how does Ireland compare to the other jurisdictions (outside your home market) in which you do business?” Number of responses: 19.

Two categories were added to this question beyond the original version; ‘Insurance’ and ‘Professional services’, however, the overall findings do not align with Lyons’ results. The earlier work revealed a clear trend; in every category more respondents believed Ireland to be a higher cost location than a lower cost one, and only in two categories, ‘Raw materials’ and ‘Overall tax burden’, did the largest group of respondents believe costs were on a par with other locations. 29% of Lyons’ respondents indicated the tax burden imposed by the State was less than other locations where they operated, while 47% believed rents were more expensive in Ireland, 49% indicated the cost of living was greater and 56% that wages where somewhat or significantly higher in the country when compared to other economies.

One respondent who indicated their employer had a presence in the country commented, “The costs of operations rose significantly over the period we have been in Ireland”.

The National Competitiveness Council, which operates under Forfás, the State advisory body for enterprise, trade, science, technology and innovation agrees that there are issues related to the costs of doing business in the country. In its report “The Costs of Doing Business in Ireland 2011”, the Council notes a reduction in costs since 2008 but cautions that;

> “Even though prices in Ireland have fallen since 2008, the cost of a range of business inputs remain relatively expensive compared to other jurisdictions, including property costs, calls from landlines, and legal fees. A large number of these inputs arise in the locally traded sector.
>
> Even though many enterprise costs are decreasing in Ireland, this does not necessarily mean that we are experiencing significant improvements in relative

> cost competitiveness. The pace of this decline must outstrip that of our trading partners in order to close the gap."
>
> (National Competitiveness Council, 2011, p.7).

At the time of writing, no 2012 costs of doing business report has been released by the Council, however, in its "Ireland's Competitiveness Scorecard 2012" publication, the Council notes that Ireland's wage rates, at 20% above the average within the group rank as the tenth highest in the OECD and that after a period of deflation, prices are now increasing in the country (National Competitiveness Council, 2012, p.58).

When asked to compare the country's performance on tax breaks to other locations, a significant percentage of respondents selected 'N/A or don't know'. There is no immediate obvious reason; however this author speculates that it may be due to respondents being unfamiliar with the detailed working of the tax regimes of host countries within which they are invested, including Ireland.

In only three areas of the tax regime did the State receive any votes from respondents who expressed the view that the country was worse than other locations, these were; 'Implementation of regulation/oversight' and 'Total tax rate' both selected by 14.3% and 'Personal tax rates' chosen by 46.2%. In all other areas, with the exception of 'R&D tax credits' a majority stated that they believed Ireland to be either somewhat or significantly better than other jurisdictions within which their business operated. 'Corporate tax rate' was selected by 81% as being somewhat to significantly better in Ireland, 'Total tax rate' and

'Training grants' were both selected as better by 75%. A majority, 53.3% stated that tax breaks for research and development activities were about the same as elsewhere.

Lyons also found that 'Personal taxes', with 16% of responses being negative, were identified by more respondents than any other category as the worst element of the Irish tax code. The best rated elements from the original survey were 'Corporate tax rate', with 66% selecting either "far better" or "slightly better", 57% selecting 'R&D tax credits' as better and 54% the 'Network of double taxation treaties', which received an equal 50/50 split between "About the same" and better in this survey.

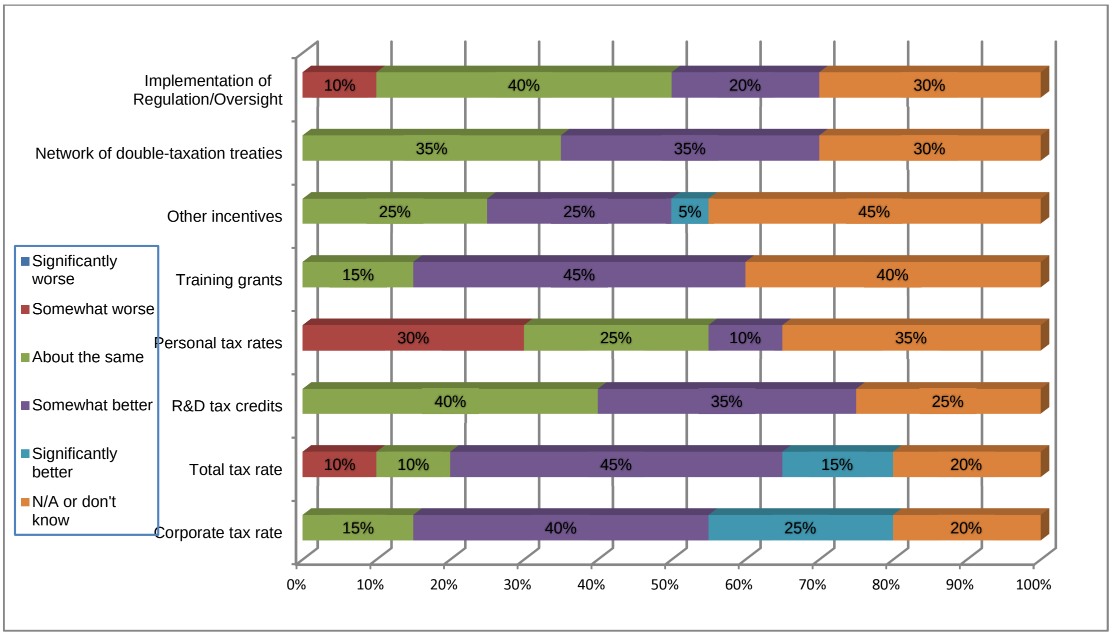

Figure 21 Response to "In terms of the following aspects of the tax regime, how does Ireland compare to the other jurisdictions (outside your home market) in which you do business?" Number of responses: 20.

Reviewing the results from both sets of data, Ireland's corporate tax rate is seen as being better than other locations by the majority of investors, with the State rated highly for tax breaks on research and development functions along with the network of double taxation agreements in place.

4.2.2. View of those invested in Ireland

The survey was designed to separate respondents into three groups based on their organisations investment in Ireland; those that had an investment, those that did not have an investment but planned to invest and finally a group comprised of those not invested without any plans to do so and organisations that may have divested from the country.

Once all responses were analysed, 86.9% of respondents worked for organisations that currently had investments in Ireland, the remainder were employed in companies with no investment and no plans to enter the State.

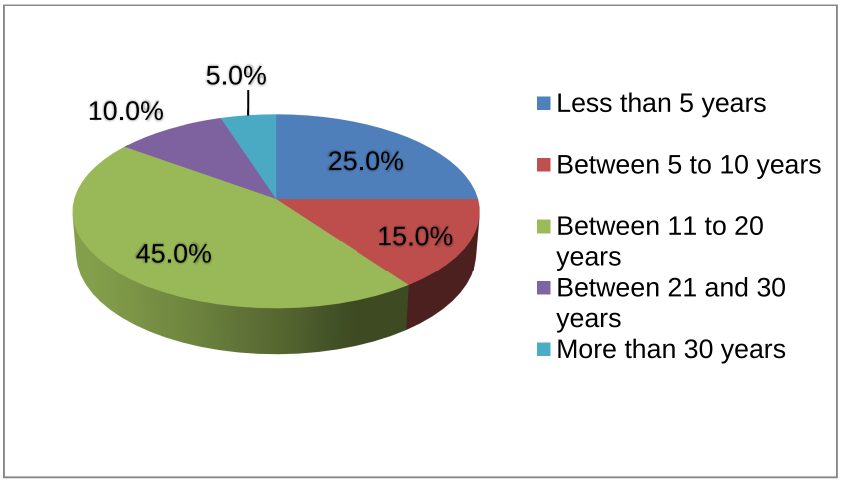

Figure 22 Response to "How long has your company been invested in Ireland?" Number of responses: 20.

Of the businesses invested in Ireland, 25% had a presence for 5 years or fewer, arriving after the economic shocks of 2006/2007. The majority, 60% had been in Ireland for more than 10 years (Figure 22)

Respondents were asked to identify which business functions their investment in Ireland hosted for the organisation. The most selected options were ‘Core business function: customer service delivery’ selected by 45%, followed by both ‘Core business function: manufacturing’ and ‘Back office/shared services/internal support function’ with 30%. Possibly echoing the strong rating for the perception of tax credits on offer by the State, 25% said they had located an ‘R&D’ function in Ireland while both ‘Headquarters’ and ‘Treasury’ functions were chosen by 5%. No organisations had hosted involved ‘Customer call centre/customer support’ operations in the country (Figure 23).

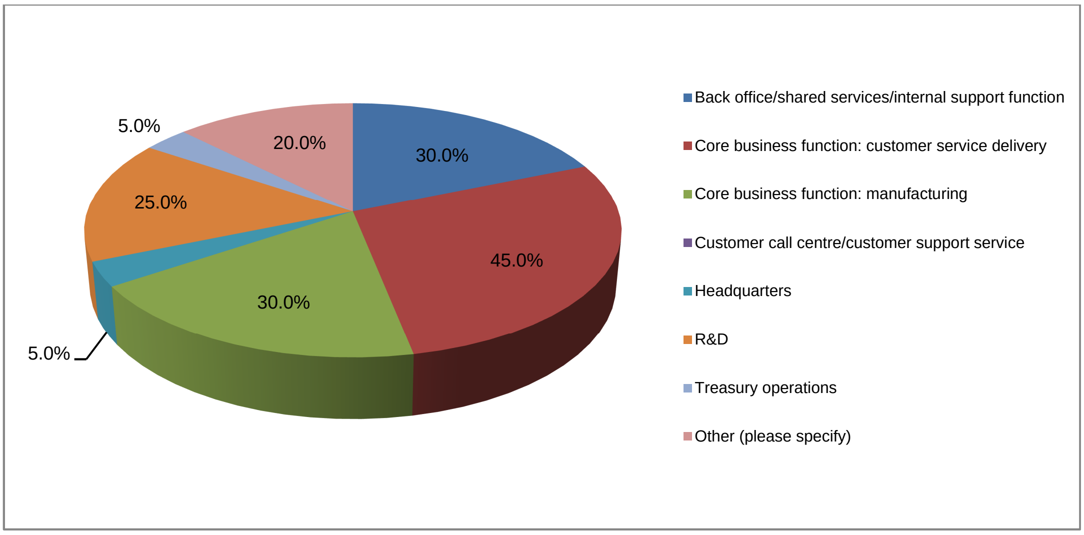

Figure 23 Response to “Please indicate which business functions you have located in Ireland. (Select all that apply).” Number of responses: 20.

Customer support functions, such as call centres were discussed during this authors interview with Corporate Officer ‘S’, whose firm has operated such a facility outside Dublin since 2001. He noted that during the “Celtic tiger” era the cost of operation of such facilities in Ireland had become an issue as staff members were expecting base salaries in the region of €35,000 while similar positions could be filled across the border in Northern Ireland for around £16,000. (CO ‘S’, 2012).

The cost sensitivity of this function was highlighted by the loss of two Waterford based call centre functions; the 2011 closure of the TalkTalk facility (Ní Bhraonain, 2011) and the 2012 relocation of the outsourced call centre function by Vodafone to a Newry based provider (O’Brien, 2012).

According to the data, the majority of organisations replying to the questionnaire, 75% have core business functions of either service delivery or manufacturing located in Ireland. With 30% of respondents basing shared services operations in the country. Items submitted as ‘Other’ included a “repair depot”, “factory” and “all functions”.

Insight was then sought into the factors that originally attracted the organisations to Ireland. The question required the selection of three factors from a supplied list. The most often selected, chosen by 50% of respondents was ‘Educated and skilled labour force’, followed by ‘Competitive tax regime’, 45%, with ‘Access to EU market’ 35% (two entries made under ‘other’ were “Proximity to UK” and “Close to customer”, these have been interpreted by this author as ‘Access to EU market’ and as such have been included in that total), followed by

‘Ease of doing business’ on 25%. Three other factors; ‘Cost of doing business’, ‘Presence of an cluster in our industry or activity’ along with ‘Cultural similarity with U.S.’ were all selected by 20% of respondents (Figure 24).

The quality of the available workforce and management cohort was reflected in some of the comments added by participants in the survey. In response to “Please describe the highlights or out performing elements of the investment in Ireland”, one replied “Ease of operation and competency of management and work force” while another added “Qualified, experienced hard working engineers”. This view was shared by Chief Operating Officer ‘M’ who stated during interview, “Our people generally have a good reputation in the US, are well thought of” (COO ‘M’, 2012).

The most selected option in Lyons’ survey was ‘Competitive tax regime’, chosen by 44%, with ‘Access to Irish market’ second on 25%, ‘Ease of doing business’ third, 21% and ‘Economic and political stability’ on 19% in fourth place (Figure 24).

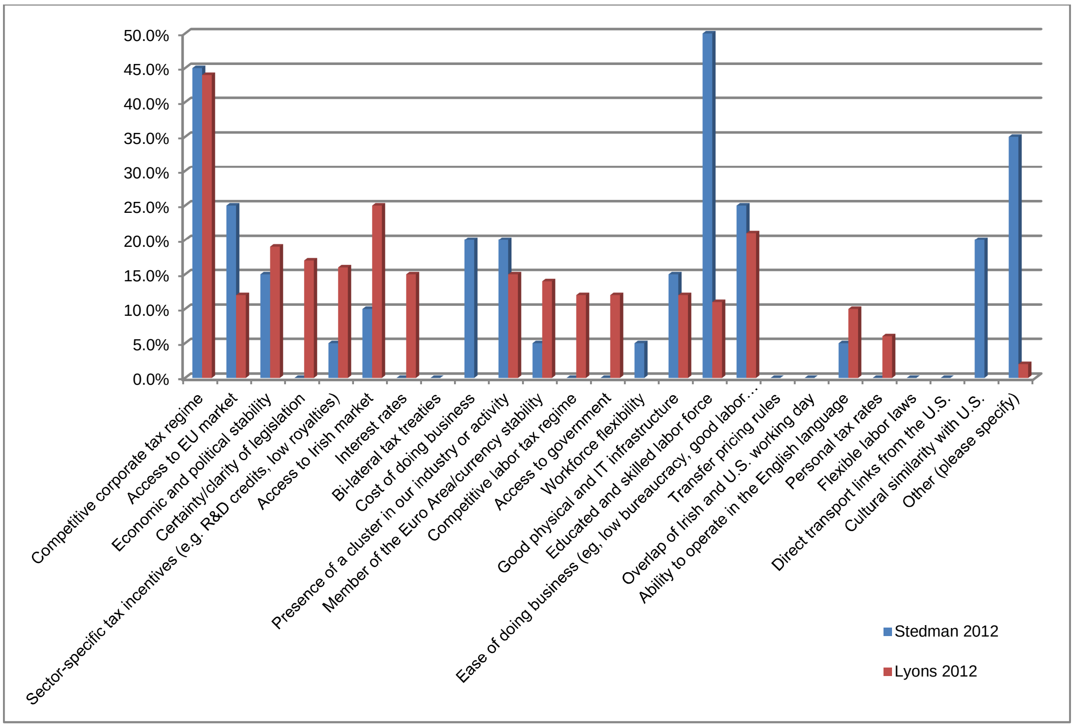

Figure 24 Response to "Please indicate the three principal reasons why Ireland was an attractive destination at the time of your initial investment into the country." Number of responses: 20.

Amongst the reasons listed as 'Other' by participants in this survey were the "Grants available", "Good experiences with senior staff who are from Ireland" and "Site acquired as part of larger acquisition".

When given the opportunity on the questionnaire to expand on the reasons for their organisation's Irish investment, one respondent noted the clarity "of legislation and political stability", another cited IDA Ireland as being a "good partner", while two others, both operating in the software services sector, indicated that the presence of an industry cluster and resultant "Skilled workforce in our domain" had made Ireland "a central country for […] expertise with many other U.S. companies having […] resources in Ireland". As mentioned in the literature review, the targeting of industries for investment in the country through the creation of industry clusters has been a strategy of IDA Ireland since the 1980's.

Evidence of the effect that clusters have on the decision making process was provided during interviews with both Corporate Officer 'S' and Chief Operating Officer 'M'. Characterising the influence that the prior presence of industry peers has on suggesting the suitability of a location as "very definitely an indicator, very definitely a help", Chief Operating Officer 'M' suggested that such clustering pointed to the presence of both potential customers and the availability of suitable staff (COO 'M', 2012). Similarly, Corporate Officer 'S' stated that investing in a location where competitors were present had the benefit of the organisation not being alone and at a board level was perceived as a "path of least resistance" for FDI (CO 'S', 2012). These views corroborate the work of Barry, Görg & Strobl (2001) and in particular the influence of the "demonstration effects" of the prior FDI investments of industry peers.

The role played by IDA Ireland in securing investment into Ireland was discussed during both interviews. Chief Operating Officer 'M' stated that the agency had little if any involvement in their organisation's initial investment explaining that the company was originally "too small an operation at that time and IDA does not particularly understand the […] business", adding "They're very helpful people, and certainly when I came to dealing with them in around about 2010 they were extremely helpful and they really tried to pull out all the stops" (COO 'M', 2012). Corporate Officer 'S' summarised the manner in which IDA Ireland operates when compared to their competition from other nations as follows, "the investment agency from Germany would really like you to invest there, the IDA needs you to invest in Ireland and that's the difference" (CO 'S', 2012).

While the ability to operate in English was not ranked highly in either survey, Corporate Officer 'S' stated that "Ireland and the U.S. speak the same language, I'm not talking about English, I'm talking about legally", explaining that the legal systems and frameworks in both jurisdictions were sufficiently similar that American companies felt comfortable operating within the State (CO 'S', 2012).

Comparing both sets of survey data, an overlap exists in the reasons organisations indicated for selecting Ireland as an investment location; the corporate tax regime, access to markets (either the domestic Irish or regional EU) and ease of doing business in the country.

Participants where then asked how their perception of the State as a location for investment had changed during the time their organisation had a presence in the country. The question, "Please indicate how Ireland appears today as a location for your investment compared to when you first invested", required respondents to select a single overall rank for the nation on a scale from "Significantly more attractive", through "Somewhat more attractive", "No Change", "Somewhat less attractive" down to "Significantly less attractive".

No businesses felt that Ireland was now a 'Significantly more attractive' place for their operation when compared to the time of their initial investment. 10% stated that the country is ‘Somewhat more attractive’, 40% that their view had not changed from the time of their original decision and half felt that the country was a less attractive location, with 40% indicating it ‘Somewhat less attractive’ and 10% a ‘Significantly less attractive’ site for investment (Figure 25).

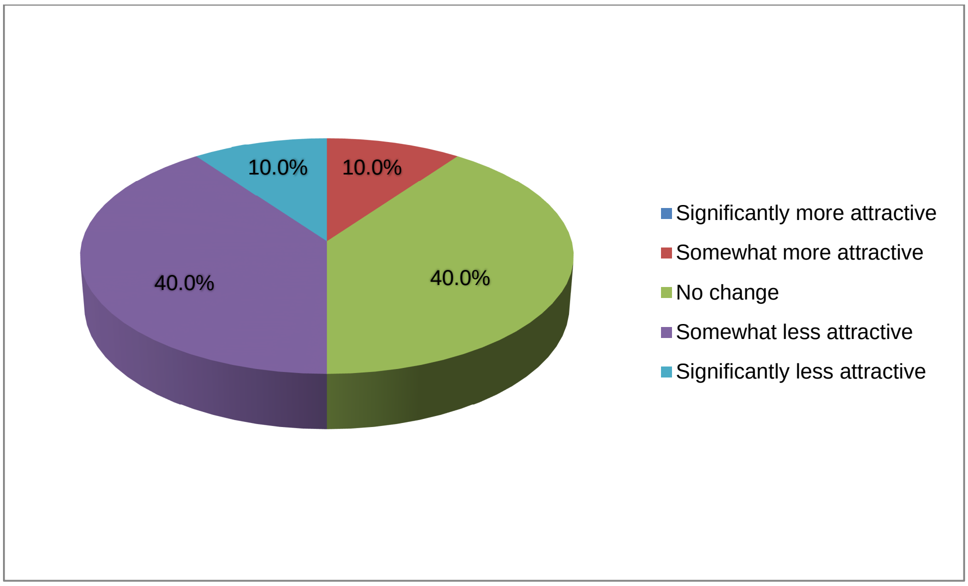

Figure 25 Response to "Please indicate how Ireland appears today as a location for your investment compared to when you first invested." Number of responses: 20.

Both Corporate Officer ‘S’ and Chief Operating Office ‘M’ suggested in their interviews that the changed regulatory environment in Ireland, since the problems in the domestic banking sector arose had made Ireland a less attractive location for their industries, banking and insurance respectively. Chief Operating Officer ‘M’ summed up the current environment as a “lack of clarity coming from the Regulator, lack of interest in developing Ireland and a belief from the Regulator that everybody is doing wrong” (COO ‘M’, 2012), while Corporate Officer ‘S’ noted that the regime as it now operated made doing business in Ireland more difficult and in order to improve the image of the country, prosecutions of those responsible for the current situation needed to be seen to happen (CO ‘S’, 2012).

The cultural similarity between Ireland and America was selected by 20% of respondents as a reason for locating. Corporate Officer 'S' during their interview suggested this may be a factor, but speculated that it was one that "might be in sixth or seventh place" (CO 'S', 2012). Coincidently, that aligns with the factor's ranking in the survey. During the interview, the links between both countries were expanded upon with the strong Irish-American lobby in the U.S. and the "well developed" American Chamber of Commerce in Ireland being characterised by the interviewee as "useful" in encouraging investment into the country (CO 'S', 2012).

Despite the slip in stated attractiveness as an FDI location, when asked "With the benefits of hindsight, if you were making your investment decisions today, would you still choose to locate in Ireland?" and given a ranking scale of certainty from "Definitely" through "Probably" to "Possibly", 80% of respondents indicated they would still invest in the country. 45% selected "Definitely yes", 25% "Probably yes" and 10% selecting "Possibly yes". 5% indicated they would not place their investment in Ireland, stating their view was "Definitely not", with 15% not sure either way.

This finding may contradict sentiment expressed by both Chief Operating Officer 'M' and Corporate Officer 'S' during interviews when asked about how the "brand of Ireland" was perceived by corporate America. Both felt that the reputation of the nation had been damaged by the events of the "Celtic Tiger" era and subsequent economic and banking collapse. Chief Operating Officer 'M' characterised the damage as "Regrettably the brand of Ireland is very, very severely damaged. Really, that could not be over estimated the damage that has been done" (COO 'M', 2012) while Corporate Officer 'S' stated that he felt many senior executives were now "nervous" about Ireland (CO 'S', 2012).

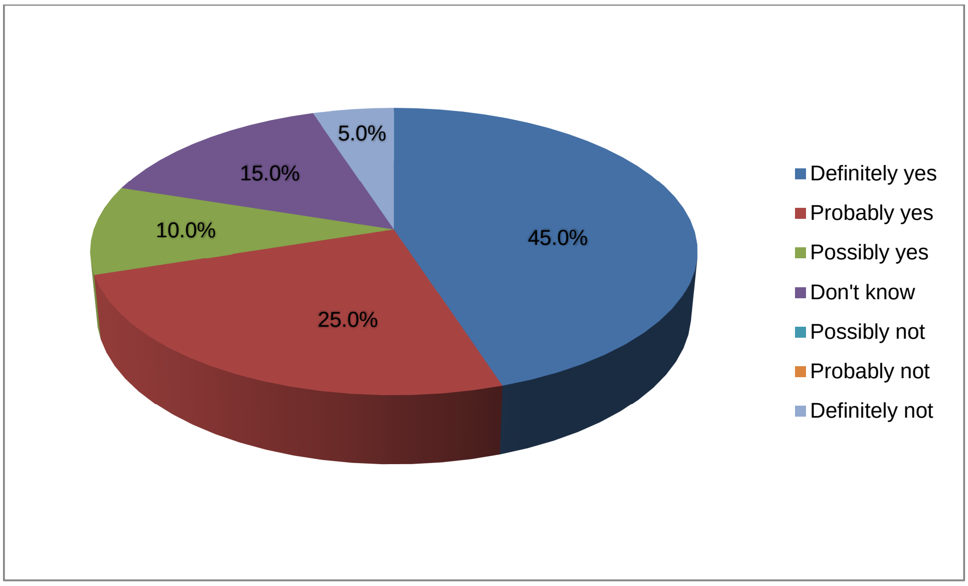

Figure 26 Response to "With the benefits of hindsight, if you were making your investment decisions today, would you still choose to locate in Ireland?" Number of responses: 20.

When questioned about the expected net value of their investments in the country over the period 2007-2015, a majority, 55%, indicated they believed the value of their investment in the State would increase during the period, 15% that it would decrease, 20% that there would be no change and 10% indicated that they did not know. Overall, 20% indicated their organisation's investment would increase by between $1million and $10 million, 15% that it would increase by between $100 million and $500 million, 10% expect an increase of up to $1 million and an increase of between $10 million and $50 million along with an increase of over $500 were both selected by 5% of respondents (Figure 27).

Reductions in net investment value between 2007-2015 of up to $1 million were indicated by 10% of respondents, while 5% stated an expected drop in their investment by between $1 million and $10 million.

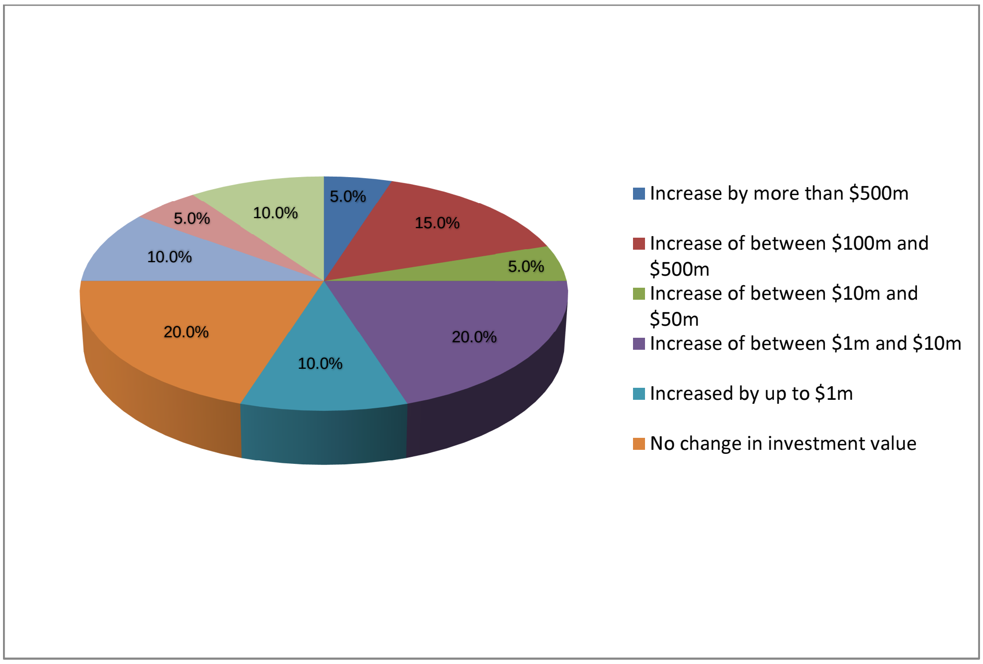

Figure 27 Response to "Please indicate the expected approximate net change in value of your investments in Ireland between 2007-2015." Number of responses: 20.

Respondents were asked to indicate what changes in employment levels in their Irish operations they expected between 2007 to 2015. Here too, the outlook of the majority was positive for their presence in Ireland with 65% indicating a net increase in head count during the period. 15% indicated a decrease in employment, 10% stated that there would be no change and 10% that they did not know what changes would take place (Figure 28).

20% indicated a net increase of up to 10 jobs, with 15% expecting an increase of between 10 to 50 staff, increases of 50-100 positions as well as head count growth of 100-500 were both indicated by 10% of respondents while two larger options of 500-1,000 additions and over 1,000 new roles were both chosen by 5% of participants.

Suggesting their organisations would cut head count in the State, 10% of respondents indicated a reduction of employment of between 10 to 50 positions while 5% selected a shrinking of staff numbers by up to 10.

Lyons, looking at the years 2007 to 2012, found that the majority of international MNC's invested in Ireland, 69% of those surveyed, had increased their head count during the period. This compares the 65% who stated on this survey that they expected a net increase between 2007-2015.

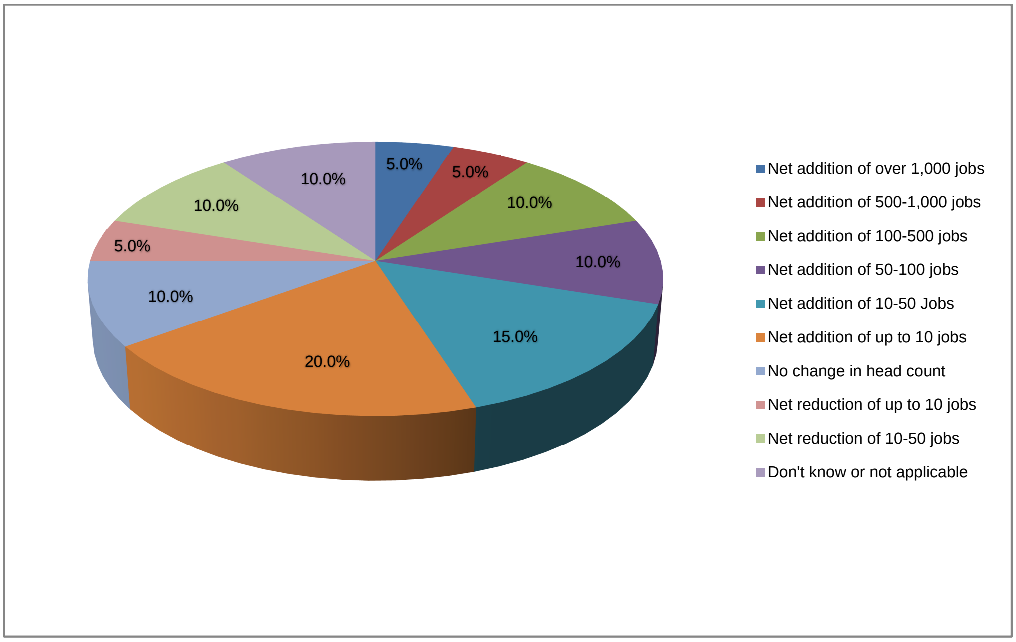

Figure 28 Response to "Please indicate the expected approximate net change to your head count in Ireland over the period 2007-2015." Number of responses: 20.

4.2.3. View of those not invested in Ireland

13.1% of respondents indicated that their organisations had no presence in Ireland and had no intention to invest in the country. Given the overall size of the response pool, this represents 3 respondents and as such the data may not be representative. However, in common with Lyons, the most selected reason given for companies not investing in Ireland is the size of the domestic market, while the only other area of overlap with the earlier findings is the peripheral location of the country.

In contrast, as noted by Corporate Officer ‘S’ during their interview, Ireland peripheral location on the western edge of Europe has the advantage of placing the country one time zone closer to the operations in the U.S. (CO ‘S’, 2012).

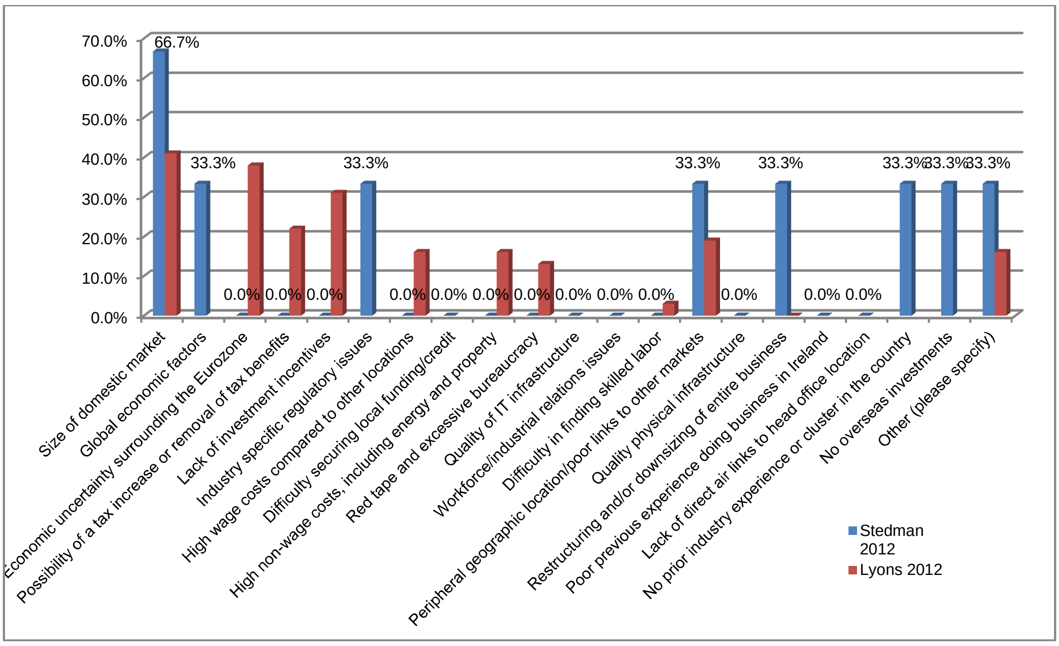

Figure 29 Response to “Please indicate the 3 main reasons why Ireland is not an attractive business environment for your company.” Number of responses: 3.

4.3. Limitations of the research

The author acknowledges the limitations of the research. The small sample size may be unrepresentative of the wider community of U.S. Multi-National Corporations while both time and word count constraints imposed on the process limited the depth to which the data could be analysed.

All responses, both to the survey and during the interviews were taken in ‘good faith’ by the author and were intended to capture the views of the individuals participating. Furthermore, all responses to the self-administered questionnaire were anonymous with no linkage made or recorded between the invitation to participate and the answers given.

4.4 Findings

In reviewing the data from both this survey and the earlier work by Lyons (2012), it is clear that the key financial factor in attracting U.S. multinationals to any country is a low corporate tax rate, but it is not the single most important determinant. The cost of doing business in the country, along with the ease with which organisations can carry out the functions they locate there as well as the political stability of the host nation were all ranked as the most significant factors in the decision making process, with access to markets and a local skilled workforce being separately identified as the top two attractions a potential host country can offer.

The results of this survey found that the two greatest advantages U.S. multinationals felt Ireland offered them as an investment location were a low corporate tax rate and the skilled local work force in the country. Lyons, found these ranked third and fourth. Access to E.U. Markets was in the top four most chosen options in both papers, with ease of doing business in the top six of each.

Other aspects of the Irish tax code are also significant factors including the network of bi-lateral double tax agreements which benefit organisations that place European headquarters operations in the State, and the legal structures that allow for transfer pricing arrangements on intellectual property rights.

The challenges facing Ireland in attracting investment are greatest with regard to the cost of doing business in the country and uncertainty surrounding the instability in the Euro Area along with the size of the domestic market. Concerns also exist within the Financial Services Sector surrounding the increased regulatory burden and potential for additional legislation that may negatively impact on the ease of doing business in the country. As both this survey and the earlier work by Lyons found, ease and cost of doing business in a host country are in the top three most significant factors in attracting investment, these findings suggest Ireland may be losing some of its allure for investors, particular those in the financial sector, which is, as noted in the literature review, a primary target sector for IDA Ireland.

Even so, despite the survey finding that sentiment towards Ireland by those already invested in the country is neutral to negative with regard to how attractive the country appears when compared to the time of their original investment (40% neutral, 50% negative), the majority, 80% indicated that, with hindsight, they would still invest in the State, including 45% emphatically stating a “Definitely yes”.

This favourable disposition is borne out by the 55% of respondents who indicated a net increase in the Dollar value of their investments in the country between 2007-2015, and 65% who stated that employment in their Irish operations would increase during the same period.

The professionalism and positive role of the State inward investment agency IDA Ireland in attracting investment was a recurring theme. All interviewees spoke highly of the Agency and individuals within it and how well they regarded it in comparison to the international competition. Respondents to the survey also singled them out for mention. This, against a backdrop of Euro Area uncertainty and the suggestion of reputational damage done to the country following the fall out of the property bubble.

With regard to soft factors, such as Irish-American ties, this survey found no strong linkage to suggest they act as driving factors in investment decisions. 20% of survey respondents selected cultural similarity with the U.S. as one of their three reasons why their organisation originally located in Ireland, while 15% indicated they felt such ties were a competitive advantage that the country offered. The presence of a strong Irish-American Lobby in the U.S. and well establish Irish branch of the American Chamber of Commerce were characterised as “helpful” in easing the selection of Ireland by Corporate Officer ‘S’ in an interview (CO ‘S’, 2012).

Overall, the findings of the survey indicate that despite concerns surrounding the cost of doing business in the State or issues with regulation in the financial services sector, regardless of worries about the Euro Area crisis and condition of the national finances, all of which are leading to a general belief amongst existing investors that Ireland is a slightly less attractive place to do business than when they initially invested, U.S. Multi-National Corporation’s remain positive about Ireland and see it as a location that is a source of a quality skilled and educated workforce, where it is generally easy to operate, that offers good government incentives and is somewhere they see a business and legal similarity with America, if not necessarily a cultural one. This author speculates that much of that may be down to the success of IDA Ireland in establishing industry clusters.

4.5. Summary

This chapter reviewed and analysed the data collected by the questionnaire and through interviews with senior executives in American Multi-National Corporations. The findings suggest that despite concerns surrounding economic and financial factors, U.S. MNC’s remain positive about Ireland as an investment location.

While the driving factors behind the selection of locations for FDI are predominantly financial, ‘Corporate America’ has a positive view of Ireland.

As Chief Operating Officer ‘M’ noted when asked about the influence that the cultural ties between Ireland and American have on where U.S. companies locate their overseas investments, “People are quite happy if Ireland comes up trumps, but it is a cold blooded market access decision” (COO ‘M’, 2012).

5. Conclusions and Recommendations

5.1 Introduction

This chapter will review the findings of the research in order to draw conclusions and make recommendations as to how the findings may be used.

5.2 Conclusions

The findings of the research point to a wide set of factors influencing the choice of host country for U.S. FDI. While the key factors such as cost of doing business, tax rates and availability of a pool of skilled labour can be considered to support the rational choice thesis, as outlined by Bandelj (2001), suggesting investors are seeking to maximise profit with their choice of location, the fact that American companies continue to invest in Ireland while costs and other factors such as economic stability and exchange rate risk remain a concern suggests that other factors may also be at play.

The role played by IDA Ireland cannot be discounted, nor can the creation of industry clusters and the support mechanisms provided by them and by the American Chamber of Commerce Ireland to existing and potential investors. Cultural and legal similarities between Ireland and the U.S. while not ranking highly on the surveys may also be contributing to the sense of an "ease of doing business".

In essence, this author suggests, that the answer to the question posed by the paper; “What is the attitude of U.S. Multi-National Corporations towards Ireland as an investment location?” can be summed up as follows; that, despite concerns surrounding the cost of doing business in the country and issues related to national and Euro Area finances, U.S. corporations have a favourable disposition towards the country and it is somewhere American firms are ‘comfortable’ to locate in and do business.

This is borne out by the number of companies planning to increase their net investment and levels of employment in the State between 2007 and 2015. Echoing the sentiment expressed in the survey with regard to on-going and future investment by companies already located in Ireland, in May 2012, Intel Corporation, one of the first major investors from the ICT sector into Ireland and a major employer in the country, applied to Kildare County Council for planning permission to construct a new 162,000 sq.m Fabrication Plant (Fab) at their existing Leixlip facility (O’Halloran, 2012). Permission for the development was granted the following August (Mulligan, 2012) and if the project proceeds it will represent the first investment by the company in Ireland since 2004.

5.3 Recommendations

This author suggests there is scope for further research in a number of topics within this area.

First, identifying all the factors that contribute to the ease of doing business in Ireland and how each is perceived by U.S. MNC’s may help to determine what role, if any, cultural similarities between the two countries plays in the investment decision. Secondly, an industry sector based review of investors may provide greater insight into to the broad range of factors selected as key to investment decisions.

Based on conversations between this author and a senior partner in the Dublin based law firm that sponsored the earlier work by Lyons, a regular re-running of that survey is expected. There is scope for that research to include some of the factors investigated in this paper. Furthermore, investigation of the factors influencing specific industries investment decisions with regard to Ireland may be of benefit as that could assist IDA Ireland with its targeted campaigns to attract future investment.

The findings of this survey, the earlier work by Lyons and the reports of the National Competitive Council all indicate that more work is needed to contain the cost of doing business in the country. Equally, based on data from the interviews, steps should be taken to ensure that in regulated sectors, prudent, robust and appropriate levels of oversight are exercised to protect both consumers and the tax payer, while also attracting new investment.

Appendix I – Questionnaire

Following is the questionnaire used in the online self-administered survey. The questions are adapted from Lyons (2012) and were written in U.S. English to accommodate the majority of participants.

Using the features within the SureveyMonkey website, question 14 was used as the trigger to branch respondents through different paths on the questionnaire. Participants indicating their organisation was invested in Ireland were then presented with the pages "Invested in Ireland 1 of 2" and "Invested in Ireland 2 of 2", those that selected "Not invested with plans to invest" were routed through the "Planning to invest in Ireland" set of questions while all others received the "Not Invested or Reduced Investment in Ireland" page. After which, all participants rejoined the same track through the questionnaire at "View of Ireland as an investment location".

Investing in Ireland

Thank you for taking the time to complete this survey on the attitudes of US companies to FDI and in particular, investing in Ireland. Your understanding and insight are important and will make a significant contribution to the findings and accuracy of the research paper.

This survey should take around 5 minutes to complete and your answers will be completely anonymous.

The survey will comprise of a maximum of 30 questions and all, apart from some clearly marked as optional, require an answer in order to progress through the survey. Questions requiring multiple selections will clearly state the number of responses to make. Most multiple selection questions will require you to pick 3 items from a list, unless otherwise stated, and all will allow you to add an option if you so choose.

Navigation through the survey is straight forward and if you miss a question or option then you will not be able to move to the next page, in which case a message will appear above to the question to indicate what information was required.

* Simply click on items to select or deselect them.
* Click the [Next] button at the bottom of the page to continue to the next page.
* Click the [Previous] button to return to the previous page.
* Click the [Exit the Survey] button at the top of the page if you want to leave the survey without submitting your responses.
* Click the [Done] button on the final page to submit your survey.

If you have any queries or comments about this survey or the research then please feel free to contact me at eoghan.stedman@student.ncirl.ie.

Please click the [Next] button below to begin.

Personal Information

1. Do you have responsibility for, or familiarity with your company's international investment decisions?

Yes

No

2. Are you familiar with your company's current or prospective investment(s) in Ireland?

Yes

No

3. Which of the following best describes your job title?

CEO/President/Managing Director

COO/Head of Operations

CFO/Treasurer/Comptroller

CRO/Chief risk officer

Chief Compliance Officer

Other C-Level Executive

Other Board Member (incl. Non-Executive)

SVP/VP/Director

Head of Business Unit

Head of Department

General Manager

Other (please specify)

Company Background Information

4. In which U.S. State is your company headquarters based?

State:

5. What is your company's primary industry?

Aerospace/Aviation

Agriculture/Agribusiness

Automotive

Chemicals/Petrochemical

Consumer Goods

Construction/Real Estate

Energy/Natural Resources

Education

Entertainment/Media/Publishing

Financial Services

Government/Public Sector

ICT/Software/Hardware/Services

Leisure/Travel/Tourism

Life Sciences

Logistics/Distribution

Manufacturing

Professional Services

Retailing

Telecoms

Other (please specify)

6. Including the U.S. in how many countries worldwide do you have operations?

5 or Fewer

Between 6 and 10

Between 11 and 20

21 or More

7. What is your organization's approximate global annual revenue in US dollars?

Up to $250m

$250m to $500m

$500m to $1bn

$1bn to $5bn

$5bn to $10bn

Over $10bn

8. What is your organization's approximate global head count?

Fewer than 100

100 to 500

500 to 1,000

1,000 to 5,000

5,000 to 10,000

10,000 to 50,000

Greater than 50,000

Global Investment Decisions

9. What are the 3 primary factors that attract your business to invest in an overseas location?

- Access to natural resources/raw materials
- Access to markets (domestic or regional)
- Access to government
- Availability of key skills (eg, language)
- Government incentives (Tax, Capital Grants etc.)
- Legal regime in target country
- Educated labor force
- Local labor costs.
- Local non-labor costs
- Workforce flexibility

Other (please specify)

10. Please rank the significance of the following characteristics of investment locations to your worldwide direct investment decisions.

	Not significant	Somewhat significant	Very significant	N/A or don't know
Ease of doing business				
Political stability				
Cost of doing business				
Fiscal stability				
Access to raw materials				
Quality of physical infrastructure (roads, ports, airports, utilities etc.)				
Intellectual property protections				
Tax incentives for investors				
Working day overlap with head office				
“Light Touch” regulation				
Cultural similarity with the U.S				
Access to pool of local skilled labor				
Quality IT infrastructure (telecoms, broadband etc.)				
Tax treaty with U.S.				
Ability to speak the English language				
Ease of attracting key international staff (cost of living, quality of life, etc.)				
Direct flights to your company’s head office city				

11. With respect to financial incentives offered by host countries; what are the 3 most important types of incentive for your company?

Low corporate tax rate

Double taxation agreements with the U.S.

Transfer pricing taxation arrangements

Access to local sources of credit and funding

Training and other human resources grants

R&D tax credits

Capital grants

Low personal tax rates

Low total tax rate (i.e. total taxation burden placed on a company, includes 'profits tax', social charges etc.)

Other (please specify)

Global Investment Decisions

12. In your view, which 3 host countries (excluding Ireland) offer the best overall conditions for your company as a direct investor?

- Australia
- Belgium
- Brazil
- Canada
- China (PRC)
- France
- Germany
- Hong Kong
- India
- Israel
- Italy
- Japan
- Mexico
- Netherlands
- Russia
- Singapore
- Spain
- Sweden
- Saudi Arabia
- Switzerland
- United States
- United Kingdom

Other (please specify)

13. What are your primary sources of information about potential investment locations?
(Please select 3)

- Professional advisor (e.g. legal or accountancy firms)
- Financial and business press
- Inward investment agency of target country
- Annual reports
- Industry colleagues
- Trade fairs and exhibitions
- Existing corporate investments/divisions
- Work colleagues
- U.S. Government sources
- Industry peers & competitors
- Personal contacts
- Previous experience

Other (please specify)

Investing in Ireland

14. With regard to investing in Ireland, which statement best reflects your company's actual and planned net position over the period 2007 - 2015?

Invested in Ireland with net investment increasing over the period.

Invested in Ireland with no change in net investment over the period.

Invested in Ireland with net decrease in investment over the period.

Not invested in Ireland with plans to invest during the period.

Not invested in Ireland having divested during the period.

Not invested in Ireland with no plans to invest during the period.

Invested in Ireland 1 of 2

15. How long has your company been invested in Ireland?

Less than 5 years

Between 5 to 10 years

Between 11 to 20 years

Between 21 and 30 years

More than 30 years

16. Please indicate the expected approximate net change to your head count in Ireland over the period 2007-2015.

Net addition of over 1,000 jobs

Net addition of 500-1,000 jobs

Net addition of 100-500 jobs

Net addition of 50-100 jobs

Net addition of 10-50 Jobs

Net addition of up to 10 jobs

No change in head count

Net reduction of up to 10 jobs

Net reduction of 10-50 jobs

Net reduction of 50-100 jobs

Net reduction of 100-500 jobs

Net reduction of 500-1,000 jobs

Net reduction of over 1,000 jobs

Don't know or not applicable

17. Please indicate the expected approximate net change in value of your investments in Ireland between 2007-2015.

Increase by more than $500m

Increase of between $100m and $500m

Increase of between $50m and $100m

Increase of between $10m and $50m

Increase of between $1m and $10m

Increased by up to $1m

No change in investment value

Decrease by up to $1m

Decrease of between $1m and $10m

Decrease of between $10m and $50m

Decrease of between $50m and $100m

Decrease of between $100m and $500m

Decrease by up to $500m

Don't know or not applicable

18. Please indicate the three principal reasons why Ireland was an attractive destination at the time of your initial investment into the country. (Select 3)

- Competitive corporate tax regime
- Access to EU market
- Economic and political stability
- Certainty/clarity of legislation
- Sector-specific tax incentives (e.g. R&D credits, low royalties)
- Access to Irish market
- Interest rates
- Bi-lateral tax treaties
- Cost of doing business
- Presence of a cluster in our industry or activity
- Member of the Euro Area/currency stability
- Competitive labor tax regime
- Access to government
- Workforce flexibility
- Good physical and IT infrastructure
- Educated and skilled labor force
- Ease of doing business (eg, low bureaucracy, good labor relation)
- Transfer pricing rules
- Overlap of Irish and U.S. working day
- Ability to operate in the English language
- Personal tax rates
- Flexible labor laws
- Direct transport links from the U.S.
- Cultural similarity with U.S.

Other (please specify)

19. Optional: Please comment on any other factors/items/circumstances that contributed to the selection of Ireland as a location for your investment. (You may skip this question by leaving the box blank.)

20. Please indicate which business functions you have located in Ireland. (Select all that apply).

- Back office/shared services/internal support function
- Core business function: customer service delivery
- Core business function: manufacturing
- Customer call centre/customer support service
- Headquarters
- R&D
- Treasury operations

Other (please specify)

Invested in Ireland 2 of 2

21. Please indicate how Ireland appears today as a location for your investment compared to when you first invested

Significantly more attractive

Somewhat more attractive

No change

Somewhat less attractive

Significantly less attractive

Please feel free to comment

22. Optional: Please describe the highlights or out performing elements of the investment in Ireland. (You may skip this question by leaving the field blank.)

23. Optional: Please describe the most significant disappointments or under performing aspects of the investment in Ireland. (You may skip this question by leaving the field blank.)

24. With the benefits of hindsight, if you were making your investment decisions today, would you still choose to locate in Ireland?

Definitely yes

Probably yes

Possibly yes

Don't know

Possibly not

Probably not

Definitely not

Planning to Invest in Ireland

25. Please indicate the three principal reasons why Ireland is an attractive destination for your investment. (Select 3)

- Competitive corporate tax regime
- Access to EU market
- Economic and political stability
- Certainty/clarity of legislation
- Sector-specific tax incentives (e.g. R&D credits, low royalties)
- Access to Irish market
- Low interest rates
- Bi-lateral tax treaties
- Cost of doing business
- Presence of a cluster in our industry or activity
- Member of the Euro Area/currency stability
- Competitive labor tax regime
- Access to government
- Workforce flexibility
- Good physical and IT infrastructure
- Educated and skilled labor force
- Ease of doing business (eg, low bureaucracy, good labor relation)
- Transfer pricing rules
- Overlap of Irish and U.S. working day
- Ability to operate in the English language
- Personal tax rates
- Flexible labor laws
- Direct transport links from the U.S.
- Other (please specify)

26. Optional: Please comment on any other factors/items/circumstances that contributed to the selection of Ireland as a location for your investment. (You may skip this question by leaving the box blank.)

27. Please indicate the planned approximate net change to your head count in Ireland up to 2015.

- Addition of over 1,000 jobs
- Addition of 500-1,000 jobs
- Addition of 100-500 jobs
- Addition of 50-100 jobs
- Addition of 10-50 jobs
- Addition of up to 10 jobs
- No change in head count
- Don't know or not applicable

28. Please indicate the expected approximate value of your investments in Ireland up to 2015.

- More than $500m
- Between $100m and $500m
- Between $50m and $100m
- Between $10m and $50m
- Between $1m and $10m
- Up to $1m
- Don't know or not applicable

29. Please indicate which business functions you plan to locate in Ireland. (Select all that apply.)

Back office/shared services/internal support function

Core business function: customer service delivery

Core business function: manufacturing

Customer call centre/customer support service

Headquarters

R&D

Treasury operations

Other (please specify)

Not Invested or Reduced Investment in Ireland

30. Please indicate the 3 main reasons why Ireland is not an attractive business environment for your company. If your organization has no investments outside of the U.S. then select "No overseas investments" and no other options.

- Size of domestic market
- Global economic factors
- Economic uncertainty surrounding the Eurozone
- Possibility of a tax increase or removal of tax benefits
- Lack of investment incentives
- Industry specific regulatory issues
- High wage costs compared to other locations
- Difficulty securing local funding/credit
- High non-wage costs, including energy and property
- Red tape and excessive bureaucracy
- Quality of IT infrastructure
- Workforce/industrial relations issues
- Difficulty in finding skilled labor
- Peripheral geographic location/poor links to other markets
- Quality physical infrastructure
- Restructuring and/or downsizing of entire business
- Poor previous experience doing business in Ireland
- Lack of direct air links to head office location
- No prior industry experience or cluster in the country
- No overseas investments

Other (please specify)

31. Optionally, if you wish to comment on your firm's experience operating in Ireland or on any reason why Ireland was not selected for an investment, please feel free to do so here. (You can skip this question by leaving the box blank.)

View of Ireland as an investment location

32. In your view, what 3 competitive advantages does Ireland have to offer US investors?

- Access to EU market
- Legal and fiscal stability
- Competitive corporate tax rate regime
- Educated and skilled local work force
- Ease of doing business in general
- Existing clusters (eg, R&D, technology, funds administration)
- Access to skilled labour from across the EU
- Double taxation agreements with US
- Access to government
- Working day overlap with US
- Transfer pricing arrangements
- Sector-specific tax incentives (eg, R&D Tax Credit)
- Only English-speaking member of the Eurozone
- Ability to attract international staff (beyond EU)
- Strong IT and telecoms infrastructure
- Work ethic of Irish workforce
- Cultural ties with the US

Other (please specify)

33. In your view, what are the 3 biggest risks or disadvantages of doing business/investing in Ireland?

- Size of domestic market
- Instability in the Eurozone
- Uncertainty in relation to government finances
- Cost of doing business
- Red tape and bureaucracy
- Poor transport and physical infrastructure
- Total tax burden
- Potential for change to US corporate tax rules
- Poor IT and communications infrastructure
- Lack of skilled labour
- Work ethic of Irish workforce
- Limited direct flights to US cities
- Perception of Ireland as corrupt/poorly regulated
- Peripheral geographic location/poor links to other markets
- No industry clusters/prior experience

Other (please specify)

34. In terms of the following aspects of business cost, how does Ireland compare to the other jurisdictions (outside your home market) in which you do business?

	Significantly less expensive	Somewhat less expensive	About the same	Somewhat more expensive	Significantly more expensive	N/A or don't know
Wages and salaries						
Raw materials						
Overall tax burden						
Commercial rents						
Insurance						
Utilities, infrastructure						
Professional services (legal, accounting etc)						
Cost of living						

Please feel free to comment

35. In terms of the following aspects of the tax regime, how does Ireland compare to the other jurisdictions (outside your home market) in which you do business?

	Significantly worse	Somewhat worse	About the same	Somewhat better	Significantly better	N/A or don't know
Corporate tax rate						
Total tax rate						
R&D tax credits						
Network of double-taxation treaties						
Personal tax rates						
Training grants						
Other incentives						
Implementation of Regulation/Oversight						

Please feel free to comment

36. In your view, if Ireland were to implement changes, which 3 of the following actions would do most in order to boost the investment attractiveness of the country for your firm?

- Lowering corporate tax rates
- Increased intellectual property protections
- Better support for small, entrepreneurial businesses
- Direct air links with more key US cities
- Increased investment incentives
- Establish industry specific clusters
- Better regulatory policies
- Lowering commercial rents
- Secure certainty on US government position regarding corporate tax arrangements
- Promoting science & mathematics in schools
- Reduced bureaucracy surrounding relocation (eg, work permits)
- Closer links between government and business
- More competition in professional services (legal, accountancy)
- Leave the Eurozone
- Lowering personal income tax rates
- Reduce level/perception of corruption
- Fewer links between government and business
- Secure EU guarantee on corporate tax rate

Other (please specify)

37. Thank you again for participating, you have now finished the survey. Please feel free to add any comments in the box below. Click [Done] to submit your answers. In order to preserve the anonymity of the survey please do not add any information that could be used to identify you or your organization here.

If you are willing to participate in short follow up phone interview to explore some of the issues raised in the research please let me know by mail at eoghan.stedman@student.ncirl.ie or reply to the original mail request you received.

Best Regards,

Eoghan Stedman,
National College of Ireland.

References

Adams, S. (2010), Intellectual Property Rights, Investment Climate and FDI in Developing Countries, *International Business Research*, 3(3), pp.201-209.

Ahlquist, J.S. & Prakash, A. (2010), FDI and the Costs of Contract Enforcement in Developing Countries, *Policy Sciences*, 43(2), pp.181-200.

Al-Sadig, A. (2009), The Effects of Corruption on FDI Inflows, *Cato Journal*, 29(2), pp.267-294.

Amárach Research (2011), *MOP FDI Index: Report On The Survey Findings*, Dublin, Ireland, Matheson Ormsby Prentice.

American Chamber of Commerce Ireland (2012), *Chamber Calls for a Yes Vote in Referendum Campaign*, Press Release, 19th April.

Anastassopoulos, G. (2007), Countries' International Competitiveness and FDI: An Empirical Analysis of Selected EU Member-Countries and Regions, *Journal of Economics and Business*, X(1), pp.35-52.

Bandelj, N. (2001), *Culture, Contacts and Capital: Social Relations as Determinants of Foreign Direct Investment in Central and Eastern Europe. Proposals for the EPIC Second Cohort Advance Research Workshop*, European Political Economy Infrastructure Consortium, London, United Kingdom.

Barrell, R. & Pain, N. (2006), An Econometric Analysis of U.S. Foreign Direct Investment, *The Review of Economics and Statistics*, 78(2), pp.200-207.

Barry, F. (2006), *FDI and Irish Economic Development over Four Stages of European Integration*, paper, Dublin, Ireland, Trinity College Dublin.

Barry, F. (2007), Third-level Education, Foreign Direct Investment and Economic Boom in Ireland, *International Journal of Technology Management*, 38(3), pp.198-219.

Barry, F. (2011), *Foreign Investment and the Politics of Export Profits Tax Relief 1956*, paper, Dublin, Ireland, Trinity College Dublin.

Barry, F. & Bradley, J. (1997), *FDI and Trade: the Irish Host-Country Experience*, presented at the Royal Economics Society Annual Conference, University of Staffordshire, United Kingdom, 24th-26th March.

Barry, F., Görg, H. & Strobl, E. (2001), *Foreign Direct Investment, Agglomerations and Demonstration Effects: an Empirical Investigation*, paper, Dublin, Ireland, University College Dublin.

Berry, R. (2001), *U.S. Foreign Direct Investment in Ireland: Making the Most of Other People's Money*, paper, Bethlehem, PA., United States of America, Leigh University.

Beesley, A. (2011), Taoiseach Clashes with Sarkozy on corporation tax regime, *The Irish Times* [Internet], 12th March, Available from: http://www.irishtimes.com/newspaper/world/2011/0312/1224291983122.html [Accessed: 15th October 2011].

Bergan, A., Conefrey, T., Fitz Gerald, J. & Kearney, I (2009), *Recovery Scenarios for Ireland*, Research Series 007, Dublin, Ireland, Economic and Social Research Institute.

Bhardwaj, A., Dietz, J. & Beamish, P.W. (2007), Host Country Cultural Influences on Foreign Direct Investment, *Management International Review*, 47(1), pp.29-50.

Blonigen, B.A. (2005), A Review of the Empirical Literature on FDI Determinants, *Atlantic Economic Journal*, 33, pp.383–403.

Bradley, J. (2001), *Industrial Strategy and Business Planning in Ireland*, Dublin, Ireland, Economic and Social Research Institute.

Brennan, L. & Verma, R. (2010), Inward FDI in Ireland and its Policy Context, *Columbia FDI Profiles*, 7th October, New York, N.Y, United States of America, Columbia University.

Buckley, P.J. & Ruane, F. (2006), *Foreign Direct Investment in Ireland: Policy Implications for Emerging Economies*, paper, Dublin, Ireland, Trinity College Dublin.

Carr, D.L., Markusen, J.R. & Maskus, K.E. (2001), Estimating The Knowledge-Capital Model of the Multinational Enterprise, *American Economic Review*, 91(3), pp.693-708.

Central Statistics Office (2011 a), *Employment and Unemployment (ILO) '000s* [Internet], Available from http://www.cso.ie/statistics/empandunempilo.htm [Accessed: 13th September 2011].

Central Statistics Office (2011 b), *National Income and Expenditure Annual Results for 2010* [Internet], Available from: http://www.cso.ie/en/media/csoie/releasespublications/documents/economy/current/nie.pdf [Accessed: 20th January 2012].

CEO ‘Z’, (2011), *Informal interview* by Eoghan Stedman [in person], Company ‘S’ European HQ, 5th October.

Coffey, S. (2012), Welfare and public service sectors will be the keys in a tough and daunting 2012, *The Irish Independent* [Internet], Available from: http://www.independent.ie/opinion/comment/seamus-coffey-welfare-and-public-service-sectors-will-be-the-keys-in-a-tough-and-daunting-2012-2970511.html [Accessed: 20th January 2012].

CO ‘S’ (2012), *Semi-Structured interview* by Eoghan Stedman [in person], Company ‘E’ European HQ, 15th August.

Condon, F. & O’Toole, R. (2011), *Survey of MNCs in Ireland 2011. Results of the Annual Competitiveness Survey*, Dublin, Ireland, Irish Management Institute.

Cooper, M. (2009), If only we could have heard the brutal truth from Intel’s ex-chief, *The Irish Examiner* [Internet], Available from: http://www.examiner.ie/opinion/columnists/matt-cooper/if-only-we-could-have-heard-the-brutal-truth-from-intels-ex-chief-101741.html [Accessed: 13th September 2011].

COO ‘M’ (2012), *Semi-Structured interview* by Eoghan Stedman [telephone], Company ‘R’ European HQ, 20th August.

Darby, J.B. & Lemaster, K. (2007), Double Irish More Than Doubles the Tax Savings. Hybrid Structure Reduces Irish, U.S. and Worldwide Taxation, *Practical US/International Tax Strategies*, 15th May, pp.2,11-16.

de Mooij, R.A. & Ederveen, S. (2003), Taxation and Foreign Direct Investment: A Synthesis of Empirical Research, *International Tax and Public Finance*, 10(6), November, pp.673-693.

Department of Enterprise, Trade and Employment (2008), *Knowledge and Enterprise Clusters in Ireland, An Overview*, Dublin, Ireland, Stationary Office.

Department of the Taoiseach (1987), *Programme for National Recovery*, Dublin, Ireland, Stationary Office.

Doing Business Project (2012 a), *Doing Business in Ireland – World Bank Group* [Internet], available from: http://www.doingbusiness.org/data/exploreeconomies/ireland/ [Accessed: 19th August 2012].

Doing Business Project (2012 b), *Ranking of Economies - Doing Business – World Bank Group* [Internet], available from: http://www.doingbusiness.org/rankings [Accessed: 19th August 2012].

Donnelly, P. (2010) 'Forming Ireland's Industrial Development Authority', in Hogan, J., Donnelly, P. & O'Rourke, B. (eds) *Irish Business and Society: Governing, Participating and Transforming in the 21st Century,* Dublin, Ireland, Gill and Macmillan.

Donnelly, P. & Hogan, J. (2011), *The Move from Protectionism to Outward-looking Industrial Development: A Critical Juncture in Irish Industrial Policy?*, Dublin, Ireland, Dublin Institute of Technology, Available from: http://arrow.dit.ie/buschmarart/96/ [Accessed: 5th October 2011].

Dorgan, S. (2006), How Ireland Became the Celtic Tiger, *Backgrounder*, 1945, 23rd June, Washington, D.C., United States of America, The Heritage Foundation.

Dunning, J.H. (2001), The Eclectic (OLI) Paradigm of International Production: Past, Present and Future, *International Journal of the Economics of Business*, 8(2), pp.173-190.

Eicke, R. (2009), *Tax Planning with Holding Companies - Repatriation of US Profits from Europe. Concepts, Strategies, Structures*, Alphen aan den Rijn, Netherlands, Kluwer Law.

European Commission (n.d.), *Common Tax Base* [Internet], Available from: http://ec.europa.eu/taxation_customs/taxation/company_tax/common_tax_base/index_en.htm [Accessed: 22nd September 2011].

Floyd, D. (2003), How can a Flexible Labour Market Influence the Amount of Foreign Direct Investment Attracted by a Host Nation? The Case of the UK, *European Business Review*, 15(5), pp.334-339.

Forero, J. (2012), Seizure Of Repsol Affiliate In Argentina Stuns Oil Markets, *The Washington Post* [Internet], available from: http://www.washingtonpost.com/world/the_americas/seizure-of-repsol-affiliate-in-argentina-stuns-oil-markets/2012/04/25/gIQANkHrhT_story.html [Accessed: 16th August 2012].

Fung, K.C., Iizaka, H., Lee, J., Parker, S. (2000), *Determinants of U.S. and Japanese Foreign Direct Investment in China*, paper presented to the Greater China and the World Economy Conference, City University of Hong Kong, Hong Kong, 17th-18th July.

Gwartney, J., Lawson, R. & Hall, J. (2011), *Economic Freedom of the World: 2011 Annual Report*, Vancouver, Canada, Frasier Institute.

Gilmore, A., O'Donnell, A., Carson, D. & Cummins, D. (2003), Factors Influencing Foreign Direct Investment and International Joint Ventures. A Comparative Study of Northern Ireland and Bahrain, *International Marketing Review*, 20(2), pp.195-215.

Globerman, S. & Shapiro, D. (2003), Governance Infrastructure and US Foreign Direct Investment, *Journal of International Business Studies*, 34(1), pp.19-39.

Grant Thornton (2011), *Ireland, A Centre of Excellence for Global Business Services - The Challenges and Opportunities. A Summary of Our Recent Seminar*, Dublin, Ireland.

Guimón, J. (2008), Government Strategies to Attract R&D Intensive FDI, *The Journal of Technology Transfer*, 34(4), pp.364-379.

Gunnigle, P. & McGuire, D. (2000), *Why Ireland?: A Qualitative Review of the Factors Influencing the Location of US Multinationals in Ireland with Particular Reference to the Impact of Labour Issues*, presented at the Irish Academy of Management Conference, Dublin, Ireland, 6th-7th September.

Hamilton, D.S. & Quinlan, J.P. (2011), *The Transatlantic Economy 2011, Annual Survey of Jobs, Trade and Investment Between the United States and Europe*, paper, Washington D.C., United States of America., Johns Hopkins University.

Honohan, P. (2004), Review of Preventing the Future: Why Was Ireland So Poor for So Long?, *The Economic and Social Review*, 35(3), Winter, pp.351-355.

Honohan, P. (2009), *What Went Wrong in Ireland?*, paper, Washington, D.C., United States of America, The International Bank for Reconstruction and Development / The World Bank.

Horn, R. (2009), *Researching & Writing Dissertations. A Complete Guide for Business and Management Students*, Exeter, United Kingdom, Short Run Press.

Ibarra-Caton, M. (2010), *Direct Investment Positions for 2009, Country and Industry Detail*, Washington D.C., United States of America, U.S. Bureau of Economic Analysis.

IBM Global Services (2010), *Global Location Trends Annual Report*, Somers, N.Y., United States of America.

IDA Ireland (2011 a), *IDA Ireland Annual Report and Accounts 2010*, Dublin, Ireland.

IDA Ireland (2011 b), *IDA Ireland – Announcement List of Investments in 2011* [Internet], Available from: http://www.idaireland.com/news-media/announcements/ [Accessed: 9th November 2011].

IDA Ireland (2012 a), *End of Year Statement 2011*, Dublin, Ireland.

IDA Ireland (2012 b), *Ireland Vital Statistics February 2012*, Dublin, Ireland.

IDA Ireland (2012 c), *IDA Welcomes 2012 IMD World Competitiveness Results Showing Ireland Ranks First for Availability of Skilled Labour*, Dublin, Ireland.

Intel Corporation (n.d.), *About Intel Ireland* [Internet], Available from: http://www.intel.com/corporate/europe/emea/irl/intel/about.htm [Accessed: 31st October 2011].

Kamilya, B., Anh Nguyen T.H. (2010), *Determinants of Foreign Direct Investment in Ireland,* paper, Jönköping, Sweden, Jönköping University.

Kendell, T. & Zhou, Y. (2008), *The Impact of Corruption on FDI*, presented at the European Trade Study Group, Annual Conference, Warsaw, Poland, 11th-13th September.

Kim, H. (2010), Political Stability and Foreign Direct Investment, *International Journal of Economics and Finance,* 2(3), pp.59-71.

Kachwamba, M. and Sæbø, Ø. (2012), Internet-Based Information and Foreign Direct Investment (FDI) Location Decision Making: An Information Cost Perspective, *African Journal of Business Management,* 6(20), 23rd May, pp.6137-6150.

Landon, T. (2011), A Call for a Write-Down on Irish Debt, *The New York Times* [Internet], Available from: http://dealbook.nytimes.com/2011/10/14/a-call-for-a-write-down-on-irish-debt/ [Accessed: 20th January 2012].

Lyons, R. (2012), *Investing in Ireland. A Survey of Foreign Direct Investors*, London, United Kingdom, The Economist Intelligence Unit.

Malhotra, N.K. & Birks, D.F. (2006) *Marketing Research: An Applied Approach*, 3rd Edition, Harrow, United Kingdom, Prentice Hall.

McAleese, D. (1972), Capital Inflow and Direct Foreign Investment in Ireland 1952 to 1970, *Journal of the Statistical and Social Inquiry Society of Ireland*, XXII(IV), pp.63-105.

McCarthy, C. (2003), *Corruption in Public Office in Ireland: Policy Design as a Countermeasure*, Dublin, Ireland, Economic and Social Research Institute.

McGovern, P. (2009), *Capability-Building in SME's by Participation in a Learning Network*, London, United Kingdom, VDM Publishing.

Microsoft Corporation (n.d.), *About Microsoft Ireland* [Internet], Available from: http://www.microsoft.com/ireland/about/ [Accessed: 31st October 2011].

MIGA (2009), *World Investment and Political Risk 2009*, Washington, D.C., United States of America, The International Bank for Reconstruction and Development / The World Bank.

Morisset, J. & Pirnia, N. (1999), *How Tax Policy and Incentives Affect Foreign Direct Investment: A Review*, Policy Research Working Paper 2509, Washington, D.C., United States of America, The International Bank for Reconstruction and Development / The World Bank.

Mulligan, J. (2012), Green Light for Intel Expansion Plan, *Irish Independent* [Internet], 17th August, Available from: http://www.independent.ie/national-news/green-light-for-intel-expansion-plan-3202380.html [Accessed: 25th August 2012].

Murphy, A. (2000), *The 'Celtic Tiger' – An Analysis of Ireland's Economic Growth Performance*, paper, San Domenico, Italy, European University Institute.

National Competitiveness Council (2011), *Costs of Doing Business in Ireland 2011,* Dublin, Ireland, Forfás.

National Competitiveness Council (2012), *Ireland's Competitiveness Scorecard 2012,* Dublin, Ireland, Forfás.

National Treasury Management Agency (2011), *Information Note on Ireland's Debt,* Available from http://www.ntma.ie/Publications/2011/GG_debt_NTMA_info_note.pdf [Accessed: 20th January 2012].

Neary, J.P. & Ó Gráda, C. (1991), Protection, Economic War and Structural Change: the 1930s in Ireland, *Irish Historical Studies,* 27(107), pp. 250-266.

Ní Bhraonain, E. (2011), Talk Talk: 600 jobs go to Asia where wages are 90 pc lower, *Irish Independent* [Internet], 8th September, Available from: http://www.independent.ie/national-news/talk-talk-600-jobs-go-to-asia-where-wages-are-90-pc-lower-2870610.html [Accessed: 19th August 2012].

O'Brien, C. (2012), Vodafone to move call centre jobs, *The Irish Times* [Internet], 22nd March, Available from: http://www.irishtimes.com/newspaper/breaking/2012/0322/breaking38.html [Accessed: 19th August 2012].

O'Gorman, W. & Cooney, T.M. (2007), An Anthology of Enterprise Policy in Ireland, *Irish Journal of Management*, 28(2), pp.1-28.

O'Halloran, B. (2012), Intel Seeks Planning for Extensive New Plant, *The Irish Times* [Internet], 29th May, Available from: http://www.irishtimes.com/newspaper/finance/2012/0529/1224316867090.html [Accessed: 25th August 2012].

O'Mahony, C. & Barry, F. (2005) Making Sense of the Data on Ireland's Inward FDI, *Journal of The Statistical and Social Inquiry Society of Ireland*, XXXIV, pp.28-65.

Palacios, A. & Griffin, T. (2011), Country Risks and FDI: Empirical Evidence from Latin American Countries, *Journal of International Business Research*, 1st November, pp.9-27.

Porter, M. (1990), The Competitive Advantage of Nations, *Harvard Business Review*, 68(2), pp.73-93.

PwC (2011), *Paying Taxes 2011, The Global Picture*, Washington, D.C., United States of America., The International Bank for Reconstruction and Development / The World Bank.

Quinlan, J.P. (2011), *Built to Last. The Irish-US Economic Relationship*, Dublin, Ireland, American Chamber of Commerce Ireland.

Reidl, A. (2010), Location Factors of FDI and the Growing Services Economy, *Economics of Transition*, 18(4), pp.741-761.

Remenyi, D., Williams, B., Money, A. & Swartz, E. (1998), *Doing Research in Business and Management. An Introduction to Process and Method*, London, United Kingdom, Sage.

Revenue Commissioners (n.d. a), *Corporation Tax* Rates [Internet], Available from: http://www.revenue.ie/en/tax/ct/leaflets/ct-rates.html [Accessed: 21st September 2011].

Revenue Commissioners (n.d. b), *Tax Treaties* [Internet], Available from: http://www.revenue.ie/en/practitioner/law/tax-treaties.html [Accessed: 24th September 2011].

Saunders, M., Lewis, P. & Thornhill, A. (2009), *Research Methods for Business Students*, 5th Edition, Harlow, United Kingdom, Pearson.

Scally, D. & Mac Cormaic, R. (2010), Germany, France say tax still on agenda, *The Irish Times* [Internet], 22nd November, Available from: http://www.irishtimes.com/newspaper/ireland/2010/1122/1224283834966.html [Accessed: 21st September 2011].

Shatz, H.J. (2003), Gravity, Education, and Economic Development in a Multinational Affiliate Location, *Journal of International Trade & Economic Development*, 12(2), pp.117-150.

Slattery, L. (2010), Google cuts tax bill by €2.2bn with 'Double Irish' tax scheme, *The Irish Times* [Internet], 22nd October, Available from: http://www.irishtimes.com/newspaper/frontpage/2010/1022/1224281723468.html [Accessed: 15th October 2011].

Smith-Hillman, A.V. & Omar, M. (2005), FDI, International Business and Regulation. The behaviour of UK multinational corporations, *European Business Review*, 17(1), pp.69-82.

Stahl, L. (2011), *60 Minutes: The New Tax Havens*, First broadcast: August 14th, United States, CBS, Available from: http://www.cbsnews.com/video/watch/?id=7376848n&tag=segementExtraScroller;housing [Accessed: 27th August 2012].

Stearns, J. (2011), *EU Pushes Common Corporate Tax Base, Challenging Ireland (1)* [Internet], Bloomberg, Available from: http://webfarm.bloomberg.com/apps/news?pid=conewsstory&tkr=BASF:NA&sid=aG7Ha_tUiWlk [Accessed: 21st September 2011].

Transparency International (2011), *Corruption Perceptions Index 2011*, Berlin, Germany.

UNCTAD (2009), *UNCTAD Training Manual on Statistics for FDI and the Operations of TMCs. Volume I*, Geneva, Switzerland.

UNCTAD (2011 a), *World Investment Report 2011*, Geneva, Switzerland.

UNCTAD (2011 b), *Foreign Direct Investment Stocks and Flows* [Internet], Available from: http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx?sRF_ActivePath=P,5,27&sRF_Expanded=,P,5,27 [Accessed 12th October 2011].

UNCTAD (2012), *Word Investment Report 2012 Overview*, Geneva, Switzerland.

United Nations (1947), *Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment Tariff Agreement Committee. Draft Final Act*, Geneva, Switzerland.

World Trade Organization (n.d.), *GATT Members* [Internet], Available from: http://www.wto.org/english/thewto_e/gattmem_e.htm [Accessed 29 th July 2012].

Yeaple, S.R. (2003), The Role of Skilled Endowments in the structure of U.S. outward Foreign Direct Investment, *The Review of Economics and Statistics*, 85(3), pp. 726–734.